

DIFFERENTIATING THE ENTREPRENEUR: A FUNCTIONAL - PERSONALITY THEORY

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ABSTRACT

While no clear and concise definition of an entrepreneur has evolved, there is at least universal acceptance that innovative accomplishment is the key critical determinant of entrepreneurial success. The manner in which entrepreneurs convert opportunities into marketable ideas is the principal focus of this paper. Their profile of innovation has been classified, in order of originality, into four significant types and further subdivided by their outward and inward looking personality characteristics. The reader is encouraged to select twelve self-descriptive character traits from the table provided and then proceed to interpret their underlying functional, innovative and primary attitudinal, entrepreneurial direction. Eight basic types of entrepreneurial personalities are identified and each type's strengths and weaknesses are described.

INTRODUCTION

The decision process employed by entrepreneurs and the very nature of entrepreneurship continues to receive increasing national and international interest. Yet, in today's world of global markets, instantaneous communication and flexible production systems, no clear and concise definition has emerged (Brockhaus, 1986). Most authors and researchers in the field of entrepreneurship, however, are somewhat in agreement with Drucker (1985):

"Innovation is the specific function of entrepreneurship. . . It is the means by which the entrepreneur either creates new wealth-producing resources or endows existing resources with enhanced potential for creating wealth."

The process by which entrepreneurs consciously and purposefully convert opportunities into marketable products or services is a key that can help distinguish various levels of entrepreneurship (Smith, et.al., 1987). In addition, the conceptualization of an entrepreneur can be further refined by examining the personal and sociological aspects of entrepreneurial behavior (Smith and Miner, 1984).

Table 1, contains a listing of character traits that have been drawn from several prominent sources of research on entrepreneurs.

Table 1 Character Traits of Entrepreneurs

Dominant Considerate Controlled Reserved Curious Organized Decisive Persuasive
Energetic, Easygoing Intellectual Stable sincere Modest Logical Loyal Quick Involved
Observant Quiet Confident Bold Understanding Ingenious Efficient Diplomatic Stimulating
Open-Minded Perceptive Practical Painstaking Serious Persevering Cheerful Persistent
Idealistic Friendly Patient Thoughtful, Calm Dependable objective Clear-thinking Conscientious
Tactful Independent Forward-looking Soft-spoken Sensitive Disciplined Mature Responsible
Analytical Imaginative Creative Frank Committed Determined Factual Sympathetic
Enthusiastic Realistic Reliable Thoughtful Agreeable Systematic Cooperative Intelligent

Adaptable Warm Tolerant Mainstream Scientific outgoing Goal-oriented Trouble-shooter
Effective Conservative Innovative Gracious

Source: John A. Hornaday, "Research about Living Entrepreneurs," in Encyclopedia of Entrepreneurship, Kent/Sexton/Vesper eds., copyright 1982, pp. 25-27. Prentice Hall, Inc., Englewood Cliffs, New Jersey; Gordon Baty, Entrepreneurship for the Eighties (Reston, VA.: Reston Publishing, 1981); and Joseph R. Mancuso, Have You Got What it Takes? (Englewood Cliffs, NJ: Prentice-Hall, 1982).

At this point, the reader may wish to select the twelve characteristic terms that best describe the type of person or entrepreneur that he/she believe himself or herself to be. Later on, a crossclassification is given that identifies these character traits with the entrepreneurial types that follow.

Entrepreneurs and Innovation

Although the process of innovation has been described as a key function of entrepreneurship, the order of uniqueness and originality falls into four basic types (Hisrich, 1986). These represent the a continuum from completely new and innovative to the newly applied replication of existing products, services and processes. In addition, the origin of an idea is clearly related to the role of creative thinking that may be vital to marketplace development and success (Drucker, May-June, 1985).

Figure 1 illustrates the types of entrepreneurs that can be associated with the levels of product or service originality. Most innovations involve a number of ideas or items already invented, as well as, human resources which can be combined together, in a new way or through new applications.

Such ordinary innovations lack technological uniqueness but represent the vast majority of products or services introduced to the marketplace. As the level of innovative uniqueness increases, fewer and fewer true technological advancements and new breakthrough inventions are developed and introduced on the market.

Figure 1 Types of Entrepreneurs and Innovations

Finders Level (Breakthrough Innovation) of Innovative Uniqueness

Grinders (Technological Innovation)

Binders (Ordinary Innovation)

:Number of Innovations Introduced on the Market

Robert D. Hisrich, "Entrepreneurship and Intrapreneurship Methods For Creating New Companies That Have an Impact on the, Economic Renaissance of an Area," in Entrepreneurship, Intrapreneurship, and Venture Capital, ed. Robert D. Hisrich (Lexington, Mass.: Lexington Books, (1986), p. 73. products, services or processes; the novel, untried and clearly revolutionary.

Table 2 Entrepreneurial Profiles In Action

Type Description Examples

Finders Creators of entirely new Thomas Edison - Light Bulb products, services or Eli Whitney - Cotton Gin processes; the novel, Alexander Graham Bell - untried and clearly Telephone untried and clearly Edward Land - Polaroid revolutionary. Corporation

Grinders Expanded new use or a Nolan Bushnell - Atari different application of Corporation a product, service or Ray Kroc - McDonald's process already created Corporation or existing. Ted Turner -Broadcasting System

Minders Creative replication of Walt Disney - Disney existing product, Productions, Inc. service or process, Steven Jobs-Apple Computer adding a creative Frank Phillips-Phillips element to enhance and Petroleum Company improve its application. Ken Olsen Digital Equipment Corp.

Binders combination of existing Sam Walton Wal-Mart concepts and factors Stores into a formulation Frank Perdue - Perdue or use which serves as a Chicken Farms synthesis of a number of Fred Smith - Federal ideas resources or itmes Express already invented. Bill Murto - Compaq Computer John McCormock - Visible Changes, Inc. Lillian Katz - Lillian Vernon Corp.

Source: Adapted from Richard M. Hodgetts and Donald F. Kuratko, *Effective Small Business Management*, 2nd ed. (Orlando, FL: Academic Press, 1986), 52-53, and Donald F. Kuratko and Richard M. Hodgetts, *Entrepreneurship: A Contemporary Approach*, (Chicago Ill: The Dryden Press, 1989), 50-51.

While "Finders" are associated with revolutionary discoveries, "Binders" bring people and ideas together in new formulation, combinations or marketplaces. "Grinders" represent a category of entrepreneurs that innovate through adaptation, extension and refinement of previously invented products, services or technological processes. Ray Kroc of McDonald Corp., fot example did not invent franchising or fast-food, but a systems of delivering quality and consistency that revolutionized an industry. "Minders", like theexample of Frank Phillips, succeed for numerous reasons. These include vision, hard selling of ideas and recognition of the strengths and weaknesses upon which to build a market.

As identified by the four basic functional types of entrepreneurs, the common thread of the entrepreneurial spirit is the catalytic link with the process of innovation. A creative process which serves to stimulate intuitive thinking and the feelings necessary to bring to the market and maintain a new enterprise (Carland, et.al., 1984). Entrepreneurs rarely change their fundame ntal type or attempt to work in more than one area of functional innovative accomplishment.

Entrepreneurial Personality Theory

Another approach to examining entrepreneurial profiles is to understand the attitudinal orientation that provides direction for psychic energy. One analytic explanation comes from the famous psychologist Carl Gustav Jung (1875- 1961), who offers a coherent scheme to account for the divergent types and behavioral styles of entrepreneurs.

Employing Jung's system (Jung 1923), entrepreneurs can be classified into eight types:

1. Outer Directed - Finders, 2. Inner Directed - Finders, 3. Outer Directed - Grinders, 4. Inner Directed - Grinders, 5. Outer Directed - Minders, 6. Inner Directed - Minders, 7. Outer Directed - Binders, 8. Inner Directed - Binders.

Finders, Grinders, Minders and Binders denote innovation functional types already identified, while outer directed and inner directed are characteristics associated with the extroversion and introversion of an entrepreneur's behavioral and attitudinal orientation. According to Jungian Typology (Gorlow, et al, 1966) in trying to understand the nature of entrepreneurial spirit and personality, throughout history, the functional (innovative) type is the key - it give the personality its particular direction, its persistent force, stamp and flavor; while according to Begley and Boyd (1986), the attitudinal orientation describes the direction that psychic energy takes in stimulating intuitive feelings, attitudinal adjustment and action orientation.

As described by Arnold Mitchell, Director of the "Vals" (Values and Lifestyles) program at SRI International, (1983), the inner directed entrepreneurial personality type's main interests are introverted within an inner world of experiential concerns and ideas; the outer directed type is, oriented to the outer world of people and things, with an extroverted style favoring emulation and achievement.

No one entrepreneur, of course, is entirely one or the other type. Most introverts deal with the world about them when necessary, and extroverts often deal effectively with ideas. But the introvert does his best work inside his head, in reflection, and the extrovert does his best work externally, in action. In either case, the preference for inner directedness or outer directedness remains. Typically, entrepreneurs usually underrate the value and strength of their primary functional and attitudinal direction. Because these are so natural to them, they erroneously believe that everyone else is also similarly capable, and so do not truly appreciate their unique personality, capacities and gifts (Brockhaus, 1982).

The descriptions that follow are of the eight basic types of entrepreneurial personalities - summarized in Table 3. All represent well-adjusted intelligent, effective and successful entrepreneurs. Each type's strengths and weaknesses are described.

Outer Directed - Finder Type

Those entrepreneurs identified as being outer directed and finders are ebulliently enthusiastic innovators. Possessing a great deal of imagination, they constantly perceive new possibilities, new ways of doing things, and are happiest when they can dream up and initiate new projects; usually, they carry them out.

They are confident of the worth of their ideas, tireless in problemsolving, and they show great ingenuity in tackling difficulties and snags encountered (Smith and Miner, 1984). Having patience and stick-to-itiveness in complicated situations, they can almost always be relied upon to discover solutions that work. These entrepreneurs get so involved in projects that they think of little else.

Another positive attribute is the ability to stimulate and persuade others to accept their ideas. Their perceptive and empathetic understanding of others enables them to win ready support for their ideas.

Their biggest problem is an aversion to uninspired routine, and they can hardly force themselves to attend to humdrum details or projects alien to their major interests. Even pet

projects begin to pall and to lose their challenge with time. What will happen next is more significant than what is happening in the here-and-now. As a result, the (extroverted) outer directed finder types are happiest in a situation that provides one project or idea after another, and that uses others to carry through once the major problems are solved and breakthrough accomplished.

Inner Directed - Finder Type

These entrepreneurs are the true creators. They completely trust their intuitive insights. Problems stimulate them and they see many alternative solutions plus possibilities in situations that appear "closed" to others.

The Inner Directed - Finder Type tend to drive others as intensely as their own ideas drive them, and they back up their insights with determination. They like to have their ideas worked out and accepted, and will spend any amount of time and effort to achieve this (Hoy and Carland, 1982).

Their Achilles' heel is a single-minded concentration and abhorrence of compromise. At times, this type seems so blinded by the value of their ideas and plans that they fail to see conditions that should be taken into account. They are effective when boldly ingenious, revolutionary ideas are needed.

Working in bursts of energy, powered by excitement and enthusiasm, they feel smothered in a routine job full of small details. Where they may be lacking most is in judgment. They cannot comfortably listen to criticism of their ideas and insights, and are, at times, in danger of ignoring the real world. Not always having the power to shape their ideas into effective action, they may appear to others as impractical geniuses or cranks.

They are involved little with others and need minimal companionship. They are directly responsible for the often observed, historical myth, that entrepreneurs are academic and social misfits.

Outer Directed - Grinder Type

The outer directed - grinder type entrepreneur likes to take charge of things and run the whole show. Disciplined thinkers, these people respect objectivity, well-thoughtout plans and orderly procedures (Begley and Boyd, 1986). Since this type is strongly analytical and objectively critical, they are unlikely to be persuaded by anything but clear reasoning and logic. According to the outer directed grinder, everyone's conduct should be governed strictly by logic, and this person is his/her own stern taskmaster in this respect.

Such entrepreneurs enjoy being visionaries, and are unstinting in efforts to turn in a superlative performance. They like to make decisions, are good at organizing plans and projects, and enjoy giving orders. If their orders are carried out halfheartedly or inefficiently, these people are capable of losing their tempers. They tend to demand strict compliance of others in the pursuit of objectives and believe that their approach to problem-solving and decision-making is the only right one. Being strict disciplinarians, such people can fire employees with ease.

They suffer from a lack of perception, and, seldom stop to listen to others (especially to subordinates), and make decisions without concern for what associates or subordinates may think and feel. Anyone who disagrees with their policies and plans is regarded as misguided.

Being naturally critical, they cannot appreciate other people's good qualities. As a result, many of their associates and subordinates consider them opinionated and ruthless risktakers.

Inner-Directed - Grinder Type

Inner directed grinder type entrepreneurs prefer to analyze rather than to control. They are good at organizing ideas and facts, not people and situations. When absorbed in analysis or problem-solving, they remain markedly independent of external circumstances. These introverted thinkers with a marked perception of detail show great perseverance in problem-solving and can easily work on a single idea for a long time (Smith, 1967).

Outwardly quiet, reserved, and sometimes withdrawn, the entrepreneurs can be curiously detached about what is going on. This type can be adaptable, as long as their inner ruling principles are not violated. Although confident in the realm of ideas, they require time to arrive at decisions requiring action and implementation. They are ideally suited to working out the difficulties underlying a problem-others can then do the implementing.

Their major problem is difficulty in communicating. Such entrepreneurs can state their problems and solutions clearly and exactly, but they keep them so exact, abstract and complicated that others frequently find it difficult to follow.

Another shortcoming is that they expect others to value and accept their ideas without modification, and are stubborn and headstrong in the pursuit of them.

Outer Directed - Minder Type

These are adaptable realists who are keenly attuned to the concrete, the actual and the factual-they always know what the facts are because they notice, absorb and remember more of them than anyone else around. There is a sort of effortless economy in the way they tackle concrete situations. Coupled with an ability to see and consider the needs of the moment is a decisiveness in implementing plans and ideas without delay.

Being perceptive people, they search for the satisfying solution; instead of trying to impose a "should" or "ought" of their own, and their associates and subordinates usually accept their compromises. As observed by Mancuso (1982), these entrepreneurs tend to be open-minded, easy-going, unprejudiced and tolerant of most everyone; they know how to manage conflict. Their major shortcoming is a frequent inability to see the potential value of new ideas.

Innet Directed - Minder Type

These entrepreneurs are very dependable. Like their outer directed counterparts, they also respect facts, and can absorb, remember and use a tremendous number of them. Everything has to be clearly stated and factual.

They react to facts and problems in an individualists way, but what they actually do about them is usually sound and valid. This is because the deeper aspects of things is sensed.

In work they are thorough, painstaking and systematic. Such people are patient with detail and routine and their persevering attitude has a stabilizing effect on others.

They do not get into projects impulsively, but, once involved, it is difficult to distract, discourage or stop them, and they are unstinting in the effort and time they spend.

Inner directed - minders are good administrators--their practical judgment, memory for detail, and conservative bent make them consistent and reliable leaders. They can always be counted on to cite cases to support their evaluations of people, methods and projects. Responsibilities of maintenance and implementation are ideally suited for them. And, if necessary, they will complete the work themselves rather than miss a deadline.

A shortcoming is that they cannot readily empathize with needs that diverge radically from what they perceive theirs are. In interpersonal relationships, they tend to be impersonal and passive. Others are accepted as long as they don't interfere with what they are doing.

Outer Directed - Binder Type

These entrepreneurs radiate good fellowship and are sensitive to the emotional atmosphere around them. In relationships with others they tend to be friendly, tactful and sympathetic. Since their sense of security and well-being derives from others' feelings, they can be quite upset by any display of indifference.

An obvious forte is in ideas or services that deal with people, and they do their best thinking when talking with others. Such people are good at greeting others and often enjoy long telephone conversations. For them to be brief and businesslike required special effort. They always negotiate the relationship first and then the contract (Hisrich, 1986).

Since they have to be constantly involved and interacting with others and feed on Variety, they tend to be impatient with long, slow jobs, or complicated products and services, especially when these require solitary absorption. Another shortcoming is that they tend to jump to conclusions and act upon assumptions that may be wide of the mark.

These people are drawn to those having similar traits and interests, and can be insensitive or blind to conflict and potentially explosive interpersonal situations, because of a strong desire to ignore unpleasant feelings and disharmony. They place, however, great value on loyalty to the business and to its customers.

Inner Directed - Binder Type

This entrepreneurial type has as much wealth of feeling as the outer directed binder, but cares more deeply about fewer things and has greater inner intensity. Like the outer directed, they put personal trust, loyalty and obligations first, but they are more strongly guided by inner-directed values (Hornaday, 1982).

Such people can be understanding, tolerant and sensitive to other people's feelings, as long as their deepest values and convictions are not challenged or threatened. They prefer to be left alone and have little need to impress, change or persuade others.

They perform best when working with an idea they believe in, and their feelings add extra spark to their efforts. There has to be a personally meaningful purpose behind the market rewards.

A main problem is that they tend to be overly sensitive and vulnerable to criticism and frequently suffer from a sense of inadequacy.

These entrepreneurs exhibit practiced control of feelings, and their true motives generally remain concealed and secret; they suppress negative feelings and judgments in an attempt to keep unpleasant situations at a distance.

SUMMARY

In the final analysis, all of the entrepreneurial types described above differ in what they do best and what they like best to do. They differ in their innovative function, their interests, values they respond to and handle interpersonal relations and problems, and how they make decisions. Yet, they all practice success, through a positive attitude and a goal orientation toward creating something of economic value in use or exchange. Regardless of the innovative functional type or the attitudinal orientation, the entrepreneur is an individual with an adventurous spirit, who requires freedom to undertake the risk of new enterprise.

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Table 3 Characteristics of the Different Entrepreneurial Types

Following are the characteristics that are usually checked by the different types. Remember that there are no pure types and that your self-perceptions as well as those of others may span several different categories.

FINDERS GRINDERS

Outer Directed Inner Directed Outer Directed Inner Directed

Innovative Creative Dominant Analytical Enthusiastic Persevering Practical Independent
Imaginative Ingenious Bold Quiet Confident Understanding Disciplined Disciplined

Persistent Soft-spoken Objective Curious Involved Reserved Analytical Adaptable
Stimulating Intelligent Conscientious Clear-thinking Perceptive Sincere Logical Intellectual
Persuasive Observant Decisive Organized Forward-looking Determined Energetic Logical
Mature Patient Confident Persistent Serious Persistent Responsible Efficient Energetic Frank
Determined Thoughtful Goal-oriented Scientific Outgoing

MINDERS BINDERS

Outer Directed Inner Directed Outer Directed Inner Directed

Realistic Dependable Friendly Modest Factual Stable Tactful Cooperative Persuasive
Thorough Warm Sincere Open-minded Factual Cooperative Loyal Easygoing Systematic
Enthusiastic Understanding Tolerant Painstaking Cheerful Tolerant Efficient Persevering
Agreeable Sensitive Quick Reliable Understanding Sympathetic Calm Practical Considerate
Committed Considerate Objective Loyal Independent Tactful Serious Idealistic Controlled
Diplomatic Effective Sympathetic Soft-spoken Friendly Conservative Gracious Patient
Mainstream