



Research article

STRUCTURAL COMPONENTS OF BASIC ENTREPRENEUR'S QUALITIES

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Abstract

The present study reveals the main structural components of entrepreneur's qualities. Scientific novelty of the study consists in concretization and development of ideas about the connection and interaction of mental and socio-economic phenomena. The analysis of the obtained results allows us to conclude that entrepreneurs who value their personal and individual potential relatively highly are characterized by a personal desire to work in a competitive environment, value the reliability of their future partners and have a positive attitude towards existing economic conditions.

Key words: *personality qualities, attitudes, entrepreneur behavior*

1. Conceptual framework of the study

On a personal level, the entrepreneur continuously generates business ideas and makes targeted efforts to transform them into rational and successful solutions, depending on opportunities and needs of society. It requires planning, organizing and managing a business and involves taking multiple risks (Lofstrom, Bates & Parker, 2014; Thurik, Audretsch, & Stam, 2013). The entrepreneur is often required to independently initiate new needs and organize their satisfaction. Therefore, the entrepreneur must own a number of characteristics and qualities which are not inherent to everyone involved in the economic process (Parker, Congregado, & Golpe, 2012; Glaeser, Kerr & Kerr, 2015; Scholman, Thurik, van Stel, 2015).

2. Research design

In the current study of the structural components of personal characteristics of entrepreneurs, an exploratory factor analysis was carried out using the method of principal components (Varimax rotation).

Purpose: The purpose is to reveal the psychological essence and structure of structural components of the basic qualities of the entrepreneur, required for application of their professional activity.

Hypothesis: The psychological attitude of entrepreneurs towards the business activity they develop is characterized by a combination of stability and dynamics, which allows the statement that there are most likely clearly defined structural components describing specific

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individual qualities of entrepreneurs, both in personal and professional terms certain psychological tendencies of their economic behavior.

Methodological toolkit: To collect data for this study, a structured questionnaire composed that measure the constructive capabilities of entrepreneurial intuition, persistence, assertiveness, criticality and risk-taking was created. To evaluate their business activities, entrepreneurs were asked to rate their behavior in recent years. As answer options, judgments were proposed that characterize not only a retrospective assessment of changes in business activity in the past, but also the predicted dynamics of its change in the future. In this way, a study of the entrepreneur's psychological attitude towards his past, present and future activity is realized.

Participants and ethical issues: All subjects participated voluntarily, informed consent was obtained from them to conduct the study. The research was conducted under conditions of confidentiality and anonymity of the results. The total number of participants was 376 individuals in the age range of 30 to 66 years. The participants are from different Bulgarian towns, mainly the capital and regional cities.

3. Results

Entrepreneurship requires a set of specific qualities and naturally sufficient life experience. Business relations and business principles of entrepreneurial activity can be learned in real economic activity, because the entrepreneur learns and improves in the process of building and expanding the business, constantly confirming and developing his knowledge and skills.

Table 1. Psychometric characteristics of the extracted factors

Factors (qualities)	number of items	M	SD	α	AVE
Initiative	20	2.365	1.159	0.963	0.669
Persistence	17	2.947	1.147	0.894	0.628
Self-confidence	14	2,862	1.232	0.882	0.715
Criticality	9	3.325	1.084	0.876	0.728
Risk taking	6	3.184	1.076	0.869	0.573

Using the statistical capabilities of the SPSS 26 program, five factors explaining 56.83% of the total variation were identified. Items are of equal difficulty (skewness and kurtosis coefficients ranging from -3 to 3). The factor analysis is adequate and acceptable - KMO=0.792; Sig of Bartlett's Test of Sphericity <0.0001. All the items in this study can be considered acceptable because the average variance extracted (AVE) values for all variables are higher than 0.50, and when the AVE is less than 0.50 on average, more errors remain in the items than the variance that explains the construct and therefore the values can be considered acceptable convergent validity.

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Table 2. Variable loads by the first factor after the rotation of the factor axes

item	1 factor	2 factor	3 factor	4 factor	5 factor
19	0.863	0.085	0.091	0.126	0.242
53	0.756	0.039	0.075	0.126	0.252
4	0.725	0.057	0.066	0.148	0.219
22	0.695	0.023	0.119	0.263	0.286
56	0.691	0.049	0.134	0.253	0.245
8	0.688	0.146	0.063	0.176	0.287
13	0.662	0.029	0.253	0.264	0.146
64	0.651	0.154	0.181	0.152	0.227
29	0.649	0.108	0.161	0.275	0.208
55	0.634	0.053	0.083	0.063	0.196
41	0.627	0.129	0.123	0.187	0.224
9	0.612	0.129	0.258	0.197	0.158
34	0.609	0.262	0.199	0.186	0.119
5	0.602	0.224	0.142	0.149	0.138
59	0.583	0.204	0.254	0.146	0.363
40	0.571	0.114	0.201	0.229	0.326
45	0.552	0.103	0.233	0.159	0.364
20	0.546	0.221	0.213	0.304	0.152
35	0.536	0.107	0.165	0.064	0.275
32	0.528	0.112	0.208	0.047	0.363

The first extracted factor (Table 2) describes 13.72% of the variation, and of the possible 210 correlations between the items, only 82 are not significant. All items in the factor have a good discriminating power and, therefore, it is possible to differentiate individuals with a low score from those with a high score on the scale (Sig $t < 0.005$). Considering the items it covers, the name of the I factor is "Initiative". At their core, entrepreneurs are enthusiastic, optimistic and forward-looking. They believe they will succeed and are willing to risk their resources to achieve profit. Initiative requires energy and a continuous willingness to increase market share and seek success. Initiative is associated with desire and effort and keeps entrepreneurs active and thinking about what else they can do to continuously develop. Initiative requires continuous accumulation of new information related to research and search for ways to optimize the business. Initiative is among the most important traits of a successful entrepreneur. An entrepreneur with high levels of initiative loves his work and feels joy when the results exceed the set goals.

Table 3. Variable loads by the second factor after the rotation of the factor axes

item	1 factor	2 factor	3 factor	4 factor	5 factor
52	0.022	0.798	0.193	0.297	0.272
16	0.007	0.785	0.204	0.016	0.138
43	0.124	0.776	0.189	0.129	0.158
28	0.021	0.756	0.243	0.244	0.188
44	0.083	0.748	0.268	0.293	0.209
23	0.097	0.744	0.131	0.267	0.183
65	0.213	0.639	0.153	0.095	0.176
10	0.116	0.593	0.142	0.271	0.129
31	0.028	0.588	0.216	0.285	0.298
49	0.092	0.575	0.204	0.219	0.338
24	0.034	0.568	0.048	0.322	0.258
62	0.062	0.553	0.018	0.128	0.043
57	0.107	0.541	0.082	0.243	0.238
48	0.129	0.539	0.218	0.043	0.208
1	0.002	0.528	0.028	0.328	0.147
18	0.187	0.516	0.241	0.221	0.028
25	0.127	0.505	0.016	0.226	0.213

The second extracted factor (Table 3) describes 12.14% of the variation, and of the possible 153 correlations between the items, only 64 are not significant. All items in the factor have a good discriminating power and, therefore, it is possible to differentiate individuals with a low score from those with a high score on the scale (Sig $t < 0.005$). In accordance with the items it covers, the name of the 2nd factor is "Persistence". A specific feature of entrepreneurs is the need to build working systems, procedures and processes necessary for the implementation of a successful business aimed at increasing cash income and sales. Successful entrepreneurs possess persistence, good organizational skills, and effective planning and follow-through skills. Entrepreneurship is about building a business and managing it under conditions of limited resources, which requires planning. An actionable plan requires persistence, continuous commitment to work, and overcoming contingencies.

Table 4. Variable loads by the third factor after the rotation of the factor axes

item	1 factor	2 factor	3 factor	4 factor	5 factor
46	0.048	0.068	0.794	0.208	0.191
17	0.172	0.223	0.786	0.184	0.102
50	0.245	0.128	0.773	0.163	0.188
33	0.048	0.016	0.767	0.067	0.276
54	0.129	0.294	0.748	0.124	0.245
21	0.182	0.122	0.732	0.093	0.162
3	0.191	0.268	0.724	0.269	0.188
11	0.178	0.083	0.602	0.087	0.269
60	0.106	0.037	0.598	0.169	0.288
15	0.275	0.184	0.569	0.016	0.292
30	0.293	0.271	0.557	0.046	0.265
37	0.021	0.048	0.549	0.208	0.236
66	0.097	0.144	0.534	0.254	0.227
36	0.214	0.027	0.522	0.179	0.273

The third extracted factor (Table 4) describes 11.7% of the variation, and of the possible 105 correlations between the items, only 42 are not significant. All items in the factor have a good

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discriminating power and, therefore, it is possible to differentiate individuals with a low score from those with a high score on the scale (Sig $t < 0.005$). According to the items it covers, the name of the 3rd factor is "Self-confidence". This characteristic is extremely important because entrepreneurship requires independent undertaking of an activity and setting parameters to ensure that projects will be realized. Self-confidence is associated with activity, determination and independence. It takes personal capacity to identify and pursue opportunities, to follow rationality, self-confidence and tenacity. Entrepreneurs with high levels of self-confidence do not fear failure, but see failure as an opportunity for further success. They are determined to make every effort to achieve success, so they constantly make attempts until they achieve the desired result.

Self-confident entrepreneurs, given that they have the actual ability to start a business, would realize successful entrepreneurial initiatives. Low levels of self-confidence in fundamentally talented people ultimately leads to a lower quality of entrepreneurial activity. Self-confident individuals, with a high ability for real assessment, to a greater extent strive for growth and innovative entrepreneurship, compared to individuals with low self-confidence.

Table 5. Variable loads by the fourth factor after the rotation of the factor axes

item	1 factor	2 factor	3 factor	4 factor	5 factor
63	0.229	0.142	0.089	0.753	0.206
27	0.067	0.052	0.072	0.746	0.326
51	0.136	0.119	0.243	0.726	0.112
2	0.028	0.186	0.204	0.708	0.157
14	0.048	0.145	0.154	0.699	0.283
61	0.163	0.187	0.048	0.674	0.228
42	0.006	0.106	0.116	0.667	0.368
6	0.029	0.186	0.003	0.551	0.323
26	0.011	0.208	0.229	0.518	0.337

The fourth extracted factor (Table 5) describes 10.13% of the variation, and of the possible 45 correlations between the items, only 18 are not significant. All items in the factor have a good discriminating power and, therefore, it is possible to differentiate individuals with a low score from those with a high score on the scale (Sig $t < 0.005$). In keeping with the items it covers, the name of the 4th factor is "Criticality". One of the responsibilities of the entrepreneur as the founder and manager of the enterprise is to know in which direction to develop his business. Criticality in relation to entrepreneurs is associated with knowing their product and the market in which they offer it. An entrepreneur succeeds when he creates something that does not yet exist or significantly improves existing products. Criticality also affects social competences. Entrepreneurs should have highly developed communication skills to sell the product and to motivate their staff, highlight the benefits of any situation, seek and use knowledge, gather detailed information and perceive and use knowledge as an asset.

Table 6. Variable loads by the fifth factor after the rotation of the factor axes

item	1 factor	2 factor	3 factor	4 factor	5 factor
38	0.008	0.096	0.108	0.357	0.708
7	0.069	0.149	0.175	0.223	0.686
47	0.088	0.123	0.102	0.229	0.676
12	0.089	0.009	0.097	0.329	0.648
58	0.066	0.002	0.251	0.262	0.634
39	0.062	0.114	0.119	0.384	0.599

The fifth extracted factor (Table 6) describes 9.14% of the variation, and of the possible 21 correlations between the items, only 6 are not significant. All items in the factor have a good discriminating power and, therefore, it is possible to differentiate individuals with a low score from those with a high score on the scale (Sig $t < 0.005$). In view of the items it covers, the name of the 5th factor is "Risk-Taking". The risk arises in all types of entrepreneurial activity related to the production of products, goods and services, their implementation, financial operations, and also in the implementation of projects. These are hazards arising from the environment and the behavior of the entrepreneur. Successful entrepreneurs tend to risk time and money on something unknown, but also reserve resources, change plans, have investments, reacting quickly and adequately. Risk is an attribute of business activity and a necessary condition for achieving significant financial success. It is important to emphasize that the more changes occur and the stronger their dynamics, the higher the level of risk. As an objective phenomenon, risk exists independently because it cannot be avoided, but it can be managed.

4. Conclusion

An essential role in achieving successful entrepreneurial activity is played by the way in which the person interprets his individual entrepreneurial abilities. Usually, a positive perception of real entrepreneurial abilities favors starting one's own business. Distorted perception has the opposite effect on the decision to start a business, especially for individuals with low entrepreneurial ability. Therefore, the personal assessment of entrepreneurial abilities has a stronger influence than the actual possessed abilities. Entrepreneurial behavior is influenced by other factors, such as characteristics of the socio-economic conditions, individual characteristics of the personality, measurement of professional activity and various aspects of the entrepreneurial process. The decision to undertake entrepreneurial activity is also the result of a combination of satisfaction with positive perceptions of the individual's ability to fulfill the role requirements of entrepreneurship.

It is very likely that the personality traits of entrepreneurs differ significantly depending on the goals and aspirations that entrepreneurs bring to business, and future research could benefit by bringing these two scientific disciplines, economic psychology and psychology of individual differences, into closer alignment of personality domain.

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