



## The influence of family tradition and psychological traits on entrepreneurial intention

Levent Altinay<sup>a,\*</sup>, Melih Madanoglu<sup>b</sup>, Roberto Daniele<sup>a</sup>, Conrad Lashley<sup>a</sup>

<sup>a</sup> Oxford Brookes University, Business School, Department of Hospitality, Leisure and Tourism Management, UK

<sup>b</sup> Florida Atlantic University, College of Business, Department of Management Programs, UK

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### ABSTRACT

This paper investigates the influence of family tradition and psychological traits on the entrepreneurial intention of university hospitality students in the UK. The empirical study was predicated on the need to consider both socio-demographic variables and especially family background and personality traits. The research also tested the suggestion that risk taking propensity may act as a potential mediator. The findings of the study suggest that family entrepreneurial background and innovation influence the intention to start a new business; that there is positive relationship between tolerance of ambiguity and risk taking propensity; and a negative relationship between locus of control and risk taking propensity. The paper emphasizes the importance of taking a more holistic approach when researching the factors that influence entrepreneurial intention.

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### 1. Introduction

Entrepreneurship is seen as a critical factor in promoting innovation, creating employment opportunities and generating social and economic wealth in a country's economy (Wong et al., 2005). Sectors such as hospitality, leisure, sports and tourism can be seen as archetypal entrepreneurial industries and can consequently play a key role in economic development. Combined these sectors represented approximately 10% of UK employment in 2004 in over 160,000 food service outlets, 26,000 guest houses, 3,000 health and fitness clubs, 15,000 hotels, 6,800 visitor attractions, ranging from gardens to local museums and many other types of outlets (Mintel report quoted in Ball, 2005). Hospitality entrepreneurship in particular helps the re-generation of communities through the development of destinations by offering new products and services which enhance the tourist experience (Getz and Petersen, 2005; Hjalager, 2010; Jaafar et al., 2011; Li, 2008). Since the vast majority of hospitality businesses in the vast majority of countries are small and medium sized enterprises, there is a strong link between entrepreneurial activities in hospitality and SME theory and practice (Altinay, 2010). Countries are therefore developing long term plans and investing in their infrastructure to effectively channel

business support resources, including training to individuals with entrepreneurship potential.

Previous research demonstrates that the personality traits of individuals influences venture creation in a country (Koh, 1996; Mueller and Thomas, 2001). Indeed, the influence of personality traits is the highest determinant in business start-up intentions in budding entrepreneurs (Nga and Shamuganathan, 2010: p.260). Individuals with personality traits such as a high need for achievement, the propensity to take risks, a tolerance of ambiguity, and an internal locus of control are more entrepreneurial and engage in entrepreneurial activities such as starting up a new business (Thomas and Mueller, 2000; Utsch and Rauch, 2000). These studies have made an important contribution to knowledge by explaining the connection between the personality traits of individuals and their intention to start up a business. However, they only partially explain business start-ups and the entrepreneurship process. Previous studies have neglected to consider the family backgrounds of individuals who are tolerant to uncertainty, have need for achievement with an internal locus of control and are willing to take risks to start up a business. This gap in the extant field of entrepreneurship research is surprising given that socio-cultural factors and in particular family tradition in the same line of business has already been identified as an influential factor on the entrepreneurial behaviours of individuals. As Learned (1992, p.40) argues "some individuals have a combination of psychological traits in interaction with background factors that make them more likely candidates to attempt to found businesses". Supporting this proposition, Mueller and Thomas (2001) point out that personality traits and the socio-cultural background of individuals act as a

\* Corresponding author at: Oxford Brookes University, Business School, Department of Hospitality, Leisure and Tourism Management, Headington Campus, Gypsy Lane, Oxford OX3 0BP, UK. Tel.: +44 01865 483832; fax: +44 01865 483878.

E-mail address: [laltinay@brookes.ac.uk](mailto:laltinay@brookes.ac.uk) (L. Altinay).

stimulator and/or motivator of their entrepreneurial behaviours. Indeed, a family business tradition in the same or similar business sector helps an individual to acquire business knowledge and skills which if harnessed with their personality traits can stimulate entrepreneurial activity (Altinay and Altinay, 2006).

Another key variable in evaluating entrepreneurship is an individual's propensity to take risk. There is an argument that the propensity to take risks is indeed a compound variable that encompasses other personality traits (Nicholson et al., 2005). On the other hand some authors view the propensity to take risks as a mediator between the variables of tolerance of ambiguity, locus of control (Wee et al., 1994), the need for achievement (Tang and Tang, 2007) and entrepreneurial intention. As a result, there is uncertainty about the role of risk-taking propensity and it is not clear whether the propensity to take risks is an exogenous variable, a mediator or a moderator.

Our paper aims to investigate the relationship between the personality traits – locus of control, tolerance of ambiguity, innovativeness, need for achievement and propensity to take risks – of British hospitality students in higher education and their intentions to start up a business. In light of the findings that the influence of personality traits is the highest in determining business start-up intentions in budding entrepreneurs (Nga and Shamuganathan, 2010: p.260), a sample of undergraduate hospitality students have been employed. Interestingly, although hospitality and tourism students are being encouraged to engage in entrepreneurial activities in order to stimulate the development of destinations, there appears to be limited research into the antecedents of their business start up activities (Li, 2008). In addition, the sample consisting of hospitality students has been selected in view of the implications of this study on the hospitality education curriculum. In hospitality management higher education, specific entrepreneurship modules are widespread. For example, Ball (2005) identified 13 British Universities offering entrepreneurship related modules in their hospitality courses, mostly in the final stages of their degree program, and most modules were offered as electives rather than as part of the core curriculum.

The paper also evaluates the moderating influence of family business tradition between the personality traits and intentions of students. In particular, the paper responds to the call of Gurel et al. (2010) for further research into the interface between the personality traits of hospitality and tourism students and their intentions to start up a business by considering the moderating effect of socio-cultural backgrounds of individuals.

## 2. Theoretical background

### 2.1. Antecedents of entrepreneurial intention

Many researchers have analysed the personality differences between entrepreneurs and non-entrepreneurs on the basis that certain character traits are required preconditions for entrepreneurship (Utsch and Rauch, 2000). Key preconditions identified by Koh (1996) include high need for achievement, internal locus of control, moderate risk-taking orientation, high tolerance of ambiguity, high degree of self-confidence and innovativeness. Timmons et al. (1977) define more than twenty personal characteristics that may distinguish entrepreneurs from others. The following traits, closely associated with entrepreneurial potential, have been selected as the focus of this study: innovativeness, locus of control, tolerance of ambiguity and risk propensity. These traits can have a profound influence on an individual's intentions to start a new venture (Krueger and Carsrud, 1993; Thomas and Mueller, 2000).

Whilst giving credit to those studies investigating the interface between traits and intention, some authors (Hisrich et al., 2007; Pillis and Reardon, 2007) question the extent to which traits can be used solely to predict the intention to start a business. They argue that the role of personality traits could have been underestimated in past entrepreneurship research due to design and methodological limitations. Learned (1992, p.40) argues that, "some individuals have a combination of psychological traits, in interaction with background factors, that make them more likely candidates to attempt to found businesses". Supporting this view, Mueller and Thomas (2001) point out that the socio-cultural background of an individual acts as a stimulator and/or motivator of entrepreneurial behaviours and in particular of venture creation. However, a number of authors have questioned the relevance of using an exclusively personality traits approach to the study of entrepreneurs stating that much of the research in this area has yielded contradictory findings. Instead they suggest a more behavioural approach to the analysis of entrepreneurs should be adopted (Gartner, 1989). Consequently, this study has adopted a holistic approach to investigate entrepreneurial intention in relation to the influence of traits and socio-cultural backgrounds of individuals. Given a business tradition in the family influences the intention to start a business by equipping individuals with the skills and vision to engage in entrepreneurial endeavours (Altinay, 2008; Altinay and Altinay, 2006), this study posits that family tradition is one of the influential variables affecting an entrepreneur's intention to start-up a business.

Locus of control has been an important construct in personality research for several decades and is regarded as one of the key personality traits in entrepreneurs (Venkatapathy, 1984). Locus of control has been defined as an individual's perception of his/her ability to influence events in life (Begley and Boyd, 1987). Individuals with an internal locus of control believe that they can influence events in life, whereas individuals with an external focus of control believe that events happen beyond their control. This belief has implications for entrepreneurship activities. Those individuals with a higher internal focus of control are deemed to be more entrepreneurial than ones with a lower internal locus of control as they have a stronger achievement orientation (Diaz and Rodriguez, 2003). Rotter (1966) provided a major contribution to the understanding and measurement of the locus of control construct, suggesting that locus of control could be viewed as an internal-external characteristic. He subsequently developed a questionnaire containing 23 close ended and 6 open ended questions to determine internal versus external (I-E) locus of control. More recently Rotter's scale has been subject to some criticism because of its solo dimensionality which fails to allow for individuals to express varying dimensions of control in different life circumstances (Low and MacMillan, 1988).

### 2.2. Research hypotheses

Empirical studies investigating the implications of locus of control for entrepreneurship related activities, and in particular for the intention to start up a business, have produced contradictory results. For example, Koh (1996) who investigated the entrepreneurial intentions of a small sample of MBA students found no difference between the entrepreneurially and non-entrepreneurially inclined students. Similarly, Gurel et al. (2010) who investigated the entrepreneurial intentions of a group of 409 British and Turkish students found no statistically significant relationship between locus of control and intention to start up a business. However, in a study of university students in Singapore, Ang and Hong (2000) found that the internal locus of control was a determinant of entrepreneurial intentions. Supporting this, Gurol and Atsan (2006) also found a significant relationship between

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