

## HEXACO Model of Personality Traits and Considerations with Respect to Entrepreneurial Performance

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**Abstract:** Economic theories mostly focus on the commercial entrepreneurs along with an emphasis on the financial return. With entrepreneurship playing an imperative role in the modern dynamic, differences in the individual preferences, capabilities, social and human values, personality differences and the human will power must also be considered while studying entrepreneurial activities, intentions and performance. This research establishes the relationship among the personality traits and entrepreneurial performance by using the HEXACO Personality traits model and suggests that the personality traits have an important and direct impact on the Entrepreneurial performance.

**Keywords:** Big five model, entrepreneurial performance, HEXACO model, individual performance, personality traits, pre-service teachers

### INTRODUCTION

Personality traits correspond to the long term, continuing characteristics of the individuals (John *et al.*, 2003). Majority of the researchers in the late 20<sup>th</sup> Century agreed that personality domains can be summed up in five different dimensions and these dimensions were later on known as Big Five Factors of personality. HEXACO model of personality; a six-dimensional structure; adding another personality trait in the five traits of Big Five Factor Model provides viable alternative to the Big Five Factors Framework (Michael and Kiboom, 2007).

Recently researchers have shown great interest in the Entrepreneurial venue of the economy and focus is being made on the contemporary corporate culture regarding entrepreneurship and their contribution to the corporate sector. Research is being conducted for development of an insight into the multiple aspects and factors involved in entrepreneurial intentions, process and performance. Thus developing an understanding of the factors and processes involved in the formation of entrepreneurial intentions and entrepreneurial venture performance will prove helpful in promoting greater entrepreneurial success with fewer wasted financial and personal resources (Hao *et al.*, 2009).

Literature is evident that personality traits have a considerable impact on performance of individuals. Hence, this research is being conducted with an objective of assessing the impact of the HEXACO personality traits on Entrepreneurial performance and developing an understanding that how this personality constructs influence and play what role in performance of Entrepreneurs.

### LITERATURE REVIEW

An important development in the 20<sup>th</sup> Century under personality psychology umbrella was harmonization regarding the structure of personality characteristics, i.e., most of the researchers have consensus that personality domains can successfully be summarized in five dimensions and these were named as Big Five Factors.

Later, considerable evidence constituted in favor of a substitutional demonstration of personality structure domains and the structure was named as HEXACO model of personality traits which consisted of six rather than five dimensions for assessment of personality traits. HEXACO Model for personality traits argues that personality structure may be more effectively categorized into six major dimensions instead of the Five dimensions.

Entrepreneurship plays a very significant role in the contemporary economies. Entrepreneur, a French word, meaning "an individual undertaking innovations, resources and business acumen in an effort to turn innovations into economic goods". Entrepreneurial behavior comprise the motives and actions, through which entrepreneurs take decisions, seize profitable opportunities and make the most of those opportunities (Anthony and Christine, 2009).

Process of entrepreneurship may result in new organizations i.e., founding new independent firms or may become a part of revitalizing established organizations in response to any perceived opportunity (Cooper and Dunkelberg, 1986). Starting new businesses is the most obvious form of entrepreneurship

(sometimes referred as a Startup Company); moreover, in current years, entrepreneurship has been extended to the inclusion of social and political forms of the entrepreneurial activities also within a mature organization (Shane, 2003).

Focus is being made on the different aspects of Entrepreneurship as contributing agent in the economies and policy makers need to frame policies supporting varying needs and demands of various types of entrepreneurs, instead of provision of broad "blanket" policies to all sorts of entrepreneurs.

A series of substantial theory and empirical researches suggest that personality constructs are fundamental determinants of the intentions of an individual to grow to be an entrepreneur as well as the subsequent performance of the entrepreneurial firm (Hao *et al.*, 2009). Several meta-analyses have also shown that entrepreneurs do differ from other groups (i.e., Managers) in context of a broad range of personality dimensions e.g. Entrepreneurs tend to be significantly higher in risk propensity than ordinary managers, (Stewart and Roth, 2001, 2004), Entrepreneurs are ranked significantly higher on the achievement motivation (Collins *et al.*, 2004; Stewart and Roth, 2007).

Barrick and Mount (1991) and Barrick *et al.* (2001) found out that these personality dimensions are directly related to the job performance and Baum and Locke (2004) suggest that the distinct personality traits of Entrepreneurs are also influential factor playing their role in subsequent venture growth. Applying the conclusions of these researches and incorporating in entrepreneurial performance, it is expected that individuals scoring higher in those personality traits that are associated with the entrepreneurial roles and traits are likely to be more successful entrepreneurs (Hao *et al.*, 2009).

**Research theory and model:** Consensus regarding the personality structure and characteristics in the late 1990s is considered as important development and the Big Five factor model of personality traits provided a framework for understanding different dimensions and their role in different fields. Michael and Kiboen (2007) argue that the HEXACO model of personality traits, a six dimensional structure, forms a viable and more preferable model and alternative representation for assessment of personality characteristics. According to Michael and Kiboen (2007) HEXACO Model constitutes of six distant personality dimensions including Honesty-Humility (H), Emotionality (E), Extraversion (X), Agreeableness (A), Conscientiousness (C) and Openness to Experience (O). First construct, i.e., Honesty-Humility is added by the HEXACO personality inventory to the Big Five Model.

Previous research reveal that those who are graded high in entrepreneurship related personality traits will

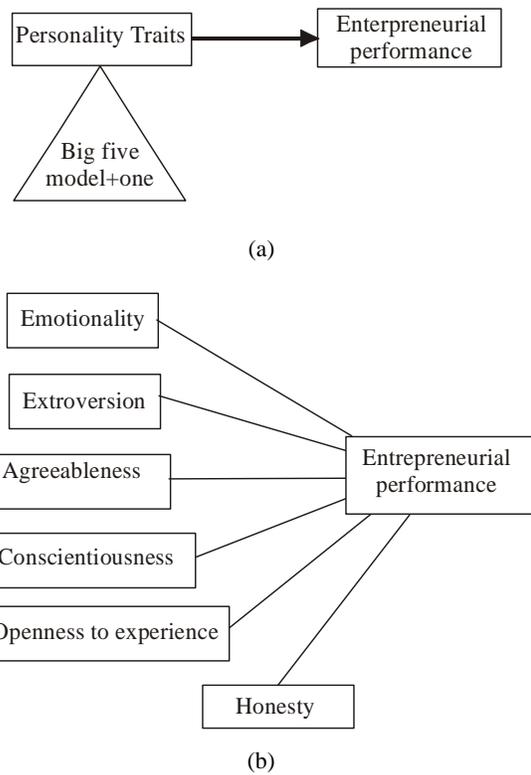


Fig. 1: HEXACO model of personality structure on the entrepreneurial performance

be more likely to excel in the enterprise and prove successful entrepreneurs. Those individuals will be more likely to get engaged in the type of behaviors called for in entrepreneurial processes and challenges, additionally it will be lesser conscious effort with minor nervous burden and resultantly they will be more satisfied, committed and motivated and ultimately this will result in higher performance and success of the individual as an entrepreneur.

The obsessed behavior of an entrepreneur will have an important influence on the firm performance because of the critical strategic role of the entrepreneur in the performance and success of a new venture (Markman and Baron, 2003; Rauch and Frese, 2007). For instance, Baum and Locke (2004) and Baum *et al.* (2001) exhibit that the personality traits of entrepreneurs have indirect effect on the new venture performance through constructs such as commitment, motivation, growth goals, strategic choices and vision communication.

So, extensive theory and empirical literature suggest that the personality constructs of individual are important determinants of the intent for becoming an entrepreneur and in his subsequent performance and that of his enterprise. We operationalize the HEXACO model of personality structure on the Entrepreneurial performance as follows (Fig. 1a and b):

## THEORETICAL FRAMEWORK

**Hypothesis:** Based on the defining fundamentals of each personality dimension, nature of influences, roles, responsibilities and behaviors that are deemed to be involved in the entrepreneurial role and performance, we hypothesize following narrations:

**Emotionality:** Individuals who are ranked high on emotionality scale may be described as emotionally stable, tranquil and robust. Baron (1999) and Locke (2000) describe entrepreneurs as optimistic, steady and firm while facing pressures, uncertainty and stress. They are not discouraged by obstacles or setbacks and take the physical and arousing burdens and press ahead. As Costa and McCrae (1992) point out that Entrepreneurs those are high in emotionality are more likely to cope with issues, stresses and challenges through optimistic thinking, focus and direct action and thus perform better as entrepreneurs.

**H-1: Emotionality positively influences the entrepreneurial performance:**

**Extraversion:** Extravert people are deemed to be sociable, expressive, friendly, energetic and dominant in the social situations. Vecchio (2003) states that entrepreneurs are viewed as the leaders of the venture teams and extroversion is associated with general perception of a leadership role and also highlighted many similarities between dynamics of leadership and leading a venture.

**H-2: Extraversion positively relates to the entrepreneurial performance:**

**Agreeableness:** A personality dimension to assess individuals' behavior and attitude towards other people. People scoring high on this personality trait are characterized as cooperative, trusting, humane and modest. They pose concern and consideration for others. Research reveals that these people are interested in careers like social work and teaching etc and where they can work for benefit of others rather than businesses. While Entrepreneurship involves policies that sometimes may not be beneficial for employees and follow traditional employment settings and being too trusty may prove disadvantageous and being exploited by others. However, Joyce and Gomathi (2010) found out agreeableness to be positively related with and influencing all dimensions of the social entrepreneurship and subsequently resulting in entrepreneurial performance and success. Hence, we hypothesize that:

**H-3: Agreeableness positively relates to entrepreneurial performance:**

**Conscientiousness:** A personality dimension that describes an individuals' intention to organize things (both time and physical surroundings), to toil in a disciplined way in the direction of their goals, to endeavor for accuracy and perfection in their tasks and to deliberate carefully while making decisions. Costa and McCrae (1992) pose an individuals' level of achievement, motivation, responsibility and virtue towards others. These individuals are attracted towards work conditions that offer more personal control on the outcomes, have moderate risk exposure and provide direct and instant feedback. Conscientiousness being primary work motivational variable, predictor of job performance across all work and occupations types (Barrick and Mount, 1991) stands directly related to Entrepreneurial performance.

**H4: Conscientiousness positively relates to entrepreneurial performance:**

**Openness to experience:** Persons scoring high on the Openness to Experience scale intend to feel intellectual curiosity in various domains, to freely use their imagination in everyday life and interested in unusual ideas or people. Entrepreneurs are regarded as individuals pursuing their creative vision even in the face of great resistance from other conventional thinkers (e.g., Locke, 2000). Entrepreneurs also rely on their creativity to solve day to day issues and formulate strategies using the available resources (Zhao and Seibert, 2006; Baron, 2007).

**H-5: Openness to experience positively relates to entrepreneurial performance:**

**Honesty:** Persons scoring high on the Honesty scale tend to sincere, loyal, fair minded and genuine in dealing with others. On the contrary, persons with low scores on this scale have a propensity to feel a strong sense of self-importance, to feel tempted to "bend" laws for personal profit and to exploit and flatter others when this may be successful (Michael and Kiboem, 2007). This seems to be fruitful and profitable in short run but in long run this practice will be effecting the overall performance of the Entrepreneur and will definitely have a negative effect on the performance of the venture as well and will also make contribution in the establishment of a reliable and trustworthy organization. Kevin *et al.* (1997) states that when business people behave in ways that are morally objectionable, other wonder why. Many ethical dilemmas occur when exchange occurs in a market situation, almost none as oft-deplored as the tradeoff between honesty and personal security. Such dilemmas are unpreventable on a regular basis; no sum of evasion concerning the boundaries of honesty can prevent them.

Hence we hypothesize Honesty positively related with the Entrepreneurial performance in the long run.

**H-6: Honesty is positively related with entrepreneurial performance:**

**DISCUSSION**

Previous researches provide sufficient evidence that personality traits are related to entrepreneurial performance and on the basis of these personality differences researches differentiate the entrepreneurial populations from managerial populations (Zhao and Seibert, 2006; Collins *et al.*, 2004). John *et al.* (2003) found personality traits to be related with career success and also indicated the importance of personality traits to variation in career and job satisfaction.

Emotional stability of individuals is interpreted as emotionally stable, tranquil and robust. Baron (1999) as well as Locke (2000) portray entrepreneurs as individuals who are characterized as steady, optimistic and firm during exposure to challenges like uncertainty, stresses and pressures. Entrepreneurs are not depressed due to setbacks and obstacles, take and deal positively with the physical, emotional and arousing distinct burdens and press ahead towards their desired destination. Findings of Costa and McCrae (1992) points out that Entrepreneurs scoring high on emotionality index, cope with challenges, stresses and issues by using optimistic approach, focus on the target, accompanied by direct and timely actions for meeting those challenges.

Individuals in capacity of entrepreneurs are more likely and anticipated to be possessing extroversion traits, as willingness and ability to communicate successfully with the stakeholders. According to past research, Extrovert individuals are those who are friendly, sociable, have a positive and optimistic attitude and possess assertive characteristics. This trait of personality constitutes a proactive personality. Past research anticipated that a proactive personality is a requirement in fuelling the intuition and consequently resulting in charismatic vision of an entrepreneur who is also socially acceptable. Risk inclination and tolerance are also assumed to be constructs positively found in entrepreneurs. Personality trait of Extroversion is also helpful in creating and generating of a constructive perceived locus of control in them as entrepreneurs are driven by fulfilling their risk-taking tendency and also in their desire of achievement. Hence on the basis of the literature and as found by Caliendo and Kritikos (2008) we also conclude that entrepreneurs possess higher extroversion in comparison with the administrative workers, subsequently their assertiveness is likely to positively influence entrepreneurial performance and success.

Caliendo and Kritikos (2008) argue that agreeableness demonstrates characteristics like cooperative, trusting, tolerant, gentle and patient and also the ability of an individual to be good listeners, empathizing and inducing harmony in their social interactions. Individuals who are low on agreeableness scale are interpreted as having manipulative intentions, suspicious and self-centered. Establishment of a cooperative and trusting environment will be helpful in setting up good rapport among alliances and thereafter facilitates the technological exchanges and raising capital for growth and expansion (Ciavarella *et al.*, 2004).

Agreeableness trait of individuals may also be considered as vital for building strong relations and internetworking. Researchers view this ability of building a trustful relationship among the venture capitalists, foundation of teams and creations of harmony and interlinking team members, as a critical element of entrepreneurial success. Joyce and Gomathi (2010) found out agreeableness to be positively related with and influencing all dimensions of the social entrepreneurship and subsequently resulting in entrepreneurial performance and success.

Zhao *et al.* (2010) found conscientiousness and Openness to experience as personality traits those are firmly and constantly linked with entrepreneurial performance. Research reveals that people with more conscientious are attracted towards entrepreneurship and they are also further likely to be successful after becoming an entrepreneur. Conscientiousness is also found to be strongest predictor of performance (Hurtz and Donovan, 2000).

Zhao *et al.* (2010) suggests that openness to experience is the major personality dimension which differentiates good performance of any managerial role from that of an entrepreneurial one. Successful performance of entrepreneurs may be facilitated by a consideration towards new, innovative and unconventional values, ideas and their execution. Hence we may conclude that openness to experience is the personality trait that is closely interrelated with innovation, creativity and consequent good performance in learning situations which is considered to be core essence of entrepreneurs.

Michael and Kiboem (2007) defines traits of Honesty as decreased opportunities for an individual of obtaining personal gains via exploitations of others. Honesty is also associated with decreased risks of losses as a result of cooperation with drawl by others. On the other hand, dishonesty may be characterized as greedy, sly, pretentious and pompous.

Researchers have interpreted greed as exploitation or temptation of getting extra benefit by subtle manipulation or even by direct fraud. In other words, dishonest persons deem themselves as entitled or motivated to profit through exploitation of others. At

first glance, getting benefitted through exploitation of others and self entitlement seems beneficial and a short way to growth and reward. However, an entrepreneurial process is a continual one and this benefitting through deception or manipulation will not prove successful in the long run. Another point which arises here is that by manipulation of processes and laws, one can benefit once in a blue moon. It has two implications in practical. Others organizations will also start following the same practice and the industry will collapse due to those dishonest practices. Second is that ultimately the practice is to be identified and counter laws and regulations will be introduced which will result in elimination of corrupt practices and organizations, subsequently eliminating the organization. Hence the entrepreneurial firm may make profit, expand and prove successful but ultimately it will collapse as it's foundations for moral character, predominantly capacity for moral growth will be significantly damaged.

On the other hand, an honest entrepreneur as his practices are ethical and based on fine footings, it will easily get acknowledge and able to get the recognition ultimately proving successful and flourishing. So by keeping the long term progress and performance of entrepreneurs, it may be established that honesty trait of personality is positively and directly related with the entrepreneurial performance and growth.

**Practical implications:** Finding of this study constitute significant practical implications. The relationships developed and identified by this research may be used in career counseling and for training objectives. Results of this study suggest that all the six traits of personality are positively and highly related to the entrepreneurial success and performance. Individuals scoring low on these personality traits may find entrepreneurial career less satisfying and will not be successful in entrepreneurial career.

## CONCLUSION

Entrepreneurship constitutes a vital and considerable role in today's modern dynamic economy. Development of better understanding in the entrepreneurial process and metrics involved in those processes as well as studying the variables that facilitate and boost the entrepreneurial process and performance has become mandatory as failure of an individual in the capacity of an entrepreneur may prove costly for the society in the form of wastage of resources and missed opportunities and this may be destructive for the entrepreneur in terms of the psychological and financial adverse impacts. This study proves that personality constructs have a role to offer in increasing this significant understanding.

**Future research:** Future research may examine the impact the moderating and mediating effects of the

organizational and industrial cultures. Type of the firm and the specific industry requirements may also affect the impact of the different personality traits.

It should also be considered that being a heterogeneous population, entrepreneurs should also be differentiated as those who pursue this career on their will or those who were forced into this career. Effects of various personality traits may also be studied at different stages of entrepreneurial process, id est. at the launching and post launch stage.

Future research needs to explore how elements of entrepreneurs' personalities relate to specific behaviors of the entrepreneur or characteristics of the new venture, which ultimately relate to the firm success.

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