

**PROFILING THE ENTREPRENEUR: AN EXAMINATION OF
ENTREPRENEURS IN THE MID-WEST REGION OF IRELAND¹**

**Dr Naomi Birdthistle
Centre for Entrepreneurial Studies
Department of Management and Marketing
Kemmy Business School
Schuman Building
University of Limerick
Limerick**

**Tel: 00 353 61 213084
Email: Naomi.Birdthistle@ul.ie**

ABSTRACT

The aim of this paper is to present research findings which examine the profile of entrepreneurs in the Mid West Region of Ireland. A number of sub-objectives were formed to achieve the above aim, focus being placed on the following: the demographic profile of the entrepreneur and their business; occupational background; educational attainment and attitude to learning; and motivational factors influencing new venture creation.

The methodology utilised for this study was that of a telephone survey, using a standardised questionnaire. A random stratified sample of 200 companies was gathered from a database compiled from two main sources – Shannon Development and City and/or County Enterprise Boards located in Limerick, Kerry, Tipperary and Clare. A response rate of 50% was achieved, resulting in 100 valid responses.

Some 86% of respondents were male, 12% were female and 2% were copreneurs (a husband and wife team). The majority (83%) of entrepreneurs were under the age of forty and had pursued a third level education in Ireland, common disciplines being business studies followed by engineering. Some 74% of entrepreneurs were in agreement that their formal education was relevant to their current position as an entrepreneur. Making money was the main motivational factor for starting a business and most significant for male entrepreneurs. The entrepreneurs' businesses were either manufacturing (47%) or service (46%) related. It was evident from the findings that there is a direct relationship between the entrepreneur's previous employment and the source of their business idea.

The outcome of this paper provides academics, practitioners and state bodies with a comprehensive understanding of the profile of entrepreneurs. Therefore, based on this profiling, service providers (such as financial institutions, academics, practitioners and state bodies) will be more knowledgeable about the profile of their customers, which can only enhance the quality of service they offer to entrepreneurs.

INTRODUCTION

In today's rapidly changing world the economy needs enterprising people who have the willingness and ability to take control of their own lives. Entrepreneurs that are able to turn a vision into reality positively influence the long-term strength of any economy because they are actually creating the industries of the future. Nowadays, many large organisations are letting go of staff as a result of investments in technology or reorganisation in an attempt to become more competitive. This and the fact that many countries have been through recession has led to a growth in small businesses. Growth in enterprise has also been helped by the increasing importance of the service sector such as tourism and financial services which offer many opportunities for the self-employed. The European Commission has pointed out in its recent Green Paper on Entrepreneurship in Europe, entrepreneurship is a key engine of growth and innovation, essential for the development of a prosperous Europe (European Commission 2002). The aim of this paper is to present research findings which examine the profile of entrepreneurs in the Mid West Region of Ireland. This was achieved through the study of the human, environmental and organisational conditions that affect entrepreneurship in the region. A number of sub-objectives were formed to achieve the above aim, focus being placed on the following: the demographic profile of the entrepreneur and their business; occupational background; educational attainment; attitude to learning; and motivational factors influencing new venture creation.

KEY LITERATURE FINDINGS

There is no uniform, standardised definition of the entrepreneur and there is no one stereotypical model. However, it is frequently contended that entrepreneurs display certain characteristics and traits (Kirby, 2003). The problem however is that there is no agreement amongst theorists on how many characteristics there are or what form these traits take. For example, Hornaday (1982) identifies more than 40 traits associated with entrepreneurs; Gibb (1990) identifies 12 and Timmons *et al.* (1985) identifies 19. Hisrich and Peters (2002) propose that even though many aspects of an entrepreneur's background has been explored, only a few have differentiated the entrepreneur from the general populace of managers. The background areas explored include childhood family environment, education, personal values, age and work history. Irish studies of entrepreneurs have tended to explore the same background characteristics of the entrepreneur as proposed by Hisrich and Peters (2002), so as to understand the behavioural traits and characteristics of entrepreneurs. Irish studies by Kinsella and Mulvenna (1993) and O'Farrell (1986) suggest that there are commonalities amongst the characteristics of the entrepreneur and they are based on age at start-up; education; previous work experience; and parents' occupation. Entrepreneurial activity rates are highest among those aged between 25-34 years of age according to the GEM Report (2004), with the average age being 30. Fast growth ventures are operated by entrepreneurs in the 35 – 44 age group, whereas slower growing companies in the same industry are operated by founders mostly in the 45 – 54 age category (Kinsella and Mulvenna, 1993).

Kinsella and Mulvenna (1993) found that over 73% of all individuals who set up their own firms held managerial positions in their employment immediately prior to 'going it alone'. Overseas experience is an important determinant of new business success in Ireland. Individuals who have experience of working abroad have a far greater propensity to export once they start their own firms. Also they make better use of

contacts within the industry. O'Farrell also found that 42% of founders had worked abroad at some time in their career. Research on Irish entrepreneurs suggests that the level of education attainment is high. Education appears to be correlated with high growth and the creation of ventures producing higher value-added products. A study by O'Farrell (1986) showed that 22% of manufacturing entrepreneurs had a degree at a time when only 9% of males in high population density areas had degrees. Education is more often in the areas of engineering, science and other technical disciplines rather than in commerce and business studies. The GEM Report (2004) identified that the majority of both nascent and new firm entrepreneurs in Ireland are well-educated relatively young men. The GEM Report (2004) further stated that rates of entrepreneurial activity are highest among those in the 'post-leaving certificate studies' group, that is, those with some third level qualification, including vocational education, and among those with 'postgraduate' experience.

Having self-employed parents increases the propensity of individuals to engage in new venture creation. O'Farrell's (1986) study showed that 46% of new firm founders had fathers who were self-employed at a time when only 27% of the population was self-employed. In terms of what motivates Irish people to choose self-employment, O'Farrell's (1986) study identified a number of major motivational factors. Over 70% cited a desire for independence, whilst 30% ranked opportunity to exploit a gap in the market as their primary reason for start-up. Frustration was stated by one-third of the study as their motive for starting their business. This evolved due to bureaucratic organisations impeding autonomy and social mobility, hence blocking people in their current jobs. Surprisingly only 10% of O'Farrell's study ranked money as the number one motive for start-up. Other less important reasons were redundancy, meeting a suitable business partner and a desire to return to work in Ireland.

The Global Entrepreneurship Monitor (GEM) 2004 study found that the total entrepreneurial activity index (TEA) for Ireland is 7.7%. This means that about one in every thirteen adults of working age in Ireland are actively engaged in current entrepreneurial activity. The GEM (2004) findings state that based on current population figures there are about 200,000 entrepreneurs in Ireland. About 110,000 are *nascent* entrepreneurs in the process of starting a new business or actively planning to do so. Typically, nascent entrepreneurs are still in full-time employment. In addition, a further 83,000 are *new firm entrepreneurs* (they are owner managers of new firms started in the previous 42 months). This is the equivalent of almost 2,000 new businesses being started in Ireland almost every month. This places Ireland above the average for the 30+ countries surveyed in terms of their owner's growth expectations. In addition to those starting a new business, GEM research is also able to identify those who have set up new businesses in the past 5 years. GEM Ireland estimates that 6.5% (163,000) of the adult population are owner-managers of businesses that are longer established and are still in existence.

Ireland's TEA rate is ranked 7th of the 22 OECD countries that participated in the GEM project in 2004. Compared to other EU countries that participated in GEM in 2004, Ireland ranked second to Poland and ranks first among the pre-accession EU states. There is a much higher level of entrepreneurship through necessity in Poland (35%), however, than is the case in Ireland (13%). In general, entrepreneurship, which occurs as a positive choice in response to an identified commercial opportunity, is associated more closely with positive economic benefits than is entrepreneurship that

is driven by necessity and a lack of choice (GEM, 2004). The research evidence to date suggests that relative to the average person, Irish entrepreneurs are educated to a higher level, often to degree level and are more likely to be the eldest member of a family whose parents are self-employed. A desire for independence is one of the primary motivators for business start-up amongst Irish entrepreneurs.

METHODOLOGY

The methodology utilised for this study was that of a telephone survey, using a standardised questionnaire. A random stratified sample of 200 companies was gathered from a database compiled from two main sources – Shannon Development and City and/or County Enterprise Boards located in Limerick, Kerry, Tipperary and Clare. The research sample reflects the key constituent groups of entrepreneurs in the Mid-West Region, calculated in accordance with sectoral, company size and geographic ratios. A response rate of 50% was achieved, resulting in 100 valid responses.

RESEARCH FINDINGS

The findings presented in this paper are broken down into four sections, each to represent the results of the sub-objectives posed which were (1) the demographic profile of the entrepreneurs and their business, (2) occupational background, (3) educational attainment and attitude to learning, and (4) motivational factors that influenced business start-up.

Demographic Profile of the Entrepreneurs and their Business

Male entrepreneurs were the dominant respondents, accounting for 86% with the remaining being females at 12% and/or husband and wife teams at 2%. The majority (44%) of the respondents were in the age bracket of 31 - 40 when they first started their venture. A further 39% were aged between 20 - 30 at the initial start-up stage of the business. Results indicate that female entrepreneurs tend to be younger than male entrepreneurs at start-up, in that 67% of females were aged between 20 - 30, compared to 34% of males. Forty-six percent of males were aged between 31-40 while 33% of females were also of that age.

The responding entrepreneurs were spread throughout the Mid West Region of Ireland: 29% were located in Limerick, 29% in Clare, 15% in Tipperary and 27% in Kerry. The entrepreneurs' businesses were evenly distributed amongst the manufacturing (47%) and service (46%) sectors with a minority of entrepreneurs (7%) in the manufacturing and supplier sector. The majority of entrepreneurs (70%) had started their business in the 1990s with the remaining entrepreneurs established prior to 1990's. Job generation is one of the functions of an entrepreneur. The questionnaire reviewed the number of individuals that the entrepreneur had employed on a full-time basis. Fifty-two percent of respondents employ less than 10 employees, 41% employ 11 but less than 50 employees and the remaining 7% employ 50 or more employees. The sector, which showed the highest rate of staff employed, was the service industry.

The results indicate that the majority of entrepreneurs are relying on the Irish market from a turnover perspective. However a significant number of entrepreneurs trade with the American, European and UK markets. From the point of view of growth in the future for the entrepreneur, interviewees were asked if they expected to enter any new markets in the near future. The response to this was quite balanced: 50% stated

that they expect to enter other markets in the future, whilst 50% did not. Of the 50% that expect to enter new markets, the most common market stated was Great Britain, followed by the American and Canadian market.

Occupational Background

Entrepreneurs were questioned about their business work experience prior to establishing their current enterprise. The main employment of these entrepreneurs before they started up their current venture was in the sectors of service and manufacturing. The findings identify that 22% of entrepreneurs who were employed in the manufacturing sector prior to their business start-up actually started a manufacturing type of business. The same results can be seen in the service industry whereby 22% of entrepreneurs that were employed in the service industry also set up the same type of business. The manufacturing sector proved to be the most relevant sector for work experience for the entrepreneur. A total of 19% of the respondents stated that the work experience that they received in the manufacturing sector, prior to the start-up proved to be “very closely related” to their current position as an entrepreneur. Those employed in the service sector also stated that the work experience was “very closely related” as 21% of the respondents were of this opinion. From the research carried out a direct relationship exist between the entrepreneur’s previous employment and the source of their business idea. Table 1 below shows that 27% of entrepreneurs were of this viewpoint. Other sources were market opportunities identified and family influence.

Table: 1 What were the sources of you new business idea?

Source of Business Idea	Percent
Market Knowledge	34%
Previous Employment	27%
Family Influence	10%
Research	7%
Business Takeover	3%
Business Contacts	3%
College Experience	2%
Other	14%
Total	100%

In terms of location, 82% were employed in Ireland, 5% in Britain and the remaining countries being the United States, Australia, the Far East and Spain. The duration of their previous work experience ranged from 6 – 10 years for 35% of entrepreneurs and a lesser period of 2 – 5years for 34%. Apart from looking at the previous work experience of the entrepreneur in regard to the sector, the location, and time employed, the types of positions held and the number of different jobs was questioned. Thirty-five percent held managerial positions, a further 32% held titled positions; 15% were employees and a further 18% were employed in other areas. This was the first business start-up for 67% of the entrepreneurs, whilst 33% stated that they had started other businesses besides their current business. Thirty percent had been employed in one job prior to starting their own business while 60% had between 2 and 5 jobs. The remaining 10%, had between 6 and 30 jobs prior to business start-up.

Education and Attitude to Learning

Secondary level education was the highest educational level achieved by 23% of entrepreneurs, with a further 57% achieving a tertiary level qualification and 20% pursued a trade. Results indicate that there were numerous and various disciplines pursued by entrepreneurs, however, business studies, engineering and science were the most predominant courses pursued by entrepreneurs. Results, based on the entrepreneurs that had received a primary degree, 42% of females had a degree compared to 28% of male entrepreneurs, thus implying that female entrepreneurs have achieved higher educational awards. Younger entrepreneurs tend to be more educated than older entrepreneurs. Results indicate that 18% of entrepreneurs aged between 20-30 had primary degrees compared to only 6% of entrepreneurs aged between 41 and 50. The relevance of the entrepreneur's formal education to their current position as an entrepreneur was also examined. Over 70% of entrepreneurs found their formal education to be either very relevant or relevant to their current position. These findings indicate a belief by entrepreneurs that the formal education received was of benefit to them in operating their current business. Entrepreneurs were further questioned on their attitude to learning and their perception of the current education system in Ireland and what amendments they would recommend to encourage/prepare entrepreneurs. Over 80% of entrepreneurs believe that amendments should be made to the current educational system such as: more practical "hands-on" experience for graduates, more interaction with the business community and subjects being more project based and focused on trades rather than academic subjects. It was noted by entrepreneurs that the current education system should have a more entrepreneurial focus and be more supportive of the entrepreneur. All disciplines should train students or graduates to be more entrepreneurial rather than just training them to be employees in another firm. It was recommended that all disciplines should be taught entrepreneurship courses.

Motivational Factors Influencing New Venture Creation

Entrepreneurs were asked to identify their main motivations for starting their business. Firstly entrepreneurs were asked who they felt was the most influential person in their decision to become an entrepreneur. The most common responses were "nobody in particular" (37%) and "they themselves" (24%). Secondly, entrepreneurs were asked to cite the main motivating factor for starting their business, Table 2 below highlights the results.

Table 2 The Main Motivations For Starting the Business (n=96)

Motivation	Percentage
A preference for self-employment	37%
To make money	30%
Identified a business opportunity	11%
Utilise knowledge	11%
Family Background	5%
Other	6%
Total	100%

When investigated further through cross-tabulation there was a significant difference in the motivations for starting a business between male and female entrepreneurs. Male entrepreneurs (24%) cited their main motivation was "to make money"

compared to 4% of females. The main motivation for female entrepreneurs in starting the business was the fact that they had “a preference for self-employment”.

CONCLUSION

From the research carried out, an in-depth profile of the entrepreneur and their businesses can be elicited. Male entrepreneurs were predominant in terms of response rate. Over 70% of responding businesses were started in the last decade, which were evenly distributed between the manufacturing and service sector. The majority of entrepreneurs were in the age bracket of 31 – 40 years when they first started their venture. Females tend to be younger than male entrepreneurs at start-up. More than 90% were small and micro sized businesses, which predominantly focused on the Irish market. In terms of business growth, the findings have indicated a strong reliance on both the Irish and British market. However, little focus has been placed on the potential for growth within other European countries. Previous work experience was primarily in the manufacturing or service sectors and their work experience prior to start-up proved to be very closely related to their current position as an entrepreneur. There also exists a direct relationship between the entrepreneurs’ previous employment and their source of business idea. The majority of entrepreneurs’ previous employment was in Ireland with the duration of employment ranging from 2 to 10 years. Thirty percent had been employed in one job prior to starting their own business, while 60% had between 2 to 5 jobs and over half of the entrepreneurs had held a senior position in their previous employment. In most cases this was the first business start-up for the entrepreneur.

Educational attainment of entrepreneurs was quite high as 57% had achieved a tertiary level qualification, 20% had pursued a trade and 23% had achieved a secondary level education. One of the notable findings of the research was that 42% of females had a degree compared to 28% of male entrepreneurs, thus implying that female entrepreneurs have achieved higher educational awards. The findings indicate there was a belief amongst the entrepreneurs that their educational achievements is of relevance to their current business, therefore placing a high value on the education offered in Ireland. The main amendment that the entrepreneurs put forward in regard to the current educational system is that it should be more practical rather than theoretical. A recommendation would be that the business community be integrated with educational institutions and direct relationships should be established. The benefits of this would be two-fold: firstly it would make the services offered by the tertiary level educators more visible to the entrepreneurs and secondly it would enable a relationship to be developed between industry and the tertiary level educators. More “hands-on” experience is needed for industry, especially for starting one’s own business venture. Entrepreneurship education should be offered on a multi-disciplinary basis, the bedrock of which is providing more hands-on experience with the business community.

In terms of the most influential person influencing the entrepreneur in his/her decision to start the business, entrepreneurs cited no one in particular. “Making money” was the main motivating factor for male entrepreneurs whereas female entrepreneurs stated a “preference for self-employment” as their main motive. The outcome of this paper provides academics, practitioners and state bodies with a comprehensive understanding of the profile of entrepreneurs. The sample could be viewed as a representation of the overall population of entrepreneurs in Ireland. Therefore, based

on this profiling, service providers (such as financial institutions, academics, practitioners and state bodies) will be more knowledgeable about the profile of their customers, which can only enhance the quality of service they offer to entrepreneurs.

REFERENCES:

Audretsch, D.B. (2002) 'Entrepreneurship: A survey of the literature in 2002' in *Green Paper: Entrepreneurship in Europe.*, 2003, 1-26, Brussels: Commission of the European Communities.

Central Statistics Office, (2003a) *Quarterly National Household Survey: Quarter 4*, Dublin: Ireland.

Central Statistics Office, (2003b) *National Income and Accounts*, Dublin: Ireland.

Department of Finance (2004) *Budgetary and Economic Statistics*, Dublin: Ireland.

European Commission, (1998) *Enhancing European Competitiveness: Report of the Competitiveness Advisory Group*, Brussels: European Commission.

European Commission, (2002a) *Preliminary draft Commission Recommendation of Amending 96/280/EC concerning the definition of Small and Medium-Sized Enterprise*, [online] Available: http://europa.eu.int/comm/enterprise/consultations/sme_definition/consultation2/153_sme_definition_25_6_2002_pp1_11_en.pdf, [24th March, 2002].

European Commission, (2002b) *Observatory of European SMEs - SMEs in Europe, including a first glance at EU candidate countries.*, [online] Available: http://europa.eu.int/comm/enterprise/enterprise_policy/analysis/doc/smes_observatory_2002_report2.pdf, [29th August, 2002].

European Commission, 2003 a. "Competence Development in SMEs." *Observatory of European SMEs*, 1, 1-64.

European Commission (2003b) *Green Paper on Entrepreneurship*, [online] Available: http://europa.eu.int/eur-lex/en/com/gpr/2003/com2003_0027en01.pdf, [31st March 2004].

Eurostat (2003) *National Accounts*, Brussels: Belgium.

Gibb, A.A. (1990) 'Entrepreneurship and Intrapreneurship – exploring the difference', in Donckels, R. and Miettinen, A., eds., *New Findings and Perspectives in Entrepreneurship*, Aldershot: Gower, 75-93.

Global Entrepreneurship Monitor, (2004) *Global Entrepreneurship Monitor 2004: The Irish Annual Report*, accessed 21st September 2005, retrieved from: <http://www.gemconsortium.org/download/1087211857265/IRELAND04.pdf>

Harding, R. (2003) *Global Entrepreneurship Monitor, United Kingdom 2004*, accessed 1st October 2005, retrieved from

http://www.gemconsortium.org/download/1087219545250/GEM_UK_AnnualReport_2004.pdf

Hibbert, E. (2000) *The Globalisation of Markets – How can SME's compete?* [online] Available:

http://mubs.mdx.ac.uk/research/Discussion_Papers/Marketing/dpap_mkt_no10.pdf, [28th March 2004].

Hisrich, R.A. and Peters, M.P. (2002) *Entrepreneurship*, New York: USA: McGraw Hill.

Hornaday, R. (1982) 'Research about living entrepreneurs', in: Kent, C.A., Sexton D.L. and Vesper K.L., eds., *Encyclopaedia of Entrepreneurship*, Englewood-Cliffs NJ: Prentice Hall, 86-110.

Kinsella, R. and Mulvenna, D. (1993) 'Fast growth firms in Ireland', *Administration*, 41(1), 3 – 15.

Kirby, D.A. (2003) *Entrepreneurship*, London: McGraw Hill Education.

National Competitiveness Council, (1999) *Annual Competitiveness Report* Dublin: Stationery Office.

OECD, (2002) *OECD Small and Medium Enterprise Outlook* France: OECD Publications.

O'Farrell, P. (1986). *Entrepreneurs and Industrial Change: the process of change in Irish Manufacturing*, Dublin: IMI.

Timmons, J.A., Smollen, L.E. Dingee A.L.M. (1985) *New Venture Creation*, Homewood IL: Irwin.