

PERSONALITY ATTRIBUTES THAT MAKE A SUCCESSFUL MINORITY ENTREPRENEUR

Alexander N. Chen, University of Central Arkansas

Michael Rubach, University of Central Arkansas

Thomas Snyder, University of Central Arkansas

Michael A. Blanchett, University of Central Arkansas

ABSTRACT

Minority entrepreneurship rates are disproportionately low, and their average success rates are significantly lower than that of white entrepreneurs. This study seeks to identify the demographic background and personal attributes that explain success for minority entrepreneurs. We investigate the effects of seven personality traits: conscientiousness, extroversion, emotional stability, agreeableness, openness to new experiences, achievement, and self-efficacy. These are the commonly-used Big Five with the addition of achievement and self-efficacy. We hypothesize these attributes as characteristics of leaders and entrepreneurs. We examine the significance of each personality trait on the success of minority entrepreneurs in Arkansas. Our success measures in this study include extrinsic success (revenue and the number of employees) and intrinsic success (self-assessed success scores). We use correlation and regression analyses based on responses from 287 Arkansas minority entrepreneurs. The results suggest that personality traits do not substantially explain the success of minority entrepreneurs when looking at the extrinsic measures of success. There is some evidence that intrinsic or self-reported levels of conscientiousness, emotional stability, and achievement are positively associated with subjective self-assessed success scores.

Keywords: Minority Entrepreneurship, Personality Attributes, the Big Five

INTRODUCTION

Entrepreneurs are vital to the economy (Decker, Haltiwanger, Jarmin, & Miranda, 2014; Arthur & Hisrich, 2011). Small businesses are the driving force for U.S. employment growth. According to the 2018 Small Business Profile, 99.9% of firms were small businesses (firm sizes of less than 500 employees), and small businesses account for 47.5% of U.S. total private employment. From 2000 to 2018, small businesses generated 9.6 million new jobs in the U.S. The report revealed that minorities owned 8 million businesses. Specifically, Hispanics owned 12%, African Americans owned 10%, Asian Americans owned 7%, and other ethnic groups owned 1.2% of small businesses (FAQ bout Small Businesses, 2019).

While minority racial or ethnic groups in the United States are participating in creating and running small businesses, their participation and success level is disproportionately low. Minority entrepreneurs owned 30% of all businesses, while 39.6% of the U.S. population is a minority (U.S. Census Quick Facts, 2018). In addition, a study conducted by JP Morgan showed that minority small businesses are not as successful as those owned by whites. They examined 1.4 million small businesses in major cities over five years and found that 33% of small minority businesses were unprofitable and almost half had two weeks or less cash liquidity (Farrell, Wheat, & Grandet, 2019). The importance of entrepreneurship on the economy, the low participation by minority groups, and their lack of success, motivate our study of minority entrepreneurs and the attributes that contribute to their success.

Historically, entrepreneurship and self-employment have been paths of economic advancement for disadvantaged people (Fairlie & Robb, 2007). Individuals who are unable to secure wage employment often turn to self-employment and entrepreneurship (Dollinger, 2003), known as necessity entrepreneurship. U.S. labor and employment statistics consistently show that minorities and women have a significantly higher rate of unemployment than whites and males. Given the relatively high rates of unemployment and the low labor participation rates of minorities, Ogbolu, Singh, and Wilbon (2015) argued that the formation and expansion of minority-owned ventures are viable strategies to address black and other minority unemployment rates.

Minority entrepreneurs have particular skills. They possess the leadership skills to lead the employees of a company. They have a mindset that can persevere during the tough occasions that come with running a business (Chen, Rubach, Snyder, & Blanchett, 2020). Political and social skills, as well as networking skills, are associated with the success among minority entrepreneurs in Arkansas (Blanchett, Chen, Rubach, & Duggins, 2019). In this study, we attempt to identify common characteristics of minority entrepreneurs that contribute to the success of minority businesses.

In order to look deeper at what makes an entrepreneur, our research tests the relationship between personality traits and entrepreneurial success. We focused on the Big Five plus two additional traits. These seven traits are extraversion, agreeableness, conscientiousness, emotional stability, openness, achievement, and self-efficacy. We use these traits in a correlation and regression analysis of minority entrepreneurs' success. Although these traits make up a large percentage of the holistic view of an individual's personality, they are not necessarily comprehensive. We examine the relationship between those traits with three dependent variables, i.e., revenue, the number of employees, and self-assessed scores. We use data collected through a survey of minority entrepreneurs in the state of Arkansas.

LITERATURE REVIEW

Personality Traits

Personality is defined as the typical characteristics and distinctive patterns of relationships or actions about situations that shape an individual character (Tasnim, Yahya, & Zainuddin, 2014). According to Tett, Steele, and Beauregard (2003), traits and characteristics influence entrepreneurial decision-making. The Big Five Personality Model represents five core traits of

human personality, which are conscientiousness, extroversion, emotional stability, agreeableness, and openness to new experiences (Costa & McCrae, 1992; Costa, McCrae, & Holland, 1984; Hamilton Papageorge & Pande, 2019; Nga & Shamuganathan, 2010). Notably, studies on the relationship between personality traits and entrepreneurialism have sometimes yielded no clear link (Abu, 2008). On the other hand, traits such as extroversion, agreeableness, conscientiousness, and openness to new experiences define positive influences on entrepreneurial intentions (Nga & Shamuganathan, 2010). The other two personality characteristics relevant to entrepreneurship in this study are the need for achievement and self-efficacy (Caliendo, Fossen, & Kritikos, 2014).

First, we consider conscientiousness, a factor of the Big Five Personality Traits Model. It is a characteristic whereby a person focuses on attaining accomplishments. Conscientious people are hard workers, detail-minded, and well-organized in their decision-making processes (Bell & Kozlowski, 2002; Costa & McCrae, 1992). Conscientious individuals also exhibit caution, self-discipline, and a strong sense of direction (McCrae & Costa, 2008). A conscientious individual will put aside an inefficient plan and work to achieve an attainable goal. We hypothesize that conscientiousness has a positive impact on the success of entrepreneurs.

Second, we examine the role of extroversion. Studies have considered it as an important characteristic for entrepreneurs (Costa, et al., 1984; Zhao & Seibert, 2006). Individuals with high extroversion traits enjoy people, have enthusiasm, and possess abundant energy. Entrepreneurs interact with varied stakeholders, including financiers, business associates, company employees, and customers. The entrepreneurs may have the extrovert characteristics of a negotiator and attempt to garner support for an idea or sell certain products and services. Extroverted individuals can be calm but also assertive in business transactions. We hypothesize that extroversion has a positive relationship with the success of entrepreneurs.

Third, we examine emotional stability. This trait exemplifies individual differences in adjustment and emotional strength. Individuals with low emotional stability are impulsive, aggressive, and anxious (Costa & McCrae, 1992). On the contrary, some entrepreneurs or individuals are self-assured, peaceful, and tranquil. The studies of Chen, Greene, and Crick (1998) and Crant (1996) described entrepreneurs high in emotional stability as individuals with strong confidence in their talents. We test the positive relationship between emotional stability and entrepreneurship.

The fourth trait we include is agreeableness. This trait is defined as upholding mutual understanding and trust. For an entrepreneur, this trait emphasizes trust and dependability rather than conflict (McCrae & Costa, 2008). Agreeableness is a key trait with stakeholders where teamwork is required (LePine & Van Dyne, 2001). An agreeable person focuses on cooperation rather than competition within the organization. Because of the importance of joint effort and collaboration in entrepreneurship, we hypothesize that agreeableness has a positive relationship with entrepreneurial success.

The fifth trait is openness. McCrae (1987) considered openness to new experiences as a link to creativity, cleverness, inventiveness, and diverse thoughts. Schumpeter (1976) recognized the prominence of innovation as an essential entrepreneurial trait. Zhao and Seibert (2006) concluded that entrepreneurial undertakings require unique preparation, creative problem solving, and strategic planning. An individual who has a high level of openness tends to like the experience of

trying new things (Lepine, Colquitt, & Erez, 2000; Nga & Shamuganathan, 2010). Openness to experience exhibits an inclination for diversity, inquisitiveness, and variety.

Sixth, we consider the need for achievement as an essential trait of an entrepreneur. Collins, Hanges, and Locke (2004) and De Pillis and Reardon (2007) suggested the need for achievement is a motivator and predictor of entrepreneurial motivation. A high degree of need for achievement encourages an individual to create objectives and develop skills essential for achieving goals (Alam & Hossan, 2003). A need for achievement can inspire ongoing and continual efforts to complete challenging projects. This need is driven by intrinsic personal motivation (Hart, Stasson, Mahoney, & Story, 2007). There can be more entrepreneurial activities in communities whenever a moderately higher level of need for achievement exists.

The seventh and final trait examined in the study was self-efficacy. Self-Efficacy can be defined as "the belief in one's capabilities to organize and execute the courses of action required to manage prospective situations" (Bandura, 2012). According to Erickson (2002) and Krueger and Brazeal (1994), constructive entrepreneurs have high levels of self-efficacy, which influences success (Bandura, 2012). Self-efficacy is the assurance to handle any experience of life and perform that activity with self-confidence (Chatterjee & Das, 2015). Self-efficacy fosters confidence within entrepreneurs. As self-efficacy increases, entrepreneurial performance may also improve.

Demographics

In addition to the personality traits, we included four demographic factors in our study: gender, age, work experience, and education. Klapper and Parker (2010) note that when it comes to self-employment or business ownership, a higher percentage of men than women are entrepreneurs. Family factors, especially children, help explain the lack of women's entrance into self-employment (Boden, 1996; Budig, 2006). Female workers also heavily concentrate in clerical and administrative jobs that require less advanced qualifications, time consumption, and work experience. Lusardi and Tufano (2009) state that some women have lower financial capital and understanding, which might make it harder for them to navigate the loan market.

Male entrepreneurs, on average, are more likely than females to acquire work and business experience in industry and in managerial roles (Boden & Nucci, 2000; Fairlie & Robb, 2009; Kepler & Shane, 2007). Additionally, male entrepreneurs are more likely than females to have education and experience with technical, business, information technology, or managerial elements (Brush 1992; Menzies, Diochon, & Gasse, 2004). In order to prepare females for a broader range of industry choices, including nontraditional fields such as engineering and science, which offer higher growth potential and greater monetary rewards, it has been argued that they should be encouraged to study business, engineering, and entrepreneurial subjects (Blanchett, 2018; Hisrich & Brush, 1984).

Age can be a proxy for broad business experience and knowledge of the challenges involved in becoming an entrepreneur (Bewaji, Yang, & Han, 2015). An experienced businessperson has already made prior mistakes and is less likely to make as many mistakes in a business endeavor as a first-time entrepreneur. Older entrepreneurs will also have more of their own funds saved up (Rai, 2008), which increases the potential loan amount they can receive from a bank. A financial

institution may hesitate to lend money to a young entrepreneur that has very little credit history. According to Rai (2008), investments in young entrepreneurs are associated with high risk.

Age also increases the social networks an individual may be involved in. Social networks are essential in gaining access to capital when starting a new venture (Mudambi & Treichel, 2004). Social networks can also boost the chances of having people informally vouch for someone who wants to start a new venture and needs funding (De Carolis & Saporito, 2006). For minorities, older age can be a sign of access to social networks, more work experience, and having some funds saved for entrepreneurial venture.

Prior research found that industry or work experience and access to potential resources can increase the probability of engaging in entrepreneurship (Escribá-Esteve, Sánchez-Peinado, & Sánchez-Peinado, 2009; Kim, Aldrich, & Keister 2006). Prior experience and taking steps to develop more experiences can lead to more personal contacts and job knowledge. Prior industry and work experience within entrepreneurial firms impact opportunity recognition and access to information (Nga & Shamuganathan, 2010; Ozgen & Baron, 2007). Therefore, entrepreneurial experience helps an entrepreneur know the ropes of setting up a business and getting things together quickly.

Entrepreneurial experience and knowledge increase the chances of an entrepreneur starting a new business due to expertise in spotting opportunities (Kim, Aldrich, & Keister, 2006). In addition, entrepreneurial experiences also build organizational knowledge and social networks. Thus, the experience of setting up new businesses and dealing with daily challenges helps the minority entrepreneur counteract some of the issues that minority entrepreneurs face.

According to the U.S. Census Bureau, people with a bachelor's degree earn on average 70% more than those with just a high school diploma (U.S. Census, 2012). Formal education boosts basic analytical skills, communication skills, and basic knowledge. Research declares that education is vital for entrepreneurial development. Individuals with higher education attainment seem more likely to pursue entrepreneurial opportunities. Formal educational instruction enhances a person's aptitude, risk-taking abilities, and critical thinking skills. Marvel and Lumpkin (2007) mentioned that people possessing a higher level of education desire more information and possess skills at processing the details of entrepreneurial requirements.

Education is considered an indicator of a person's skill and knowledge (Davidsson & Honig, 2003). The benefits of a formal or informal education help entrepreneurs understand business startup requirements. According to Blanchett (2018), the training gained from education assists entrepreneurs to become familiar with governmental policies associated with small businesses and entrepreneurial expectations. Entrepreneurial education supports entrepreneurs to communicate the language of business and advance the processes of their undertakings.

There are often inquiries asking why do some minorities prosper more in businesses than others? Light and Gold (2000) address the question through the resource disadvantage theory, which argues that groups who tend to have fewer resources are less likely to be able to organize the capital (economic, social, and human) necessary for entrepreneurship. The resource disadvantage theory can then be used to clarify inequalities in business ownership, particularly the high rates of entrepreneurship among Cuban and Asian immigrants relative to Mexican and black Americans.

Research by Granovetter (1983, 1985), along with Sanders and Nee (1996), highlight the significance of social networks' influence on entrepreneurship. Social influences may tend to be more pronounced among certain minority communities which helps them develop the networks that lead to business ownership. According to Wingfield and Taylor (2016), this concept may explain Asians' higher rates of business growth due to their far-reaching social ties. Yang, Colarelli, Han, and Page (2011) examined Korean immigrant entrepreneurs in the U.S. and found they had a higher level of altruism toward kin, and they received more financial help from close kin.

Other literature focus on the pull and push factors. Rettab (2001) identified the push factors for ethnic minorities to include unemployment and their vulnerable labor market position, while the pull factors include market opportunity, profit, and the desire to improve their economic position. Clark and Drinkwater (2000) conducted a study in England and Wales and found, contrary to predictions, ethnic enclaves do not incentivize self-employment, nor does poor English language skills. Religious devotees were more likely to be self-employed. Vander Zwan, Thurick, Verheul, and Hessels (2016) examined differences across countries in pull and push factors. They found younger, male, and wealthier entrepreneurs characterize the "opportunity" (or pull) entrepreneurs. Other than household income, socioeconomic factors weren't much different from the opportunity or necessity entrepreneurs. They also found some differences across samples among regions. Household income, preference for self-employment, proactiveness, and optimism helped explain pull factors for Europeans. Age, household income, optimism, financial support, education, and risk-taking helped explain the opportunity entrepreneurs in Asia. Kollinger and Minniti (2006) found that black Americans' confidence and optimism make them about twice as white Americans likely to try starting a business, but they suffer from higher barriers and failure rates.

DATA AND ANALYSIS

We developed the survey instrument with Qualtrics Survey software. We identified the minority entrepreneurs through the Arkansas Economic Development Commission (AEDC), Arkansas Office of State Procurement, Arkansas Small Business Development Institute, and The Institute on Race and Ethnicity. Further, we completed surveys via telephone and face-to-face interviews. Entrepreneurs also completed the survey while attending conferences, workshops, and training sessions throughout the state of Arkansas. The collection time period started in March of 2017 and continued throughout the month of April 2017.

Males are a slight majority in the sample (58%). A majority of the business owners were between 31 and 50 years old. The most represented ethnic group in the sample were African Americans with 145 respondents or 50.5 percent. Hispanic American consisted of 65 respondents or 22.6 percent. Hispanic Americans were the second largest group, which is consistent with the census of Arkansas (U.S. Census, 2012).

Table 1. Alphas, Item Numbers, Means, and Standard Deviations of Independent Variables of Interest

Personality Traits	# of questions	α's	Means	S.D.
Extraversion	3	0.93	4.45	0.63
Conscientiousness	3	0.84	4.44	0.56
Agreeableness	3	0.90	4.40	0.67
Self-Efficacy	2	0.78	4.37	0.71
Achievement	3	0.79	4.35	0.56
Openness	4	0.92	4.08	0.80
Emotional Stability	3	0.87	3.62	1.14

We scored personal traits with Likert-scale questions. Table 1 shows the Cronbach alphas of all seven personal traits. The alpha's ranged from .78 to .93. All of them are above the .70 threshold, which assures the reliability of the seven traits. Table 1 demonstrates the means of different personal attributes in descending order. We find that Extraversion has the highest score of 4.45, followed by Conscientiousness and Agreeableness with mean scores of 4.44 and 4.40. Overall, we find that five of the traits have a mean between 4.35 and 4.45, which is relatively high for a 1-5 scale. It implies that minority entrepreneurs in our survey are more likely to rate themselves as Extravertive, Conscientious, Agreeable persons with high levels of Self-Efficacy and Achievement. Emotional stability has the lowest mean score of 3.62 for minority respondents. Openness has the second-lowest mean among all seven personal traits.

The success of minority entrepreneurs is measured in three different ways. The first is a three-year average of their total revenue. The second measure is the three-year average number of employees in the company. The last measure this study used to assess success has two Likert-scale questions, addressing how successful the entrepreneur felt in their present business and how successful the entrepreneur was in his or her community.

Most of the respondents (81%) listed their annual revenues in three groups: less than \$50,000 (87 or 30.3% of respondents), between \$50,001 and 100,000 (58 or 20.2%), or between 100,001-250,000 (88 or 30.7%). When we assigned the mid-value for each income group, the average revenues was \$129,605. Since it is revenues for the entire business, it is clear that revenues for minority entrepreneurs are relatively low considering there are multiple employees in many of the companies.

Regarding the size of the company or the number of employees, we found that 195 or 67.9% of respondents had 5 or fewer employees in their business. Only 6 or 2.1% reported that they have more than 21 employees. Most minority businesses in our sample were small firms.

This study's measurement of the performance of sampled firms partially depended on subjective self-reported financial measures. Measures of revenues and firm size can be underestimated because small firms are often reluctant to disclose financial information (Covin & Slevin, 1989). Previous research has also found that subjective assessments of organizational performance are quite consistent with objective performance data both internal and external to the organization

(Dess & Robinson, 1984; Venkatraman & Ramanujam, 1986). The third measure of success is a self-assessed success rated by entrepreneurs themselves.

Regarding self-assessed success, we found 245 or 85.4% scored 4 or above over a 1-5 Likert scale. The respondents in the sample were more likely to feel good about their success. Most of them rate themselves between successful and extremely successful. The mean of self-assessment is 4.2 with a standard deviation of 0.65.

Table 2 shows the means, standard deviations, and Pearson correlation matrix for all five demographic variables, seven personal attributes, and three success measures. If we review the relations among demographic background, females are more likely to be younger and with less work experience. Also, there are more females in the African American group and more males in the Hispanic American group. Age is positively related to educational level and work experience. In general, African Americans are more likely to be older and Hispanic Americans are more likely to be younger in our sample.

Regarding revenues, we found none of the personality traits to be associated with this measure of success. Revenues have a negative correlation with the gender variable. This statistic means that female minority entrepreneurs are more likely to have lower revenues than their male counterparts. Revenue has a positive correlation with age, which shows that the older that the entrepreneur is, the more money their business makes. Older people with more experience and more cumulative resources were more likely to earn higher revenues among the Arkansas minority entrepreneurs. Similarly, it is found that revenue has a positive relation with educational level. Among minority entrepreneurs, African Americans are more likely to make less revenues than their counterparts.

Table 2. Correlation Analysis

		Mean	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Gender	0.42																
2	Age	42.26	-.192**															
3	Education	14.69	0.03	.184**														
4	Work Exp	12.36	-.172**	.549**	0.00													
5	Dummy Black	0.51	.137*	.213**	.218**	0.00												
6	Dummy Asian	0.15	0.06	-0.04	-0.03	-0.05	-.434**											
7	Dummy Hispanic	0.23	-.138*	-.277**	-.277**	-0.04	-.560**	-.231**										
8	Extraversion	4.45	0.06	-0.02	0.09	0.06	.123*	-0.07	0.00									
9	Agreeableness	4.40	0.06	.134*	0.08	0.10	-0.02	-0.01	-0.01	.555**								
10	Conscientiousness	4.44	0.07	0.03	0.09	0.12	0.01	-0.04	-0.02	.489**	.629**							
11	Openness	4.08	0.09	-0.05	0.10	-0.07	0.11	-0.03	-.172**	.286**	.268**	.231**						
12	Emotional Stability	3.62	-0.07	0.05	0.01	0.11	-.210**	0.06	0.10	0.08	0.09	0.10	-.155**					
13	Self Efficacy	4.37	0.02	-0.02	0.11	0.11	0.03	-0.08	0.08	.435**	.399**	.423**	.419**	0.04				
14	Achievement	4.35	0.06	0.00	0.07	0.07	0.00	0.03	-0.01	.407**	.380**	.381**	.556**	-0.01	.650**			
15	Revenue	129605.60	-.139*	.197**	.129*	.213**	-.193**	0.04	0.06	0.03	0.04	0.00	-0.03	0.09	0.03	0.11		
16	# of Employment	5.91	-.148*	0.09	-0.01	.125*	-.177**	0.02	0.10	0.03	-0.01	-0.10	-0.07	0.03	0.02	0.02	.438**	
17	Self-Assessment	4.20	0.00	0.06	.163**	.159**	-0.05	-0.04	0.00	.247**	.172**	.323**	0.11	.164**	.200**	.249**	.212**	.132*

** p < .01 * p < .05

For the other extrinsic success measure, the number of employees, we again found that no personal attributes relate to it. When we examine demographics, we find that females are more likely to own smaller-size companies. Work experience has a positive relationship with the size of the company. African Americans are relatively less likely to own larger companies.

The findings show personal traits are more likely to be associated with intrinsic or self-assessed success than extrinsic success. For instance, self-assessed success had positive correlations with six personal traits, i.e., extraversion, agreeableness, conscientiousness, emotional stability, self-efficacy, and achievement. Only openness does not have a statistically-significance with self-assessed success. Among the demographic variables, age and gender have no relationship with self-assessed success. Educational attainment and work experience have a positive relationship with intrinsic success.

The correlation is a bivariate analysis that examines the relationship between two variables without controlling for other factors. To analyze the relationships between the personality traits and success of minority entrepreneurs while keeping demographic variables constant, we use ordinary least squares analysis. To simplify results, we use a stepwise regression procedure via SPSS.

Table 3 presents regression results with revenue as the dependent variable. The table only displays those independent variables that have a statistically significant relationship with average revenue. We use all demographic variables as independent variables to run a stepwise regression and find that only age (+), education (+), and African Americans (-) have statistically-significant relationships with average revenue. This basic model explains about 13.2% of the variance of the entrepreneur’s revenue. None of the personality traits had a statistically significant relationship with average revenue after we controlled for the demographic variables.

Table 3. Regression Analysis with Average Revenue

Demographic	Basic model		Complete model	
	B	t	B	T
Constant	-79,580.805	-1.502	-105,104.130	-1.966*
Dummy Black	-76,557.814	-4.859**	-75,516.514	-4.747**
Age	2,999.691	4.338**	2,741.013	3.991**
Education	7997.560	2.319*	10,307.795	2.913**
Model summary				
F- Value		12.906		12.905
P-value		0.000		0.000
R-Square		0.132		0.139

** p <= .01 * p <= .05

Table 4 provides OLS estimates with the number of employees as the dependent variable. Those minority entrepreneurs who identify as African American have, on average, fewer employees than other groups. The older entrepreneurs, on average, have more employees. The basic model explains about 5% of the variance in the number of employees. If we control the two demographic variables and add all seven personal traits, we found only one personal trait, consciousness (-), has

a statistically significant relationship with the number of employees. Those who rated themselves high on conscientiousness had fewer employees on average.

Table 4. Regression Analysis with # of Employees

Demographic	Basic model		Complete model	
	B	t	B	t
Constant	4.449	4.67**	9.942	3.582**
Dummy Black	-2.055	-3.432**	-2.040	-3.269**
Age	0.059	2.33*	0.064	2.447*
Personality traits				
Conscientiousness			-1.272	-2.182*
Model summary				
F- Value		7.231		6.369
P-value		0.001		0.000
R-Square		0.049		0.068

** p < .01 * p < .05

Table 5 reports regression results with the self-assessed success scores. Those with higher levels of education rated themselves higher than those with lower education scores. Those with more work experience rated themselves higher than those with less work experience. The basic model explains about 6% of the variance of self-assessed success. The stepwise regression with adding seven personal traits to the basic model shows an increase of R-Square to 21%. Three personality traits have a statistically significant and positive relationship with self-assessed success scores: Conscientiousness, Emotional Stability, and Achievement.

Table 5. Regression Analysis with Self-Assessed Success Scores

Demographic	Basic model		Complete model	
	B	t	B	t
Entered variables				
Constant	3.282	12.838**	1.375	3.542**
Education	0.055	3.225**	0.044	2.83**
Work Experience	0.010	2.448*	0.009	2.550**
Personal Attributes				
Conscientiousness			0.266	4.017**
Emotional Stability			0.083	2.748*
Achievement			0.139	2.076*
Model summary				
F- Value		8.296		13.310
P-value		0.000		0.000
R-Square		0.057		0.206

** p < .01 * p < .05

In summary of the regression tables, personality traits do not explain a significant amount of variation among the extrinsic measures of success, only with the intrinsic measure. Demographics do predict extrinsic success. The more educated and older minority entrepreneurs earn more revenue on average. The minority entrepreneurs that do not identify as African American earn more revenue. When explaining the variance in the size of the firm, we find age and African American coefficients are statistically significant in the model. Older entrepreneurs have more employees, and those that identify as African American have fewer employees. Additionally, conscientiousness personality has a negative relationship with the size of the firms. For the intrinsic success measure of success, education and work experience are associated with higher scores. Conscientiousness, emotional stability, and achievement are also significant personal traits that positively predict self-assessed success.

CONCLUSION

Our study contributes to the literature by examining the personality traits that explain minority entrepreneur success. Our results are mixed. Among Arkansas minority entrepreneurs, personality traits did not explain extrinsic success in our correlation analysis, but they did have some correlation with intrinsic success. Our correlation analysis reported a positive relationship between self-assessment scores and extraversion, agreeableness, conscientiousness, openness, emotional stability, self-efficacy, and achievement.

Our regression results indicated that conscientiousness was the only personality trait associated with extrinsic success. It actually had a negative relationship with the number of employees. We don't know the source of this correlation. It doesn't necessarily mean that conscientious people are less successful. It could mean that conscientious people are organized and efficient, which can lead to less need for employees. Regarding intrinsic success, conscientiousness, emotional stability, and achievement related to higher self-assessment scores. Future studies may benefit from additional qualitative interviews where entrepreneurs can describe their perceptions of other forms of success, including self-development, spiritual, or other purposes.

Demographic variables did predict success among minority entrepreneurs. Females were less likely to have higher level of revenues and larger-sized companies. Age, education, and work experience were positively correlated with revenues. Work experience was associated with a greater size of the company. Those who identified as African Americans earned less money and had fewer employees on average than other minority entrepreneurs. Regarding intrinsic success, self-assessed scores were not associated with gender or age, but education and work experience had a positive and statistically significant coefficient.

Previous literature suggests that personality traits that should affect the entrepreneurial success (Zhao & Seibert, 2006). Our study provides some evidence of a relationship, but it is sensitive to the success measure. An entrepreneur can take our results and see that education, age, and work experience seem to be the most influential factors in predicting success. People with certain personality traits are not destined for success or failure. Our data focuses on minority entrepreneurs in Arkansas. Further studies that are able to use large data sets to compare all ethnicities can add more evidence on the relationship between personal traits and the success of minority entrepreneurs.

REFERENCES

- Abu Elanain, H.M. (2008). An investigation of the relationship of openness to experience and organizational citizenship behavior. *Journal of American Academy of Business*, 13(1), 72-78.
- Alam, J., & Hossan, M. A. (2003). Linking between franchising networks for entrepreneurship and economic development-looking for a new model. Paper presented at the EMNet conference on “Economics and Management of Franchising Networks” Vienna, Austria, June 26-28, 2003
- Arthur, S. J., & Hisrich, R. D. (2011). Entrepreneurship through the ages: Lessons learned. *Journal of Enterprising Culture*, 19(1), 1-40.
- Bandura, A. (2012). On the functional properties of perceived self-efficacy revisited. *Journal of Management*, 38(1), 9-44.
- Bell, B. S., & Kozlowski, S. W. (2002). A typology of virtual teams: Implications for effective leadership. *Group & Organization Management*, 27, 14-49.
- Bewaji, T., Yang, Q., & Han, Y. (2015). Funding accessibility for minority entrepreneurs: An empirical analysis. *Journal of Small Business and Enterprise Development*, 22(4), 716-733.
- Blanchett, M. A. (2018). *Factors contributing to success of minority entrepreneurs in Arkansas* (Order No. 13421962). Available from ProQuest Dissertations & Theses Global. (2187147014). Retrieved from <https://search.proquest.com/docview/2187147014?accountid=10017>.
- Blanchett, M. A., Chen, A., Rubach, M. J., & Duggins, R. (2019). Social capital and success of minority entrepreneurs, *Journal of Business Diversity*, 19(5), 108-122
- Boden, R. (1996). Gender and self-employment selection: An empirical assessment. *Journal of Socio-Economics*, 25(6), 671-82.
- Boden, R., & Nucci, A. (2000). On the survival prospects of men’s and women’s new business ventures. *Journal of Business Venturing*, 15(4), 347-362
- Brush, C. G. (1992). Research on women business owners: Past trends, a new perspective and future directions. *Entrepreneurship Theory and Practice*, 16(4), 5-30.
- Budig, M. J. (2006). Intersections on the road to self-employment: Gender, family and occupational class. *Social Forces*, 84(4), 2223-2239.
- Caliendo, M., Fossen, F. M., & Kritikos, A. S. (2014). Personality characteristics and the decisions to become and stay self-employed. *Small Business Economics*, 42, 787-814.

- Chatterjee, N., & Das, N. (2015). Key psychological factors as predictors of entrepreneurial success: A conceptual framework. *Academy of Entrepreneurship Journal*, 21(1), 102-114.
- Chen, C. C., Greene, P. G., & Crick, A. (1998). Does entrepreneurial self-efficacy distinguish entrepreneurs from managers? *Journal Business Venturing*, 13(4), 295-316.
- Chen, A. N., Rubach, M., Snyder, T., & Blanchett, M. (2020). Entrepreneurial Mindset and the Success of Minority Entrepreneurs in Arkansas. *The Journal of Business Diversity*, 20(4), 60-72.
- Clark, K., & Drinkwater, S. (2000). Pushed out or pulled in? Self-employment among ethnic minorities in England and Wales. *Labour Economics*, 7(5), 603-628
- Collins, C. J., Hanges, P., & Locke, E. A. (2004). The relationship of need for achievement to entrepreneurship: A meta-analysis. *Human Performance*, 17(1), 95-117.
- Covin, J. G., & Slevin, D. P. (1989). Strategic management of small firms in hostile and benign environments. *Strategic Management Journal*, 10(1), 75-87.
- Costa, P. T., & McCrae, R. R. (1992). *Revised NEO personality inventory (NEO-PI-R) and NEO five factor (NEO-FFI) inventory professional manual*. Odessa, FL: Psychological Assessment Resource.
- Costa, P. T., McCrae, R. R., & Holland, J. L. (1984). Personality and vocational interest in an adult sample. *Journal of Applied Psychology*, 69(3), 390-400.
- Crant, M. (1996). The proactive personality scale as a predictor of entrepreneurial intentions. *Journal of Small Business Management*, 34(3), 42-49.
- Davidsson, P., & Honig, B. (2003). The role of social and human capital among nascent entrepreneurs. *Journal of Business Venturing*, 18(3), 301-332.
- Decker, R., Haltiwanger, J., Jarmin, R., Miranda, J. (2014). The role of entrepreneurship in US job creation and economic dynamism. *Journal of Economic Perspective*, 28(3), 3-24.
- De Carolis, D. M., & Saporito, P. (2006). Social Capital, Cognition, and Entrepreneurial Opportunities: A Theoretical Framework. *Entrepreneurship Theory and Practice*, 30(1), 41-56.
- De Pillis, E., & Reardon, K. K. (2007). The influence of personality traits and persuasive messages on entrepreneurial intention: A cross-cultural comparison. *Career Development International*, 12(4), 382-396.

- Dess, G., & Robinson, R. B. (1984). Measuring organizational performance in the absence of objective measures: The case of the privately-held firm and conglomerate business unit, *Strategic Management Journal*, 5(3), 265-273.
- Dollinger, M. (2003). *Entrepreneurship: Strategies and Resources (3rd ed.)*. Englewood Cliffs, NJ: Prentice-Hall.
- Erickson, T. (2002). Entrepreneurial capital: The emerging venture's most important asset and competitive advantage. *Journal of Business Venturing*, 17(3), 275-290.
- Escribá-Esteve, A., Sánchez-Peinado, L., & Sánchez-Peinado, E. (2009). The influence of top management teams in the strategic orientation and performance of small and medium-sized enterprises. *British Journal of Management*, 20(4), 581-597.
- Fairlie, R. W., & Robb, A. M. (2007). Why are black-owned businesses less successful than white-owned businesses? The role of families, inheritances and business human capital. *Journal of Labor Economics*, 25(2), 289–323.
- Fairlie, R. W., & Robb, A. M. (2009). Entrepreneurship, self-employment and business data: an introduction to several large, nationally-representative datasets. *IZA Discussion Paper No. 4052*. Retrieved from <https://www.iza.org/publications/dp/4052/entrepreneurship-self-employment-and-business-data-an-introduction-to-several-large-nationally-representative-datasets>
- Farrell, D., Wheat, C., & Grandet, C. (2019). “Place matters: small business financial health in urban communities. *JPMorgan Chase & Co*. Retrieved from <https://www.jpmorganchase.com/corporate/institute/report-place-matters.htm>.
- Frequently Asked Questions About Small Business. (2019). Retrieved from <https://advocacy.sba.gov/2019/09/24/frequently-asked-questions-about-small-business/>
- Granovetter, M. (1983). The strength of weak ties: A network theory revisited. *Sociological Theory* 1(1), 201–233.
- Granovetter, M. (1985). Economic Action and Social Structure: The problem of embeddedness. *American Journal of Sociology*, 91(3), 481–510.
- Hamilton, B. H., Papageorge, N. W., & Pande, N. (2019). The right stuff? Personality and entrepreneurship. *Quantitative Economics*, 10(2), 643-691.
- Hart, J. W., Stasson, M. F., Mahoney, J. M., & Story, P. (2007). The big five and achievement motivation: Exploring the relationship between personality and a two-factor model of motivation. *Individual Differences Research*, 5(4), 267-274.
- Hisrich, R., & Brush, C. (1984). The woman entrepreneur: Management skills and business problems. *Journal of Small Business Management*, 22(1), 30-37.

- Kepler, E., & Shane, S. (2007). *Are male and female entrepreneurs really that different?* Office of Advocacy, US Small Business Administration.
- Kim, P., Aldrich, H., & Keister, L. (2006). Access (Not) denied: the impact to financial, human and cultural capital on entrepreneurial entry in the United States. *Small Business Economics*, 27(1), 5-22.
- Klapper, L. F., & Parker, S. C. (2010). Gender and the business environment for new firm creation. *The World Bank Research Observer*, 26(2), 237-257.
- Krueger, N., & Brazeal, D. (1994). Entrepreneurial potential and potential entrepreneurs. *Entrepreneurship Theory and Practice*, 18(3), 94-104.
- Kollinger, P., & Minniti, M. (2006). Not for lack of trying: American entrepreneurship in black and white. *Small Business Economics*, 27(1), 59-79.
- LePine, J. A., Colquitt, J. A., & Erez, A. (2000). Adaptability to changing task contexts: Effects of general cognitive ability, conscientiousness, and openness to experience. *Personnel Psychology*, 53(3), 563-593.
- LePine, J. A., & Van Dyne, L. (2001). Voice and cooperative behavior in contrasting forms of contextual performance: Evidence of differential relationships with big five personality characteristics and cognitive ability. *Journal of Applied Psychology*, 86(2), 326-336.
- Light, I., & Gold, S. (2000). *Ethnic Economies*. San Diego, CA: Academic.
- Lusardi, A., & Tufano, P. (2009). Debt literacy, financial experiences, and overindebtedness. *NBER Working Paper Series. Working paper 14808*
- Marvel, M. R., & Lumpkin, G. T. (2007). Technology entrepreneurs' human capital and its effects on innovation radicalness. *Entrepreneurship Theory and Practice*, 31(6), 807-828.
- McCrae, R. R. (1987). Creativity, divergent thinking, and openness to experience. *Journal of Personality and Social Psychology*, 52(6), 1258-1265.
- McCrae, R. R., & Costa, P. T. (2008). Empirical and theoretical status of the five-factor model of personality traits. *The SAGE handbook of personality theory and assessment*, 1, 273-294.
- Menzies, T. V., Diochon, M., & Gasse, Y. (2004). Examining venture-related myths concerning women entrepreneurs. *Journal of Developmental Entrepreneurship*, 9(2), 89-107.
- Mudambi, R., & Treichel, M. (2004). Cash crisis in newly public internet-based firms: An empirical analysis. *Journal of Business Venturing*, 20(4), 543-571.

- Nga, J. K., & Shamuganathan, G. (2010). The influence of personality traits and demographic factors on social entrepreneurship start up intentions. *Journal of Business Ethics*, 95(2), 259-282.
- Ogbolu, M. N., Singh, R. P., & Wilbon, A. (2015). Legitimacy, attitudes and intended patronage: Understanding challenges facing black entrepreneurs. *Journal of Developmental Entrepreneurship*, 20(1), 1-19.
- Ozgen, E., & Baron, R. (2007). Social sources of information in opportunity recognition: Effect of mentors, industry networks and professional forums. *Journal of Business Venturing*, 22(2), 174-192.
- Rai, S. K. (2008). Indian entrepreneurs: an empirical investigation of entrepreneurs age and firm type, type of ownership and risk behavior. *Journal of Services Research*, 8(1), 213-228.
- Rettab, B. (2001). The emergence of ethnic entrepreneurship: A conceptual framework. Research Report 0103. Zoetermeer: EIM/Business and Policy Research
- Sanders, J. M., & Nee V. (1996). Immigrant self-employment: The family as social capital and the value of human capital. *American Sociological Review*, 61(2): 231–249.
- Schumpeter, J. A. (1976). *Capitalism, socialism, and democracy*. New York, NY: Harper and Brothers. (Original work published 1942).
- Small Business Profile. (2018). Retrieved from <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>.
- Tasnim, R., Yahya, S., & Zainuddin, M. N. (2014). “I’m loving it!” What makes the successful entrepreneur affectively committed to entrepreneurial performance? *The Journal of Applied Management and Entrepreneurship*, 19(2), 27-52.
- Tett, R. P., Steele, J. R., & Beaugard, R. S. (2003). Broad and narrow measures on both sides of the personality job performance relationship. *Journal of Organizational Behavior*, 24(3), 335-356.
- U.S. Census Bureau. (2012). Statistics about Business Size (Including Small Business) from the U.S. Census Bureau. Retrieved from www.census.gov/epcd/www/smallbus.html
- U.S. Census QuickFacts. (2018, July). <https://www.census.gov/quickfacts/fact/table/US/PST045218>. Retrieved from <https://www.census.gov/quickfact>.
- Van der Zwan, P., Thurik, R., Verheul, I., & Jessels, J. (2006). Factors influencing the entrepreneurial engagement of opportunity and necessity entrepreneurs. *Eurasian Business Review*, 6, 273-295.

- Venkatraman, N., & Ramanujam, V. (1986). Measurement of Business Performance in Strategy Research: A Comparison of Approaches. *Academy of Management Review*, 11(4), 801-814.
- Wingfield, A. H., & Taylor, T. (2016). Race, gender, and class in entrepreneurship: Intersectional counterframes and black business owners. *Ethnic and Racial Studies*, 39(9), 1676-1696.
- Yang, C., Colarelli, S. M., Han, K., & Page, R. A. (2011). Start-up and hiring practices of immigrant entrepreneurs: An empirical study from an evolutionary psychological perspective. *International Business Review*, 20(6), 636-645
- Zhao, H., & Seibert, S. E. (2006). The big five personality dimension and entrepreneurial status: A meta-analytical review. *Journal of Applied Psychology*, 91(2), 259-271.

QRBD

QUARTERLY REVIEW OF BUSINESS DISCIPLINES

May 2021

Volume 8
Number 1



A JOURNAL OF INTERNATIONAL ACADEMY OF BUSINESS DISCIPLINES
SPONSORED BY UNIVERSITY OF NORTH FLORIDA
ISSN 2334-0169 (print)
ISSN 2329-5163 (online)