

# Research into Early-Stage Identification of Entrepreneurs and Innovators with Development of an Identification Guidance Framework

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**Abstract:** Youth unemployment is increasing and some countries are exhibiting unprecedented levels of youth unemployment, which according to research from Price Waterhouse Cooper (PwC), is costing the British economy £45bn per year, as well as [blighting the careers of workers who miss out on a job](#) in their teens and twenties. Unemployment exists because jobs do not, therefore one way to act to reduce it is to create jobs. It isn't the governments remit to create jobs, not in the private sector therefore this responsibility is falling more and more on entrepreneurs. This paper seeks to establish a paradigm as to what it is that makes someone entrepreneurial, primarily focussed on positively identifying traits exhibited by entrepreneurs which can be used to assist in that identification process. It seeks to identify the traits and characteristics that make individuals entrepreneurs with a view to devising a framework of identifiable indicators for the tertiary education age group of 16–18-year-olds, leading potentially to early-stage identification of entrepreneurs.

**Keywords:** Young Entrepreneurs, Youth Entrepreneurs, Entrepreneur Traits, Trait analysis

## 1. Introduction

There exists a limited amount of literature relating to studies and research undertaken on young entrepreneurs, and at the time of writing this paper there was no literature that could be found covering the identification of young people as entrepreneurs. The most significant of the studies appears to have been carried out from a policy perspective (e.g. Greene, 2002; Blanchflower and Oswald, 2009) or identity perspective (e.g. Rouse, 2004). The limited amount of research that appears to have been undertaken, primarily focuses on young entrepreneurs' and their venture creation activities. The main focus of said research is on those whose ventures have achieved poor performances with significant rates of business failure [3].

“There are few theoretical studies in relation to young entrepreneurs and young entrepreneurship, with research mainly focused on empirical findings and results” (Lewis and Massey, 2003). This paper will focus on the study of young entrepreneurship, to understand how potential entrepreneurs can be positively identified, in an effort to assist them in acquiring and understanding the requisite knowledge, information, and

skillsets that would enable them to build a sustainable and successful business. This study will create and develop an original and significant contribution to young entrepreneurship literature both theoretically (analysing those factors, traits and characteristics that provide the potential to become successful entrepreneurs) and empirically (by focusing on a group of existing successful entrepreneurs who were entrepreneurial from a young age). Despite the apparent negative conclusions from the limited amount of research undertaken relating to young entrepreneurs there are convincing reasons to recognise the successes of some of the young entrepreneurs in relation to their business ventures and activities as being economically significant in terms of the contribution and impact they have had on the economy. Timmons and Spinelli (2009) clearly demonstrated that young entrepreneurship should be taken seriously as forming a significant part of the development process of some of the world's leading entrepreneurs, who they term 'mega Entrepreneurs'.

## **2. Youth Unemployment**

The world is facing several global crises, viral epidemics, religious persecution, civil wars, National unrest to name but a few, but one of the less known crises yet potentially as devastating is 'Youth Unemployment'. I suspect several people will be thinking, well that's not a big deal, a few kids out of work, it isn't really that serious. Yes, but it could be.

As of April 2019, the global youth unemployment rate was estimated to be 13.2% which equates to 75 million young people not in employment and that figure is rising (Source: *plan-international.org*). This figure has risen year on year from 12.9% in 2009 to 13.2% in 2019.

To put that figure into perspective the total population of United Kingdom is 67.8 million, France 65.2 million, Italy 60.4 million, Thailand 69.8 million (source: *United Nations in the 2019 revision of world population prospects*) In fact there are only 19 Countries that have larger populations, with 214 countries having smaller populations than the amount of young people who are unemployed. This as can be seen is a global issue and statistics show that this rate is three times higher than for adults which is 4.3% In the westernised European countries, the percentage rate is lower with 3.222 million young people unemployed. This is only a small percentage of the total figure globally but still a significant number with the percentages in double figures per capita in most of the EU28 countries with 23 of the 28 countries above 10% unemployment.

It was mentioned earlier that this is a global crisis and it is. Unemployment whether youth or adult has a significant knock-on effect in those countries affected, as youth unemployment affects not only the people who are unemployed, but their family, wider community and nation as a whole.

## **3. Research Programme Aims and Objectives**

The aim of this research is to develop an effective framework to accurately identify potential young entrepreneurs of the future at an early stage of their educational development. This is a particularly challenging research project as little work has been done in the field of youth entrepreneurship and of that which has been done the main focus has been very limited in terms of scope, thus producing inaccurate and misleading data and information. The concept of this research is to produce a paradigm derived

framework and online tools that are able to identify young entrepreneurs facilitating a more accurate evaluation of a young persons' potential to become a successful entrepreneur than has previously been developed. New theories and concepts will be explored in order to supplement and enhance existing theories and create new methods and a framework for early-stage identification of entrepreneurs and innovators in the 16–18-year-old age group. Each of the objectives outlined below are structured in a clear, concise and succinct format that aims to be measurable based upon the above criteria, thus setting expectations for what can be achieved.

- Investigate and identify the traits, characteristics, behavioural and environmental factors which have a positive effect on becoming a young entrepreneur: Publication reviews will be carried out to ascertain which previous methodologies have been identified as effective in the identification of adult and youth entrepreneurs and a list of identifiable traits produced which identify those traits that are responsible for making a person entrepreneurial.
- Develop a framework for identifying a young persons' ability to become an entrepreneur derived from a combination of identification methods: Based upon the outcomes of objective 1, a theoretical framework derived from a combination of existing and proposed methodologies will be developed to support the hypothesis that no one methodology is 100% accurate in providing identification of a young persons' potential to become entrepreneurial and that it is a combination of existing methodologies aligned to provide a high degree of accuracy that has the most potential to be effective.
- Develop user age-appropriate web-based interface tools of the framework that will engage and stimulate the effective extraction of information from the potential young entrepreneurs: A web portal will be developed that will use a combination of questions and challenges based upon the framework developed in objective 2 to positively identify whether or not a young person has the ability and potential to become an entrepreneur. This will be measured against existing entrepreneurs in a variety of fields and disciplines to validate its accuracy.
- Provide validation and verification of the framework and software tools used for the identification of young entrepreneurs:

#### **4. Research Methodology**

The methodology used in this study is a cross-sectional research design to assist with the development of a framework to identify young people with the potential to become successful entrepreneurs. "A cross-sectional design entails the collection of data on more than one case .... and at a single point in time in order to collect a body of data" [2]. Bryman stipulates that this form of research design is often used for both qualitative and quantitative research studies. In this study trait analysis has been carried out on over 100 entrepreneurs with 20 being interviewed to find out what it was that made them entrepreneurial at an early age.

This research takes a qualitative approach to studying existing entrepreneurs traits and characteristics and uses semi-structured interviewing, and considers the understanding and interpretation as to what makes entrepreneurs who they are in their own words. Some of the themes explored are derived partly from existing research, however new themes

and understandings emerge by asking the interviewees open ended questions about their experiences, both positive and negative as well as the influences they had in their lives that made them the successful entrepreneurs they became.

The overarching aim of this research is to establish what it is that makes successful entrepreneurs the people that they are, and if the answer can be utilised and developed in such a way as to provide positive identification of young people who also have the same ability, albeit possibly dormant waiting to manifest.

## **5. Introduction to Trait Analysis**

The trait approach to personality was pioneered by early psychologists, including Gordon Allport (1897-1967), Raymond Cattell (1905-1998), and Hans Eysenck (1916-1997). Each of these psychologists believed in the idea of the trait as the stable unit of personality, and each attempted to provide a list or taxonomy of the most important trait dimensions. Their approach was to provide people with a self-report measure and then to use statistical analyses to look for the underlying factors or clusters of traits, according to the frequency and the co-occurrence of traits in the respondents. Personality traits are qualities or characteristics that distinguish a person and are the embodiment of an individual. They are habitual patterns of temperament, behaviour and emotion that like a persons' DNA make them who they are, yet can, I believe provide an opportunity to group people with similar characteristics and qualities into specific categories.

Skills on the other hand are the learned capacity to undertake and carry out specific tasks. They are the ability or competences to do things, which includes critical thinking, manual, presentation, negotiation, or technological proficiencies. Typically, skills are special abilities that are acquired through training and experience and not necessarily related to personality traits.

Entrepreneurs are not all produced from the same mould and can be found in a diversification of geographical locations, backgrounds, income groups and sociological classes, as well as a variety of educational achievements. It is believed however, that irrespective of external socio-economic influences entrepreneurs all possess similar key traits to a high degree.

According to Myers-Briggs® theory, your personality type is inborn, and it doesn't change. However, the way you exhibit your type WILL change (and should) as you go through life. ... As you age and mature you develop different facets of your personality type.

The purpose of this section of the study is to identify previous research in this field, determine if the research is accurate and proves the assumptions that personality traits are a significant aspect of an entrepreneurs' genetic make-up which we shall call their 'entrephenotypic traits' looking to see if we can create an 'entrephenotypic profile' of an entrepreneur.

### **5.1 Derivation of an Entrephenotypic Trait**

A phenotypic trait is an obvious, observable, and measurable trait; it is the expression of genes in an observable way [4]. The word 'phenotypic' has been combined with 'entre' derived from the word entrepreneur to create 'entrephenotypic' which is an expression of entrepreneurship in an observable way which make the individual entrepreneurial

composition of an entrepreneur, based upon a number of factors including traits, characteristics, socio-economic influences, environmental influences and education.

## 5.2 Composition of an Entrephenotypic Trait

An Entrephenotypic Traits is a cluster of traits positively identified as defining a person who is entrepreneurial. The traits identified and clustered are shown in the table below. They have been classified in terms of necessary requirements to being entrepreneurial. Cardinal and Primary traits [1] are deemed to be essential, with secondary traits deemed to be desirable but not essential.

	TRAIT	Classification
1	Ambitious	Cardinal
2	Articulate	Secondary
3	Aspiring	Cardinal
4	Communication Skills	Secondary
5	Competitive	Cardinal
6	Confident	Cardinal
7	Continual Improvement	Central
8	Creative	Secondary
9	Decisive	Cardinal
10	Determined	Cardinal
11	Dynamic	Secondary
12	Efficient	Central
13	Enthusiastic	Secondary
14	Focused	Central
15	Hardworking	Central
16	Innovative	Cardinal
17	Observant	Central
18	Optimistic	Central
19	Positive	Central
20	Rational	Secondary
21	Realistic	Secondary
22	Reliable	Secondary
23	Resourceful	Central
24	Systematic	Secondary

**Table 1:** Positively identified Entrepreneurial Traits grouped to form an Entrephenotypic Trait

## 5.3 Validation of the Entrephenotypic Trait

Validation of the Entrophenotypic Trait was achieved by utilising an online survey with 171 questions, 156 of which were the original traits from survey 1. The survey was conducted on successful young entrepreneurs who had been finalists in the Federation of Small Business National awards for the ‘Young Entrepreneur of the Year’ for the years 2018 – 2020 as well as other business award winners and finalists.

The responses to the twenty-four traits that comprise the Entrepheotypic Trait were assessed and tabulated for validation against the hypothesis that entrepreneurs exhibit a high proportion of the twenty-four traits of the Entrepheotypic Trait.

The results were extremely positive and supported the hypothesis with all respondents exhibiting at least 18 of the 24 traits.

#### **5.4 Conclusion of the Validation**

The traits of which the Entropheotypic Trait comprised were validated and shown to exist in known successful entrepreneurs of all ages. Whilst other traits were also strong in some of the respondents, the main focus was on the identified entrepreneurial traits that were deemed to comprise the Entrepheotypic Trait as being common to all entrepreneurs, and this was proven to be so.

### **6. Conclusions**

The empirical analysis of the research undertaken to date confirms that there are more identifiable traits associated with a persons' propensity to be entrepreneurial than had previously been identified. Previous studies centred primarily around a) Internal locus of control, b) Risk taking propensity, c) Need for achievement, d) Creativity, e) Problem solving orientation, and f) Tolerance of ambiguity. These traits have been proven in numerous studies to be significant factors in an entrepreneurs' personality and characteristics, however for identification of a persons' potential to become a successful entrepreneur a more detailed analysis of their personality traits needs to be undertaken. This research undertook to provide positive identification of additional traits in order to give a better resolution of the person being examined to see if they have the potential to be entrepreneurial and succeeded in terms of its outcome.

This initial exploratory study into positive identification of young entrepreneurs has shown that using a qualitative approach offers extremely useful and also complementary results to that used in the more conventional quantitative studies on entrepreneurship. It is able to identify in a more precise manner what traits have a significant impact on a persons' propensity to be entrepreneurial and has highlighted areas of potential questioning for research candidates to further confirm the route to positive identification questions for the online framework being developed. This framework will offer a distinct advantage over other identification methods currently being used for adult entrepreneurs which are, on the whole quite ineffective and generalised in terms of their approach to identification.

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