

# Entrepreneurship – Session 2 (October 15)

## Who is the “entrepreneur”?

Prof. Dr. Nicola Breugst

Technical University of Munich

TUM Entrepreneurship Research Institute

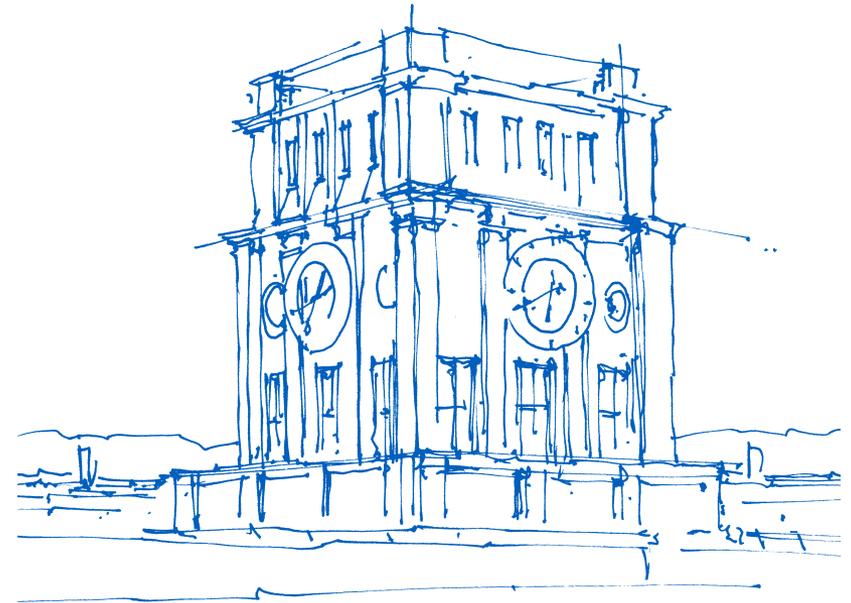
Professorship of Entrepreneurial Behavior

Munich, Winter Semester 2025/2026

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*Uhrenturm der TUM*

# Summary Session 1: A definition of entrepreneurship

“... Activity involving the **discovery, evaluation, and exploitation of opportunities** to create something **new** (e.g., new products or services, new markets, new production processes or raw materials, new ways of organizing economic activity) by **mobilizing** resources ... ”



(Adapted from Shane & Venkatamaran, 2000)

# Example – Multiple Choice Question

The figure on the right plots gross domestic product (GDP) per capita against levels of total early-stage entrepreneurial activities (TEA) of adults in the countries participating in the Global Entrepreneurship Monitor (GEM). Which statement is NOT applicable?

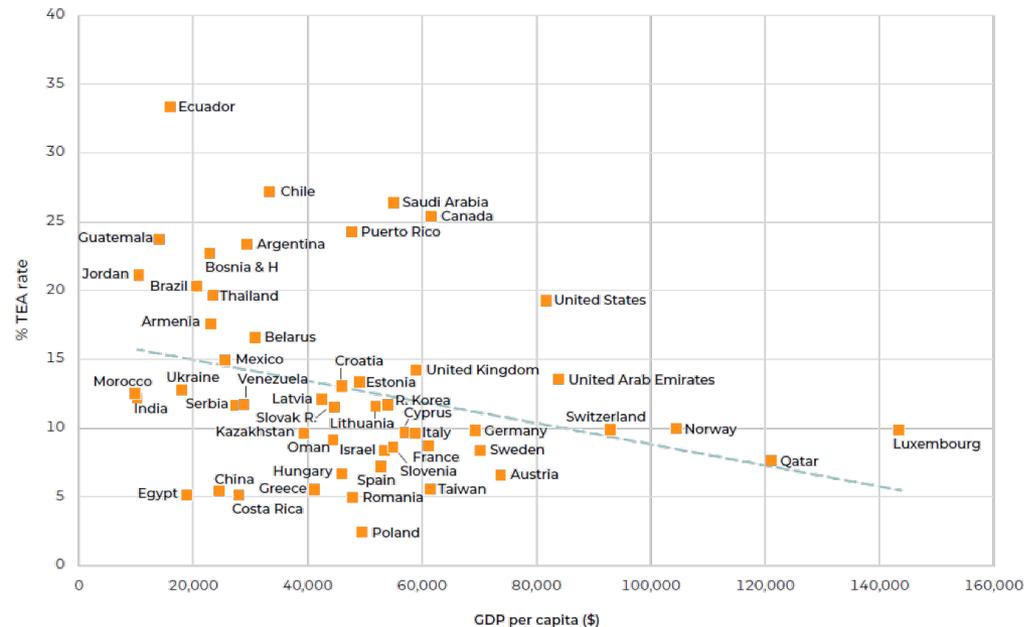


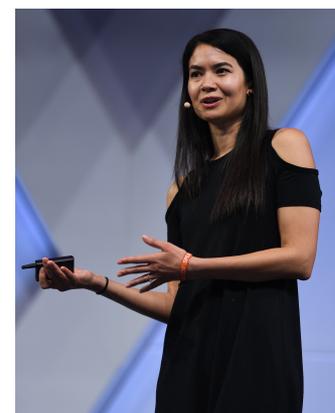
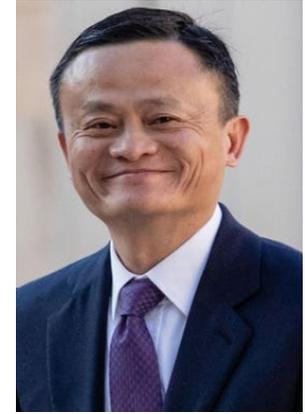
FIGURE 3.3 The relationship between the percentage of adults starting or running a new business (TEA) and an economy's Gross Domestic Product (GDP) per capita

- a) In some countries, more than 25% of all adults are entrepreneurially active.
- b) The relationship between the TEA rate and national prosperity is complex.
- c) GDP per capita is not distributed equally over the countries in the graph.
- d) Only rich countries can afford to engage in entrepreneurial activities

# Course Overview

#	DATE	TOPIC
1	Oct 14	Introduction
2	Oct 15	Who is the “entrepreneur”?
3	Oct 21	How do entrepreneurs recognize opportunities?
4	Oct 22	How do entrepreneurs develop opportunities?
5	Oct 28	Guest speaker Csilla Spiller (Beautechful)
6	Oct 29	How do entrepreneurs structure business opportunities?
7	Nov 04	How do entrepreneurs gain and allocate resources?
8	Nov 05	How do entrepreneurs manage their teams?
9	Nov 11	Putting content into play: Interactive workshop. <i>Please bring a computer. (Session during student assembly, no new content.)</i>
10	Nov 12	How do entrepreneurs enter their markets and how do they grow their ventures?
11	Nov 18	Guest Lecture by Stefan Schenk (PeterPark)
12	Nov 19	How can entrepreneurship contribute to a better world?
13	Nov 25	Guest speaker Inga vom Holtz (UnternehmerTUM Funding for Innovators)
14	Nov 26	Q & A Session
	Dec 12	Exam

# Who is an “Entrepreneur?”



Think about these (and other) entrepreneurs who you know. Have you observed some typical characteristics?

# Why is a psychological perspective on entrepreneurship helpful?

At firm foundation, the entrepreneur is the firm and the firm is the entrepreneur.”  
(Strauss, 1944)

## Central questions in entrepreneurship research:

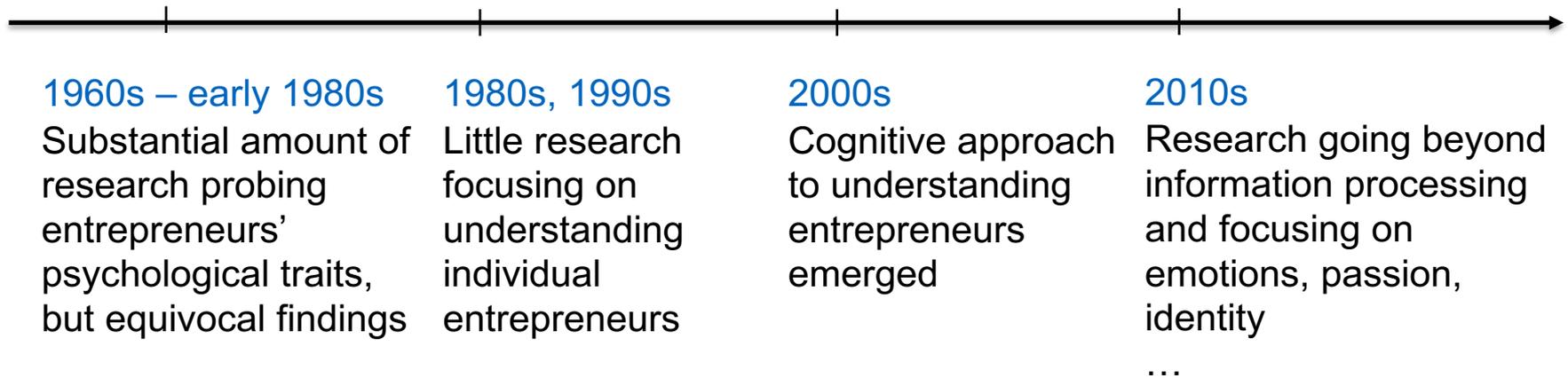
- Why do some persons but not others choose to become entrepreneurs?
- Why do some persons but not others recognize opportunities for new products or services that can be profitably exploited?
- Why are some entrepreneurs so much more successful than others?

Baron (2004)

*“Probing entrepreneurship phenomena from just an economic perspective leaves us less than complete.”*

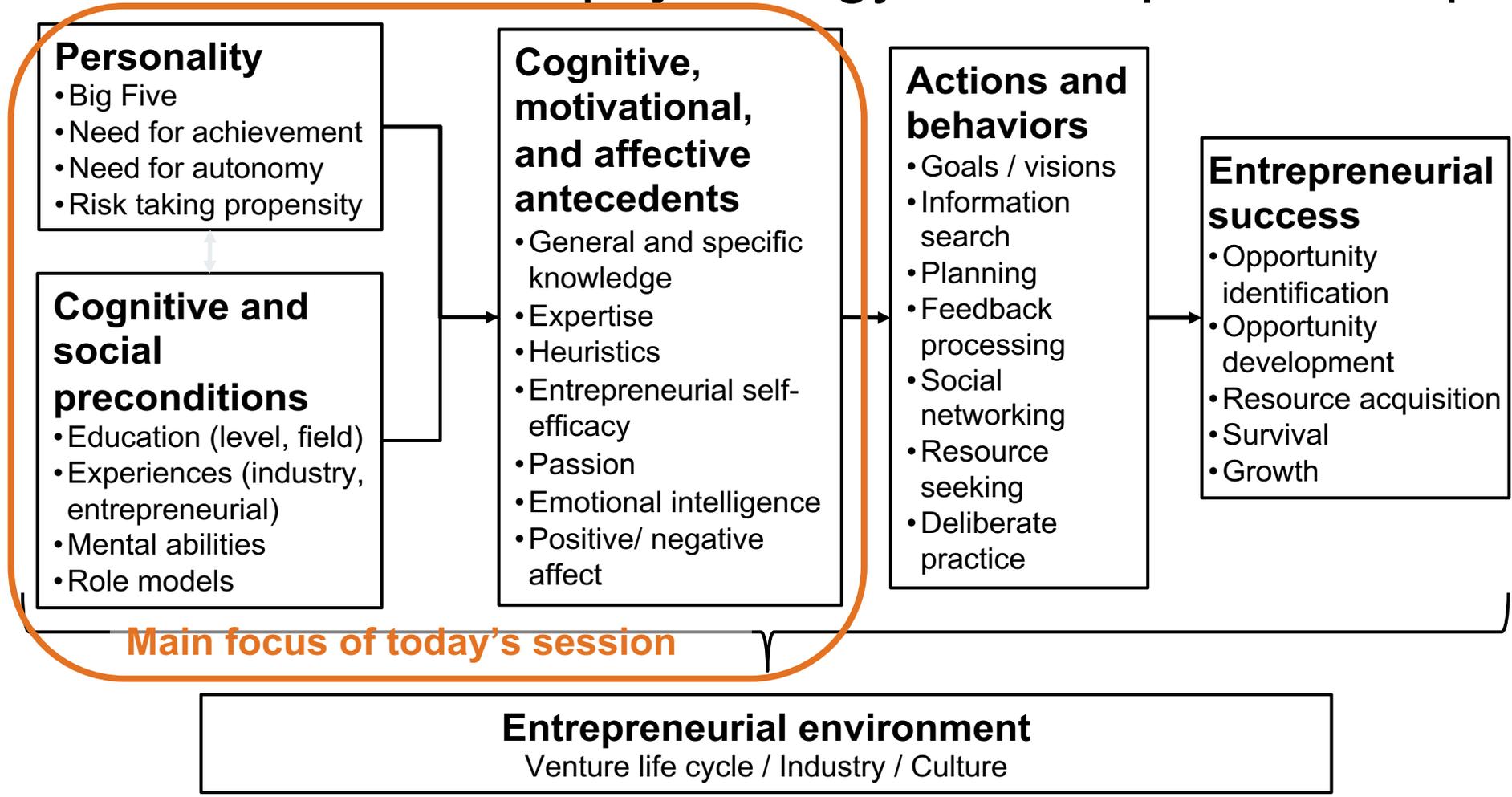
(Busenitz, 2007)

# Entrepreneurial behavior research



Adapted from Busenitz (2007)

# Framework for the psychology of entrepreneurship



Adapted from Frese (2009) and Frese and Gielnik (2014)

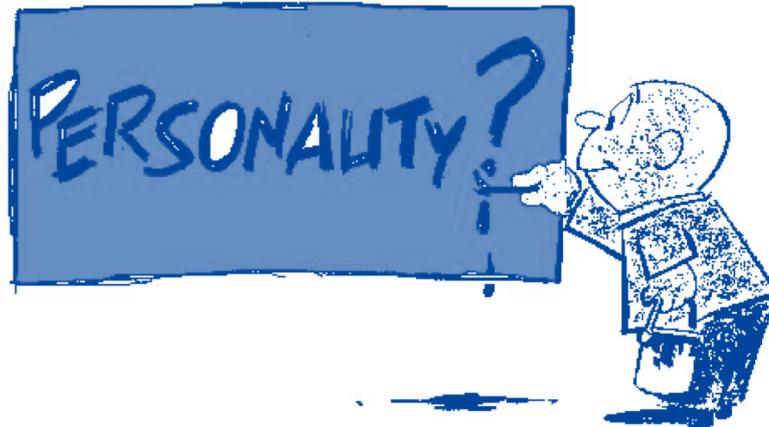
# Scientific background: What is a meta-analysis?

- Meta-analyses allow for the statistical combination of the results of multiple primary studies on a specific topic. They are sometimes called quantitative literature reviews.
- They provide weighted average effect sizes on the relationships between variables across studies.
- Primary studies relying on larger sample sizes have a stronger weight in the meta-analysis.
- Meta-analysis help to consolidate knowledge by minimizing errors across studies. So, they provide a more reliable understanding of the evidence
- They are common in many different fields (e.g. medicine), particularly when numerous studies are available on specific topics.

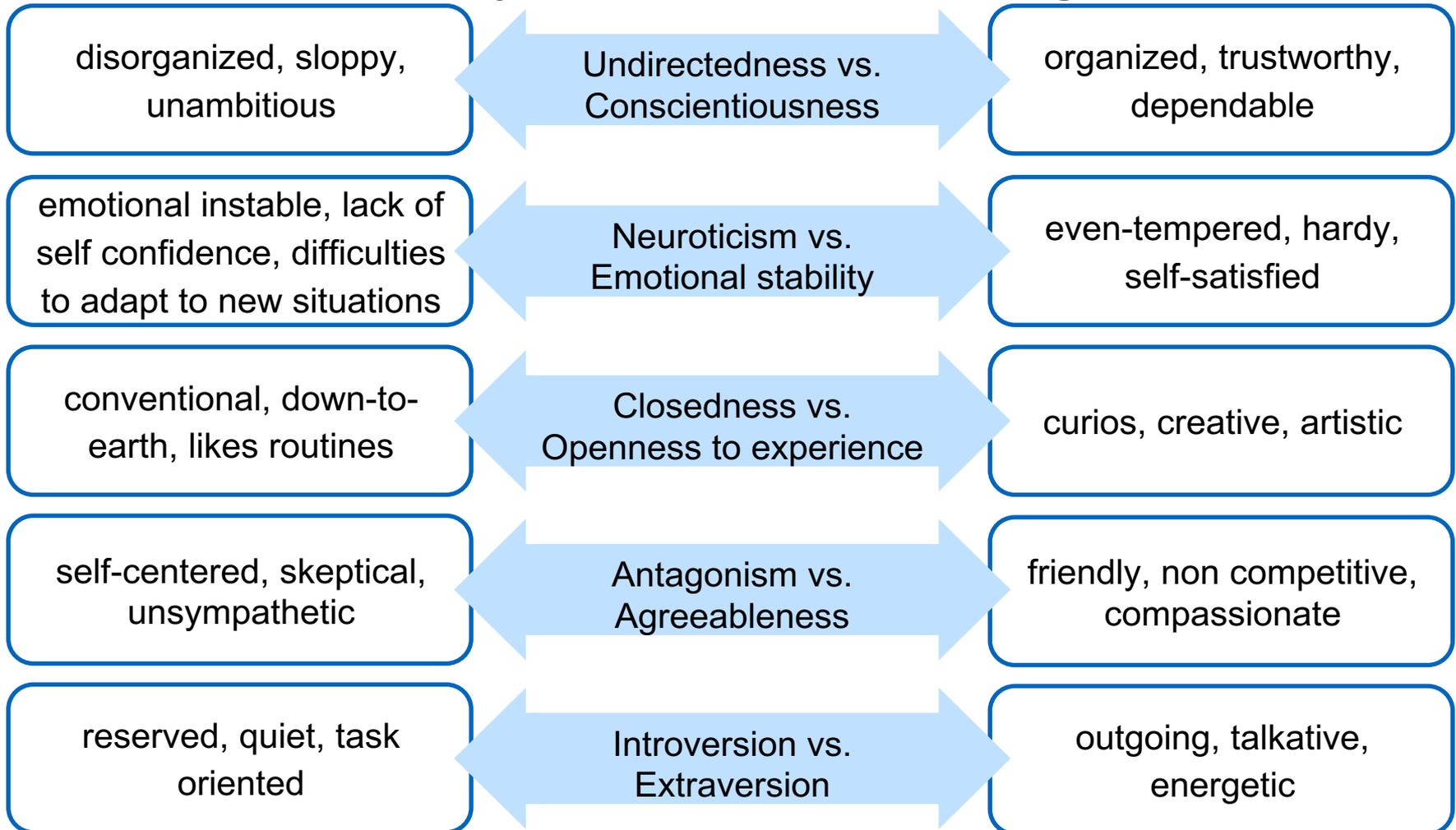
(Siddaway, Wood, & Hedges, 2019)

# Personality

- Personality traits: dispositions to (re)act in a certain way across various situations
- High degree of stability over time, in particular after adolescence
- Influenced by genetics and environmental factors, mainly experiences in childhood
- Personality traits relate to broad personality factors, temperament, motives, as well as attitudes and beliefs
- These dispositions may facilitate or restrain managers from undertaking entrepreneurial activities.



# Broad personality factors – The “Big Five”



(Goldberg, 1982, 1992; Norman & Goldberg 1967; McCrae & Costa, 1987)

# Overview of meta-analytic findings of the Big Five in entrepreneurship

Table 1 Overview of relevant meta-analytic findings<sup>a</sup>

Constructs	Effects on business creation	Effects on business performance
Conscientiousness <sup>c</sup>	Entr. > Mngr.: $r_c = .22$ , $K=20$	$r_c = .19$ ; $K=24$ ; $N=3.19$
Neuroticism <sup>c</sup>		
Openness to experience <sup>c</sup>		
Agreeableness <sup>c</sup>		
Extraversion <sup>c</sup>		

(Frese & Gielnik; 2014)

- Notes:
- K: number of included studies in a meta-analysis
  - N: overall sample size
  - $r_c$ : correlation coefficient indicating the strength and direction of the relationship between two variables; interpretation of sizes in the social sciences (Cohen, 1988): 0.1 = small effect; 0.3 = medium effect; 0.5 = large effect

# How about me?



Plenty of tests online to learn more about your own personality in terms of the Big Five, for example:

<https://bigfive-test.com/test>

# Motives

- Internal forces that push people into certain actions
- *Need for achievement:*  
Preference for high (internal or external) standards, desire for success, engagement in task-oriented behavior
- *Need for autonomy:*  
Preference for making decisions independently, setting one's own goals, being in control, avoidance of restrictions

Table 1 Overview of relevant meta-analytic findings<sup>a</sup>

Constructs	Effects on business creation	Effects on business performance
Achievement motivation		
Autonomy		

Notes:

- K: number of included studies in a meta-analysis
- N: overall sample size
- $r$  ( $r_c$ ): (corrected) correlation coefficient indicating the strength and direction of the relationship between two variables; interpretation of sizes in the social sciences (Cohen, 1988): 0.1 = small effect; 0.3 = medium effect; 0.5 = large effect

(Frese & Gielnik, 2014)

# Risk taking propensity

*Risk taking propensity*: the willingness to pursue decisions or courses of action involving some risk to achieve high rewards

Would you invest 5€ in a lottery ...

- when you have a 50% probability of winning 10€?
- when you have a 20% probability of winning 25€?
- when you have a 5% probability of winning 100€?

Table 1 Overview of relevant meta-analytic findings<sup>a</sup>

Constructs	Effects on business creation	Effects on business performance
Risk propensity <sup>b</sup>	Entrepreneurs higher than managers: $r = .11$ ; $K = 18$ ; $N = 3,471$ (Stewart & Roth 2004) $r_c = .10$ ; $K = 18$ ; $N = 8,863$ (Rauch & Frese 2007)	$r_c = .10$ ; $K = 13$ ; $N = 1,744$ (Rauch & Frese 2007) Growth-oriented entrepreneurs higher than income-oriented entrepreneurs: $r_c = .33$ ; $K = 3$ ; $N = 1,093$ (Stewart & Roth 2001)

(Frese & Gielnik; 2014)

Notes:

- K: number of included studies in a meta-analysis
- N: overall sample size
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# Do entrepreneurs need to have the typical personality traits?

- Typical personality traits are based on **average scores** (average for large group of entrepreneurs vs. average for large group of traditional managers/employees).
- The effects are often not very large (and still statistically significant).
- Findings do not take into account the entrepreneurs' roles in their firms or the firms' industries. Further, in different situations the opposite traits can be relevant. For example, agreeableness is helpful for collaboration in entrepreneurial teams or with important stakeholders.
- Even if some characteristics facilitate an entrepreneurial career and success, there is no deterministic relationship.
- However, knowledge on strengths and weaknesses connected to one's personality help entrepreneurial managers to choose their role, their teammates, and their strategy/business model.

# Brain vs. heart: Which abilities matter?

Individual-level capabilities can be distinguished (among others) in:

*General Mental Ability (GMA):*

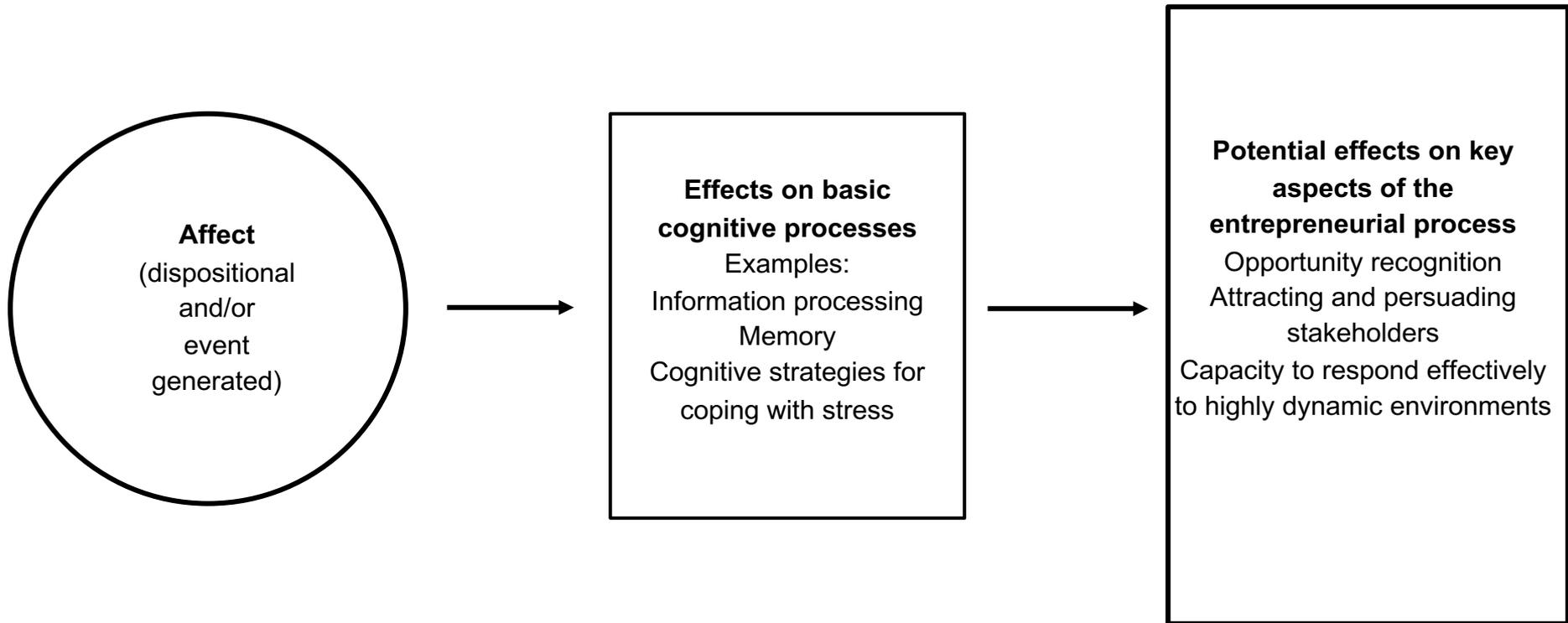
Information-processing capacity that allows individuals to solve problems and engage in higher order thinking

*Emotional Intelligence (EI):*

Capability that allows individuals to:

- monitor their own affect
- monitor others' affect
- regulate own affect and behaviors
- better manage social relationships

# Affect in entrepreneurship

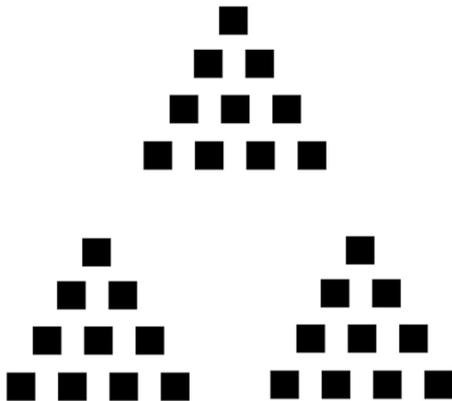


Based on Baron (2008)

# How affect shapes (entrepreneurial) cognition

## Information processing

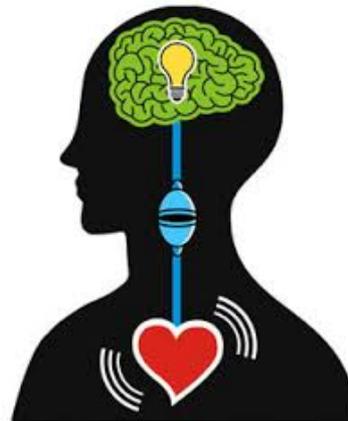
- Positive affect triggers global perception (seeing “big picture”)
- Positive affect leads to heuristics and less careful information processing.



Triangle or squares?

## Memory

- Mood is filter for information storage (mood congruent memory)
- Recall is facilitated if mood is similar to encoding (mood-dependent retrieval)



## Coping with stress

- Positive affect leads to health benefits in terms of the immune system
- Positive affect is connected to bigger network of supporters



Baron (2008)

# Passion in entrepreneurship



“Passion should be the fire that drives your life’s work!”

Michael Dell



“If you just work on stuff that you like and you’re passionate about, you don’t have to have a master plan with how things will play out.”

Marc Zuckerberg



“If you love your work, pretty soon everybody around will catch the passion from you – like a fever.”

Sam Walton

# Entrepreneurial passion and its effects

- **Entrepreneurial passion:** Enduring and intensive **positive affect** experienced while engaging in entrepreneurial activities

## Effects for the entrepreneur

- Entrepreneurial passion as expression of personal identity
- Focus on activities that are object of passion
- Drive and persistence
- Harmonious vs. obsessive passion – passion can be a burden!

## Effects on stakeholders

- Passion can help attract stakeholders
- Investors value signals of competence much higher
- For employees, object of passion is important. If object is not shared, effects are negative!
- Passion limits feedback

Breugst, Domurath, Patzelt, & Klaukien (2012); Cardon, Wincent, Singh, & Drnovsek (2009); Chen, Yao, & Kotha (2009)

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