

## ENTREPRENEUR OR EMPLOYEE IN THE CONTEXT OF THE ECONOMIC CRISIS?

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### **Abstract**

*The changes triggered by the economic crisis did not spare our country either since 2009. Its effects, with impact on the social, economic, ecological, technological and political level, reflected also on each and every individual. Less working places, available qualified staff, the diminishing purchasing power, wiser expenses, etc, were perceived by some people as luck of keeping a job beyond any compromise, while others considered them as opportunities. Some researchers associated this fact with personality (Covin & Slevin, 1989; Cromie, 2000; Johnson, 1990; Davidsson, 2000; Cromie & Johns; 1983; Brockhaus, 1980; Caird, 1991), others with personal values (Combs, Richards & Richards, 1976, apud Beukman, 2005; Hofmeister-Tóth & Simanyi, 2005), while others with the level of knowledge in the chosen entrepreneurial field or with the perception of opportunities.*

*The present work aims at identifying options for the residents of the Western region of the country, under the effect of the economic crisis, for entrepreneurship as an opportunity or for maintaining the employee status from the perspective of their personality or their values, bearing in mind at the same time the reduced experience, of less than 25 years, that our country's residents have on the business market.*

**Keywords:** entrepreneur, employee, personality, values, economic crisis

**JEL classification** M21 Business Economics

### **1. Introduction**

Entrepreneurship refers to an individual's ability to transform his/her ideas into actions with definite economic and social finality. Researchers preoccupied with studying entrepreneurship start from the following question: why, under similar circumstances, certain individuals start their own business and others don't? The answer these researchers give is that those individuals who start their own business have a distinct personality. Falling into the perspective of the entrepreneur's personality, a few models were launched, among which we mention the following: the features model, the situationist model, the social learning model and the cognitivist model.

The situationist model emphasizes the importance of taking into account the situation and context for the manifestation of the entrepreneurial behavior. According to this model, it is not enough for the individual to present certain personality traits in order to assert oneself as an entrepreneur. These features will reflect in entrepreneurial behaviors only if the individual attaches to certain situations an emotional charge meant to determine an entrepreneurial behavior.

It is to such a situation that we associate the economic crisis and its effects, both on a macrosocial and on an individual level.

In the present work we attempt to identify the option that the residents of the Western region of the country have for making their entrepreneurial debut as compared to maintaining the employee status in the context of the economic crisis affecting our country since 2009.

## **2. Personality and entrepreneurship**

„If you have a good personality profile, you will become an entrepreneur earlier or later”. This is what Shaver & Scott (1991) call a „personological” approach, but which seems to have proven to a great extent unproductive in estimating decisions for starting up a business by natural persons (Liñán & Santos, 2007).

Although some statistically significant relations have been identified between certain personality features and being an entrepreneur, the anticipation ability has been very limited (Reynolds, 1991).

Having certain entrepreneurial personality traits does not automatically mean that the individual will develop an entrepreneurial behavior. Becoming an entrepreneur is a complex process. The entrepreneurial personality traits, as well as the required abilities and financial resources or a business idea only represent an entrepreneurial potential. As Krueger & Brazeal (1994) show, in order for this potential to develop into an entrepreneurial behavior a triggering and precipitating event is required, such as losing one’s job or perceiving a market opportunity. This event practically generates the entrepreneurial intention and highlights the connection with the situation.

## **3. Values and the entrepreneurial behavior**

Common sense has it that whoever wants to understand a person’s behavior must first of all understand his/her values. Personal values are fundamental beliefs about good and evil, while the value system represents a hierarchy of values according to their intensity and importance for the individual. Values have a special influence on human attitudes and behaviors, because, being relatively stable in time, these can better predict an individual’s behavior in a particular situation.

Over the time, the measurement and analysis of the functions of personal values has represented one of the most dynamic research fields in social psychology. Due to the omnipresent role of values in all aspects of individuals’ lives (Rokeach, 1973), behavioral sciences consequently studied personal values and the value system as predictors of individual and group behaviors: of consumerist behavior (Pitts & Woodside, 1984), of organizational behavior (Clare & Stanford 1979; Munson & Posner, 1980), of political attitudes and behaviors (Rokeach, 1979; Tetlock, 1985), of charitable contributions (Manzer, & Miller, 1978), of mass-media usage (Becker & Conner, 1981), of drug dependence (Toler, 1975), of cross-cultural differences (Schwartz & Bilsky, 1990; Hofstede, 1980/2003).

According to Schwartz (1990), values mould the individual’s motivational objectives.

In the present work we attempt to highlight the role of personality and values in choosing the entrepreneurial activity, in the context of the economic crisis.

## **4. Research on the option of starting an entrepreneurial career or maintaining the employee status in the context of the economic crisis**

### **4.1 Purpose of the research**

Identifying the impact of the global economic crisis on Romanian entrepreneurs;  
Analyzing the characteristics of startup entrepreneurs, as well as their beliefs and perceptions as a consequence of the economic crisis.

### **4.2 Hypotheses**

**H<sub>1,1</sub>** – There are significant differences between the personality traits of startup entrepreneurs and those of employees.

**H<sub>1,2</sub>** – There are significant differences between the personal values of startup entrepreneurs and those of employees.

### **4.3 Participants**

The entrepreneurs who started a business during the crisis (startup entrepreneurs), namely 39 persons and 56 employees. The intention was that the two groups should be balanced from a formational perspective.

### **4.4 Research tools**

The analysis of the values resulted from the research hypotheses implies the use of specific psychological diagnosis tools. The subjects' personality structure will be assessed by means of 5 personality dimensions, resulted from the BigFive Plus personality inventory, while the personal value system results from the factors of the Schwartz personal values survey.

#### **4.4.1 The BigFive Plus personality inventory**

The BigFive Plus personality inventory (Constantin & Macarie 2012) is based on Costa and McCrae's theory and represents a test meant to assess 5 personality dimensions, each dimension including 6 factors (facets) and each factor being measured by 8 dichotomous items (Costa & McCrae, 2003). Extraversion, Agreeableness, Neuroticism, Conscientiousness and Openness are the five personality dimensions assessed by the BigFive Plus questionnaire.

#### **4.4.2 The Schwartz Value Survey (SVS)**

This value measurement scale, developed by Schwartz, has known several development stages. The initial assessment study for this tool was performed based on the data gathered from subjects (students and teachers) in 38 countries (Schwartz, 1992); later, the model's structure was confirmed by a replica-study including 1993 additional samples (Schwartz, 1999). The Schwartz model is supported also by the results of more recent studies (Fischer et al., 2010).

During this research we used the 57-item SVS version, translated into Romanian. It is a tool meant to assess 10 personal values (conformity, tradition, benevolence, universalism, self-direction, stimulation, hedonism, achievement, power and security) both as fundamental, general life principles and as guidelines in personal life.

### **4.5 Variables**

**4.5.1 Dependent variables** are represented by the „*personality structure*” operationalized by means of personality factors measured with a personality inventory (BigFive Plus), and the „*personal value system*” was outlined by the indicators of a value measurement tool (the Schwartz value grill).

**4.5.2 The independent variable** „startup entrepreneur” is dichotomous and distinguishes between Romanian entrepreneurs in economic organizations who started up a business in the Western region during the economic crisis and the employees who kept their employee status before and during the economic crisis, these being the components of the research sample.

### **4.6 Data analysis**

The data analysis was performed by using the IBM SPSS application for Windows, version 22. After designing the data base and introducing the variables, the analyses begin with the study of the distributions because, according to these, certain statistical techniques can be used.

**Table 1 Results of the nonparametric U Mann-Whitney test related to personality dimensions**

	Type of entrepreneur	N	Mean of ranks	Sum of ranks
Extraversion	Startup during crisis	39	60.92	2376.00
	Employee	56	39.00	2184.00
	Total	95		
Agreeableness	Startup during crisis	39	52.60	2051.50
	Employee	55	43.88	2413.50
	Total	94		
Neuroticism	Startup during crisis	39	41.40	1614.50
	Employee	55	51.83	2850.50
	Total	94		
Conscientiousness	Startup during crisis	39	57.55	2244.50
	Employee	54	39.38	2126.50
	Total	93		
Openness	Startup during crisis	39	54.94	2142.50
	Employee	54	41.27	2228.50
	Total	93		

	Extraversion	Agreeableness	Neuroticism	Conscientiousness	Openness
Mann-Whitney U	588.000	873.500	834.500	641.500	743.500
Wilcoxon W	2184.000	2413.500	1614.500	2126.500	2228.500
Z	-3.823	-1.532	-1.829	-3.210	-2.417
Sig.	<b>.000</b>	.126	.067	<b>.001</b>	<b>.016</b>

From the perspective of personality dimensions, we notice that a number of three factors differentiate the employees from the entrepreneurs who started up a business during the crisis. Therefore, the entrepreneurs who started up a business during the crisis are characterized by a significantly higher level of extraversion ( $Z=3.823$ ;  $p<0.01$ ) as compared to the employees. Conscientiousness ( $Z=3.21$ ;  $p<0.01$ ) and openness ( $Z=2.41$ ;  $p<0.01$ ) are also significantly higher in the case of the entrepreneurs who started up a business during the crisis as compared to the employees.

**Table 2 Results of the nonparametric U Mann-Whitney test related to personal values**

	Type of entrepreneur	N	Mean of ranks	Sum of ranks
Conformity	Startup during crisis	39	61.41	2395.00
	Employee	77	57.03	4391.00
	Total	116		
Tradition	Startup during crisis	39	57.92	2259.00
	Employee	77	58.79	4527.00
	Total	116		
Benevolence	Startup during crisis	39	67.04	2614.50
	Employee	77	54.18	4171.50
	Total	116		
Universalism	Startup during crisis	39	63.28	2468.00
	Employee	77	56.08	4318.00
	Total	116		
Self-direction	Startup during crisis	39	71.09	2772.50
	Employee	77	52.12	4013.50
	Total	116		
Stimulation	Startup during crisis	39	73.74	2876.00
	Employee	77	50.78	3910.00
	Total	116		
Hedonism	Startup during crisis	39	69.83	2723.50
	Employee	77	52.76	4062.50
	Total	116		
Achievement	Startup during crisis	39	70.26	2740.00
	Employee	77	52.55	4046.00
	Total	116		

Power	Startup during crisis	39	70.76	2759.50
	Employee	77	52.29	4026.50
	Total	116		
Security	Startup during crisis	39	60.92	2376.00
	Employee	77	57.27	4410.00
	Total	116		

	Conformity	Tradition	Benevolence	Universalism	Self-direction
Mann-Whitney U	1388.000	1479.000	1168.500	1315.000	1010.500
Wilcoxon W	4391.000	2259.000	4171.500	4318.000	4013.500
Z	-.666	-.132	-1.952	-1.092	-2.878
Sig.	.506	.895	.051	.275	.004
	Stimulation	Hedonism	Achievement	Power	Security
Mann-Whitney U	907.000	1059.500	1043.000	1023.500	1407.000
Wilcoxon W	3910.000	4062.500	4046.000	4026.500	4410.000
Z	-3.483	-2.593	-2.690	-2.802	-.554
Sig.	<b>.000</b>	<b>.010</b>	<b>.007</b>	<b>.005</b>	.580

At the value level, we notice that entrepreneurs who started up a business during the crisis, as opposed to the employees, tend to appreciate self-direction ( $Z=2.87$ ;  $p<0.01$ ) to a significantly higher extent; they consider stimulation ( $Z=3.48$ ;  $p<0.01$ ) and hedonism ( $Z=2.59$ ;  $p<0.05$ ) as important values, emphasize achievement ( $Z=2.69$ ;  $p<0.01$ ) and power ( $Z=2.80$ ;  $p<0.01$ ).

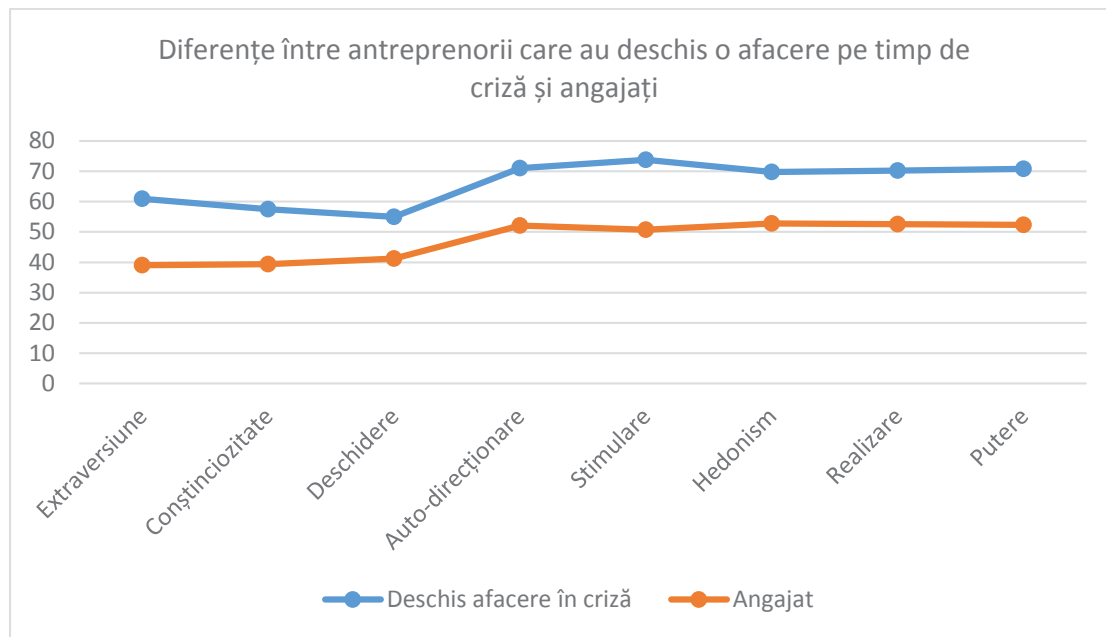


Fig. 1 Graphic representation of the differences between the entrepreneurs starting up a business during the crisis and the employees

## 5. Conclusions

As no normal distributions were registered for none of the analyzed variables, we investigated the characteristics of passing from the employee status to that of an entrepreneur by using the nonparametric U Mann-Whitney test.

The accuracy of the prediction resulted from the logistic regression is better for entrepreneurs (89.5%) as compared to employees (23.6%). In other words, starting from the value structure and the personality factor, we may predict more accurately an entrepreneurial career as opposed to an employee attitude.

The analysis of the data concerning the *employees/entrepreneurs who started up a business during the crisis (startups)* relationship confers the following aspects:

From the perspective of personality dimensions, we notice that a number of three factors differentiate employees from the entrepreneurs who started up a business during the crisis. Therefore, the entrepreneurs who started up a business during the crisis are characterized by a significantly higher level of *extraversion* ( $p < 0.01$ ) as compared to the employees. Extroverts enjoy the company of others, are full of energy and often have positive emotions. They tend to be enthusiastic, action-oriented, ready to take advantage of opportunities.

*Conscientiousness* ( $p < 0.01$ ) (high scores are registered by individuals who avoid risky situations and who, by planning and persisting in their tasks, manage to succeed in their actions. They are generally seen by others as intelligent, as persons one can count on, sometimes „workaholic”) and *openness* ( $p < 0.01$ ) (distinguishes between imaginative, creative individuals and realistic, conventional individuals. High scores are registered by curious persons, who appreciate art and who are sensitive to beauty. They tend to be more conscious of their emotions. They tend to think and act in individualistic and nonconformist ways) are also significantly higher in the case of the entrepreneurs who started up a business during the crisis as compared to the employees.

At the value level, we notice that entrepreneurs who started up a business during the crisis, as opposed to employees, tend to appreciate self-direction ( $p < 0.01$ ) to a significantly higher extent (independent thinking and action), consider stimulation ( $p < 0.01$ )



and hedonism ( $p < 0.05$ ) as important values, emphasize achievement ( $p < 0.01$ ) and power ( $p < 0.01$ ).

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