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The person-organization interplay: How an entrepreneur's personality affects organizational legitimacy

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Abstract

Throughout the world, entrepreneurship is viewed as a solution for struggling economies and a major engine of economic growth. As a result, the field of entrepreneurship research has captured the interest of scholars, educators and policy makers. A substantial amount of empirical studies over the last two decades has examined the role of personality in determining entrepreneurial outcomes. Concurrently, organisational legitimacy is perceived as a necessary organisational attribute for the survival and growth of new ventures. Strategic legitimacy of nascent organisations is important in explaining organizational emergence. The current study seeks to determine if there is a relationship between an entrepreneur's personality and the strategic legitimisation activities they employ in creating a new venture. A multiple regression model tested four factors of entrepreneurs' personality as antecedents of strategic legitimisation activities among entrepreneurs in South Africa. The empirical findings suggest that positive extraversion traits are strong predictors of entrepreneurial activities to gain strategic legitimacy for new ventures. More interestingly, negative agreeableness traits were found to be strong antecedents of strategic legitimisation activities. Such a conclusion is important in that it provides new grounds of theoretical nature to better understand the person-organisation interplay.

Keywords

Organisational legitimacy, entrepreneurship, strategic legitimisation, entrepreneur, personality, South Africa.

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Date: November, 10, 2010

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My mom and my sisters, you are the jewels in my life. You make me smile.

My one, happy birthday

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1 INTRODUCTION AND BACKGROUND

"It is a little known fact that there are very few economies of similar size that have produced the number of entrepreneurs and entrepreneurial businesses that South Africa has". Nick Binedell (Makura, 2010).

Entrepreneurship is considered critical for social and economical development of numerous countries (Thoumrungroje, & Tansuhaj, 2005). This is because entrepreneurial activity is believed to be the major engine of economic growth and an important feature of high firm performance (Dilts, & Hanlon, 2002).

An increasing number of empirical studies have presented evidence, contrary to the conventional wisdom, that in the field of entrepreneurship, personality does not play a role to whether individuals become entrepreneurs (Snibbe, 2006). This explains the growing interest of research that examines the influence of personality on entrepreneurial activities (Brown , Pratt, Woodside, Carraher & Cash, 2009; Fisher, 2009; McCarthy, 2003).

In addition, gaining legitimacy is perceived as key in order to access other resources that are considered important to the survival and growth of a new venture (Lounsbury & Glynn, 2001; Zimmerman & Zeitz, 2002).

However, there was no empirical evidence found that indicated a direct relationship between the personality of entrepreneurs and their activities to gain legitimacy for their new ventures in the South African context.

Empirically, this study contributes to the limited body of knowledge on the personality of entrepreneurs in a South African context. It also builds on previous research findings by validating the application and relevance of the five-factor model of personality as an instrument to measure the personality of entrepreneurs within the South African context.

This research report includes six parts, namely: introduction and background; literature review; hypotheses of the study; the research methods for the study; empirical findings of the study; and conclusions and recommendations of the study.

1.1 PROBLEM STATEMENT

It is argued that an individual's behaviour exposes certain personality traits (Brown, et al.*,* 2009). Moreover, a large amount of research has investigated the role of personality in determining entrepreneurial outcomes (Fisher, 2009).

An equally important model is the five-factor model, which has become the most frequently used measure of personality, but surprisingly, hardly any research has been undertaken in South Africa to explore the importance of this aspect. Furthermore, published literature does not refer to any South African study focusing on the relationship between entrepreneurs' personality and their activities to gain legitimacy for their new ventures. Based on this information, it is imperative that research should be carried out to address this gap.

Legitimacy is considered crucial for the survival, growth and success of new business ventures (Delmar & Shane, 2004; Zimmerman & Zeitz, 2002), as legitimacy

resembles the gate to access other required resources (Tornikoski & Newbert, 2007). However, research on the topic of entrepreneurs' legitimacy is relatively young and thus requires further investigation (Zimmerman & Zeitz, 2002).

It is argued that personality influences entrepreneurs' behaviour (Brice, 2006). Simultaneously, one would assume that an entrepreneur's social behaviour would influence the perception of a society towards that particular entrepreneur. As a result, the society's perception would mould its judgment regarding the entrepreneur, and therefore, its judgement towards the related new venture (Zott & Huy, 2007). This moulded social judgment that is offered by parts of the society (e.g., the entrepreneur's stakeholders) could be that same one which determines an entrepreneur's legitimacy.

The previous paragraph summarises the aim of this study, as this study intends to contribute to the body of knowledge by offering empirical findings that are built on recent theoretical grounds. Therefore, the purpose of the study is to examine whether entrepreneurs' personality can serve as an antecedent of entrepreneurial activities to gain legitimacy for their new ventures. The following part presents the research objectives. Thereafter, the importance and benefits of the study are presented in part 1.3.

1.2   RESEARCH OBJECTIVES

This study aims to achieve the following objectives:

1) To investigate the relationship between *extraversion* and entrepreneurial activities to gain legitimacy.

2) To investigate the relationship between *agreeableness* and entrepreneurial activities to gain legitimacy.

3) To investigate the relationship between *conscientiousness* and entrepreneurial activities to gain legitimacy.

4) To investigate the relationship between *openness to experience* and entrepreneurial activities to gain legitimacy.

The study has hypothesised four relationships that correspond directly to the above mentioned four objectives. The empirical findings of the study are expected to contribute to the limited body of knowledge in the subject matter through assessing the above hypothesised relationships within the South African context.

Figure 1.1 below incorporates the conceptual framework that was tested in the study.

Figure 1.1: The conceptual framework that was tested in the study
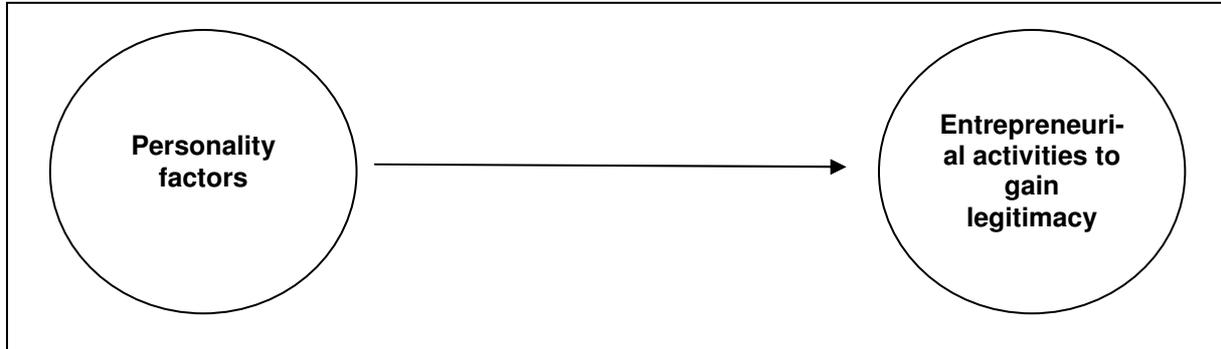
1.3   IMPORTANCE AND BENEFITS OF THE STUDY

The ability to understand the relationship between the entrepreneurs' personalities and their activities to gain legitimacy would help in clarifying the influence that the individuals' personality has on the survival and growth of new ventures. Thus, the purpose of the study is to allow entrepreneurs, South Africans in particular, to identify

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which personality behaviours will increase the likelihood that they will gain legitimacy for their new ventures, and therefore, would provide them with access to other required resources for their businesses. Furthermore, being able to reduce failure of new ventures through the increase of business legitimacy denotes a key practical purpose of this study. Hence, providing clear and introductory behaviours and actions at the personal level would positively influence the sustainability of the new venture and increase its chances for survival. Chapman (2000:737) mentions that it is almost evident "when the entrepreneur sneezes, the organisation catches a cold".

Moreover, being able to *predict* the most important activities that help entrepreneurs gain legitimacy, which is what the findings of this study are about, will motivate entrepreneurs in South Africa to better *control* their business behaviours and actions; and to consider what matters the most amongst these activities.

Cooper and Schindler (2006) argue that control is a logical fruit of prediction. However, Wickham (2006) points that establishing the effects of personality of individuals on their businesses is problematical. This challenge increases when relating personality with a theoretical construct such as legitimacy of a new business. Therefore, it is reasonable to establish first the existence of a simple relationship between entrepreneurs' personality and their activities to gain legitimacy, in order to provide more concrete theoretical grounds, aided with empirical findings, before looking for more complex interplays within this context. Cooper and Schindler (2006:12) state that - "the *complexity* of the phenomenon and the *adequacy* of the prediction theory largely decide success in a prediction study".

2 LITERATURE REVIEW

This part was made of three main segments and aimed to define the two main constructs of the study and their importance (parts 2.1 and 2.2). Thus, building such understanding would pave the way to present the third and final main segment of this part. The third main segment would discuss the conceptual framework of the study and would elicit the hypotheses of the study.

2.1 DEFINING PERSONALITY

This segment started with defining entrepreneurship and would then describe the context of the proposed personality definition by referring it to the entrepreneur. Then, it would focus on defining the personality, its impact on the organisation and its importance within entrepreneurship research, and how it was measured.

2.1.1 Defining entrepreneurship

Thoumrungroje and Tansuhaj (2005) argue that entrepreneurship is critical for social and economic development of many countries. Entrepreneurship is defined as "the emergence of new organisations" (Gartner, 1989). Fisher (2004) points out that there were consistent themes that appeared in definitions of entrepreneurship, namely: the creation of value; responding to opportunities in the environment; the creation of new organisations; and the role of people (individual or team). These themes, namely: the entrepreneur (as an individual or a team); the market opportunity; and the business organisation, in addition to resources to be invested, are the four components of the entrepreneurial process (Wickham, 2006:223).

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Scholars have presented different definitions of the term entrepreneurship, while emphasising on certain dimensions. For example, Kuratko (2009:530) suggests that entrepreneurship is a dynamic *process* that requires a set of resources, and has *the willingness* to tackle challenges, as a key ingredient. On the contrary to Kuratko's operational view of entrepreneurship, Wickham (2006:17-18) distinguishes between entrepreneurs and managers through the human dimension and not through their strategic or analytical insights. Thus, entrepreneurial management was found to be focused on change rather than continuity; and on new opportunities rather than resource saving (Wickham, 2006).

The entrepreneur is defined as "an individual who undertakes certain behaviours such as developing the venture concept, acquiring resources, setting up business operations" (Gartner Shaver, Gatewood & Katz, 1994). Fisher (2010) states that an entrepreneur is "someone who engages in exchanges for profit and exercises business judgement in the face of uncertainty". This study recognises an entrepreneur on the basis of "behaving", not on being in such a position as the owner of a new venture or holding certain intentions (Gartner et al., 1994). Moreover, Gartner et al. (1994) mention that it is possible to distinguish between studies on entrepreneurs in terms of two dimensions, their personalities and their behaviours.

2.1.2   Personality and its importance

It was argued that traits and characteristics have an influence on behaviour (Gartner et al., 1994). Thus, it was reasonable to use personality research to understand behaviour. Previous studies have investigated the relationship between *personality* and *entrepreneurial outcome* (Fisher, 2009); *entrepreneurial planning process and*

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strategy (McCarthy, 2003); *status* (Zhao & Seibert, 2006); *career success* (Seibert & Kraimer, 1999); *performance* (Barrick & Mount, 1991); *venture survival* (Ciavarella, Bucholtz, Riordan, Gatewood, & Stokes, 2004). However, in numerous cases, the overall conclusion of these studies was not indicative as to whether personality was indeed a strong predictor of these "consequences or outcomes". Thus, it is signifying the need for more studies to be conducted to validate previous findings in this new discipline (Lauriola & Levin, 2001; Wickham, 2006).

It was argued that, empirical findings may be significantly influenced by the instrument used to measure personality behaviours (Gartner et al., 1994). However, several researchers used the five-factor personality attributes as the appropriate instrument to measure personality behaviour (Barrick & Mount, 1991; Brown et al., 2009; Seibert & Kraimer, 1999; Ciavarella, et al., 2004; Hurtz & Donovan, 2000; Zhao & Seibert, 2006).

2.1.3   The five-factor model of personality

Barrick, Mount and Judge (2001) argue that the five-factor model of personality enjoys widespread support and is perceived as the most frequently used model for measuring personality. The five-factor model of personality, also, offered a comprehensive model to measure personality (Seibert & Kraimer, 1999) and was thus perceived as a robust indicator of an individual personality (Ciavarella, et al., 2004). Furthermore, Brown et al. (2009) argue that the five-factor model is becoming popular as a framework, however, they pointed out that although the five-factors differed in various ways, still not all of them were easy to observe.

The five-factor model of personality contains the following factors:

Extraversion or surgency: described the extent to which a person was assertive, dominant, energetic, active, talkative and enthusiastic as well as being sociable and ambitious (Barrick & Mount, 1991). Hughes, Ginnett and Curphy (2009) mention that individuals who are extroverts are concerned with *getting ahead in life*, willing to take risk, and come across to others as competitive, impactful, and outgoing. Individuals who score high in this factor tend to be cheerful, like people and large groups, seek excitement and stimulation. While individuals who score low tend to be reserved, quiet, prefer to spend more time alone (Zhao & Seibert, 2006), and have little interest in influencing or competing with others (Hughes et al., 2009).

Agreeableness: characterises someone who is courteous, flexible, trusting, good-natured, cooperative, forgiving, soft-hearted, and tolerant. It is also called likability and friendliness (Barrick & Mount, 1991). Hughes et al. (2009) state that agreeableness refers to "empathy, interpersonal sensitivity, and the need for affiliation". Thus, individuals who score high in this factor are concerned with *getting along with others*, and come across to others as diplomatic, approachable, optimistic, empathetic, while individuals who score low in agreeableness appear as insensitive, socially clueless, and pessimistic. However, Zhao and Seibert (2006) argue that the downside of this factor is described as having a person who is manipulative, self-centred, suspicious, and ruthless. They also point out that the high end of this factor may hamper an individual's willingness to drive hard bargains, look out for one's own self-interest, and influence or manipulate others for his/her own advantage.

Conscientiousness indicates the individuals degree of organisation, persistence, hard work, and motivation in the pursuit of goal accomplishment. Thus, this factor is more concerned with *people's approach to work* (Hughes et al., 2009; Zhao & Seibert, 2006). It is also called conscience, prudence, conformity or dependability, and some authors associate it with being careful, organised, goal oriented, taking commitments seriously, being thorough, responsible, and prefer structure, while individuals with low conscientiousness tend to be more spontaneous, impulsive, and less concerned with following through their commitments (Barrick & Mount, 1991; Ciavarella, et al., 2004; Hughes et al., 2009).

Neuroticism: Zhao and Seibert (2006) state that this factor represents "individual differences in adjustment and emotional stability". This factor is also called emotional stability or self-control, and is concerned with *how people react to stress*. The traits associated with this factor include impulsiveness, vulnerability, and being anxious, depressed, angry, embarrassed, worried, emotional, and insecure (Barrick & Mount, 1991). Thus, people who score low can be described as self-confident, calm, even-tempered, thick skinned, relaxed, tend not to take mistakes or failure personally, and hide their emotions (Hughes et al., 2009).

Openness to experience: this factor is concerned with *how an individual approaches problems; learn new information, and reacts to new experiences*. It indicates that a person is intellectually curious, imaginative, big-picture thinkers, cultured, original, broad-minded, artistically sensitive, and tend to take a more strategic approach to solving problems, seek new experiences and explore novel ideas (Barrick & Mount, 1991; Hughes et al., 2009; Lauriola & Levin, 2001; Zhao and Seibert, 2006).

It was important to note that critics had challenged the five-factor model on different grounds. However, numerous empirical studies, that had been published recently, had presented evidence that supported the model. Barrick et al. (2001) summarise the evidence by referring to the stability of the five-factor model across its life-span; and the ability to replicate the five-factor structure across different theoretical frameworks. They applied different assessment approaches including questionnaires, in different cultures, with different languages, and using rating from different sources.

As mentioned earlier, personality was often treated as an antecedent variable that influenced another variable. Consequently, these variables often represented abstract constructs. Thus, it was possible to assume, for example, that activities to gain legitimacy for a new venture could be treated as a "consequence" of personality. The next part would discuss the construct of gaining legitimacy for new ventures.

2.2 DEFINING THE CONCEPT OF LEGITIMACY

"The process of organizational emergence can be understood and predicted by viewing it as a quest for legitimacy" (Tornikoski & Newbert, 2007:311).

Zimmerman and Zeitz (2002) define legitimacy as "a social judgment of acceptance, appropriateness, and desirability". Other definitions found stemmed from the definition offered by Suchman (1995). Suchman defined the legitimacy of an organisation as "a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions". Findings from recent studies confirm that

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gaining legitimacy for a new venture "increases the likelihood that it will emerge" as organisational legitimacy plays a key role in a new venture's survival and growth (Tornikoski & Newbert, 2007).

Aldrich and Fiol (1994), Delmar and Shane (2004), Tornikoski and Newbert (2007), and Zimmerman and Zeitz (2002) recognise organisational legitimacy as a source to overcome the liability of newness thereby improving organisational survival and growth. Moreover, Khaire (2005) considers organisational legitimacy as an intangible social resource for new ventures. Whereas Kreindler (2005) believes that legitimacy is conferred on individuals who endorse the appropriate norms.

2.2.1 Importance of gaining and maintaining legitimacy

Gaining legitimacy, within the entrepreneurial context, is considered crucial to access different resources such as financial resources (i.e., start-up funding) or human resources (i.e., skilled manpower) (Zimmerman & Zeitz, 2002). Undertaking legitimating actions is crucial for the initial survival of new ventures (Delmar & Shane, 2004; Khaire, 2005). Tornikoski and Newbert (2007) argue that being perceived, by stakeholders, as "legitimate", is a *condition* for a nascent organisation to be successful.

Maintaining legitimacy for an established business was considered important for the growth of the business, thus, start-up businesses needed first to acquire legitimacy for them to survive and grow (Starr & MacMillan, 1990; Zott & Huy, 2007). Therefore, overcoming this hurdle was necessary to the entrepreneur and could be achieved through establishing ties with external stakeholders (Delmar & Shane, 2004) and

being perceived as a legitimate person (Tornikoski & Newbert, 2007). Shepherd and Zacharakis (2003) as well as Staw and Epstein (2000) agree with the previous argument and say that by gaining legitimacy across potential/current stakeholders (investors, suppliers, customers, and employees), a new venture finds it easier to obtain access to resources.

2.2.2 Organisational legitimacy and entrepreneurial legitimacy

It was argued that entrepreneurial legitimacy, which referred to an individual, preceded organisational legitimacy (Fisher 2010; Tornikoski & Newbert, 2007). The individual, who operated as an entrepreneur, carried out entrepreneurial initiatives and existed before the organisation was being established. Therefore, when an organisation did not exist to an external constituent to perceive as legitimate, people would assess the legitimacy of the individual entrepreneur. As a result, the traits of an individual entrepreneur would have a significant impact on a nascent organisation.

This study adopted Fisher's (2010) definition of entrepreneurial legitimacy: "a generalised perception or assumption that an individual is desirable, proper, or appropriate within a system of norms, values, beliefs, and definitions that are socially constructed by the potential stakeholders of a new venture".

Both, organisational and entrepreneurial legitimacy represented a conferred status and, therefore, controlled by stakeholders, mostly from outside the organisation (Higgins & Gulati, 2006). Consequently, when these perceptions deemed the

activities to gain legitimacy as desirable, proper, and appropriate, legitimacy would be possessed objectively after being formed subjectively (Suchamn, 1995).

2.2.3   Types of entrepreneurial legitimacy

Different approaches existed to categorise legitimacy in general. However, there was no universal agreement on a single categorisation. It was understood that this disagreement is due to having "gaining legitimacy" as an abstract construct that is difficult to observe directly. Furthermore, entrepreneurial legitimacy required to be evaluated in relation to the specific stakeholder group who is assessing the entrepreneur as it was not universal across all constituents (Fisher, 2010).

Tornikoski and Newbert (2007) identify two categories for legitimacy according to the organisation's characteristic and the action taken (strategic and conforming). Kumar (2004) distinguishes between pragmatic, moral, and cognitive legitimacy. He states that "*pragmatic legitimacy* entails satisfying the interests of the immediate stakeholders in a calculative fashion; *moral legitimacy* depends on the judgments that are made about the appropriateness of the behaviour of the organization; and *cognitive legitimacy* refers to the (taken-for-granted) character of the organization". Zimmerman and Zeitz (2002) also, distinguished between four categories of legitimacy according to their source: regulatory legitimacy; normative legitimacy; cognitive legitimacy; and industry legitimacy.

Two main approaches were found in the literature investigating entrepreneurial legitimacy in terms of its source, namely: institutional legitimacy (Ashforth & Gibbs, 1990; Staw & Epstein, 2000) and strategic legitimacy (Higgins & Gulati, 2006).

However, legitimacy was more effectually obtained through active efforts, which is found in strategic legitimacy, than by relaying on passive characteristics of the individual, the organisation, or the environment, which are reached via institutional legitimacy or conforming legitimacy (Tornikoski & Newbert, 2007). For the purpose of the study, and since the objective was to investigate the activities performed by entrepreneurs to gain legitimacy for their new ventures, therefore, the focus would be on the active efforts performed under strategic legitimacy. Below are broad categories of such efforts that were found in the literature where each category or parts of its elements appeared more than once in different scientific articles.

2.2.4   Categories of efforts to gain legitimacy for a new venture

The study of Shepherd and Zacharakis (2003) assessesd legitimacy through customers. The authors argued that understanding customers' point of view on what characteristics of the new venture were the primary causes of a low legitimacy. This would provide opportunities for entrepreneurs to take actions in aim to increase legitimacy and thus the sales of their products. As a result, legitimacy lay in the eyes of the beholder (Zimmerman & Zeitz, 2002). Furthermore, a key gap in that literature was referred to the limited understanding of what could be done to gain legitimacy (Zimmerman & Zeitz, 2002; Zott & Huy, 2007).

Symbolic actions

Zott and Huy (2007) suggest that symbolic actions (defined as actions that are performed alongside their *intrin*sic dimensions, rather than a substitute), conveyed the following four criteria: entrepreneur's personal credibility; professional organising; organisational achievement; and the quality of stakeholder relationships. They

suggested that these could help entrepreneurs gain legitimacy and mitigate uncertainty. Furthermore, their empirical research showed that patterns of symbolic actions, namely: skilfulness; variety; and frequency, would increase the likelihood of acquiring resources.

For example, if stakeholders became dissatisfied with an organisation's actions, they might reduce the quantity or quality of their participation (ie, lower demand from customers) or could request more resources in exchange for continuing the same level of participation (ie, increase in price by a supplier) (Elsbach & Sutton, 1992). Simultaneously, if the organisation became more responsive to stakeholders' needs then it would be perceived as catering for their larger interest (Zott & Hoy, 2007).

A more active role for symbolic actions entailed the strategic use of language (Neilsen & Rao, 1987) and making use of the dynamics formed by the entrepreneur's storytelling (Ashforth & Gibbs, 1990). Lounsbury and Glynn (2001) point out that storytelling has a critical role to the emergence of new ventures, especially when it leads to favourable interpretations by the audience of expected growth of the venture. Thus, "narrative fidelity" was an important component of storytelling to the entrepreneur as it would resonate the stories with the expectations, interests, and agendas of potential stakeholders.

Isomorphism

Isomorphism refers to the act of conforming to the value, norms and expectations of constituents (Ashforth & Gibbs, 1990). Although, isomorphism was often considered as part of cognitive legitimacy, however, it included mimicking other established

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organisations (Staw & Epstein, 2000), and actively developing a professional perception of the business. Therefore, it strives to gain the endorsement of potential stakeholders (Elsbach & Sutton, 1992).

Networks and affiliation

Network could be considered as a part of relational legitimacy, which includes affiliation as well (Certo, 2003). Therefore, entrepreneurs might promote their new businesses via third-party actors and open new opportunities by gaining access to social capital (Aldrich & Fiol, 1994). For example, this is as to establish a high profile board of advisors, board of directors and make use of a high profile figurehead, or to try and get the business mentioned in the media. Moreover, organisations conformed to norms and values of the society through network. Thereby, a firm might acquire a membership of an association to become aligned with the norms of the society (Zimmerman & Zeitz, 2002).

Entrepreneur disposition

It was argued that disposition entailed that the entrepreneur had the skills and abilities to do the task of the organisation (Tornikoski & Newbert, 2007). The intention was to improve competitive stance by matching previous experiences of the entrepreneur and the staff to current roles and increase competency (ie, tools, talent, and team) (Higgins & Gulati, 2006). Fisher (2010:11-13) argues that entrepreneurs' disposition may reflect their "ability to think through challenges" and being able to "continuously doing new things or doing old things differently".

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2.3 THE CONCEPTUAL FRAMEWORK OF THE STUDY

The previous parts of this chapter were focusing on defining the constructs within the context of entrepreneurship as to serve the purpose of the study. This part would focus on linking these two constructs together and describing the proposed relationships.

2.3.1 The suggested relationships

The hypothesised relationships of this study were brought from different studies, however, a similar assumption of hypotheses was not found in literature where the relationship between personality of entrepreneurs and their activities to gain legitimacy was investigated within the South African context.

It was argued that personality influences entrepreneurs' behaviour (Brice, 2006). Empirical evidence (through adopting the five-factor model) also showed that personality of entrepreneurs influences entrepreneurial outcomes (Brown et al., 2009; Ciavarella et al., 2004; Fisher, 2009; Zhao & Seibert, 2006). Simultaneously, one would assume that an entrepreneur's behaviour would influence how the society perceived that entrepreneur. This led to predict how legitimate was the new venture, and in future research, it might be possible to predict what entrepreneurial activities the entrepreneur would be involved in to gain legitimacy.

2.3.2   The construction of a conceptual framework

Korunka, Frank, Lueger and Mugler (2003:25) state that "entrepreneurial personality could best be described as a specific pattern of more action-related characteristics". The five-factor model of personality was used to measure entrepreneurs' personality (using a five-point Likert scale), four of the five factors were considered because, the fifth factor, namely "neuroticism" did not reflect positively active behaviours that could be related easily to actions carried by entrepreneurs. This was because neuroticism was more concerned about feelings that were neither usually transformed to tangible activities nor included active interactions with others. The five-factor model of personality was proven to be valid and reliable measurement of individuals' personality.

Entrepreneurial legitimacy, as explained by Fisher (2010) is a perception that was developed over time and is based on different factors, which made it a multidimensional construct. Moreover, it was argued that legitimacy could be viewed as a continuous variable "ranging in value from low to high" (Zimmerman & Zeitz, 2002:426). This indicated that it could be measured using a Likert scale as well.

The measurement of legitimacy adopted in previous studies assessed legitimacy through the venture's stakeholders' perceptions (Shepherd & Zacharakis, 2003) and these studies also used a different unit of analysis to what this study focused on.

Since the unit of analysis of this study was the entrepreneur, objective questions were adopted to measure legitimacy. This decision was based on the assumption that subjective questions were more likely to produce biased responses especially

with a construct that was usually measured from the stakeholders' perspective (i.e., perceived legitimacy).

According to Zimmerman and Zeitz (2002) little research had been conducted on how to acquire legitimacy. The measurement of entrepreneurial legitimacy that was adopted in this study referred to the categories outlined in part 2.2.4, namely: symbolic actions; isomorphism; networks; and disposition. It was important to note that this study did not examine the identified variables of entrepreneurial activities to gain legitimacy through negative or questionable item scales, particularly: unlawful actions carried by the entrepreneur to gain legitimacy (Elsbach & Sutton, 1992); and political manipulation of language (Neilsen & Rao, 1987), which might be related to negative agreeableness.

The reason for this decision was to mitigate the risk of possible confusion of respondents and easing the process for researchers who would jot down entrepreneurs' responses to the questionnaire.

The study hypothesised four relationships that corresponded directly to the four objectives, which were stated in part 1.2. The empirical findings of the study were to contribute to the limited body of empirical knowledge in the subject matter through assessing the hypothesised relationships within the South African context. Figure 2.1 below incorporates the conceptual framework that was tested in the study.

Figure 2.1: The conceptual framework of the study
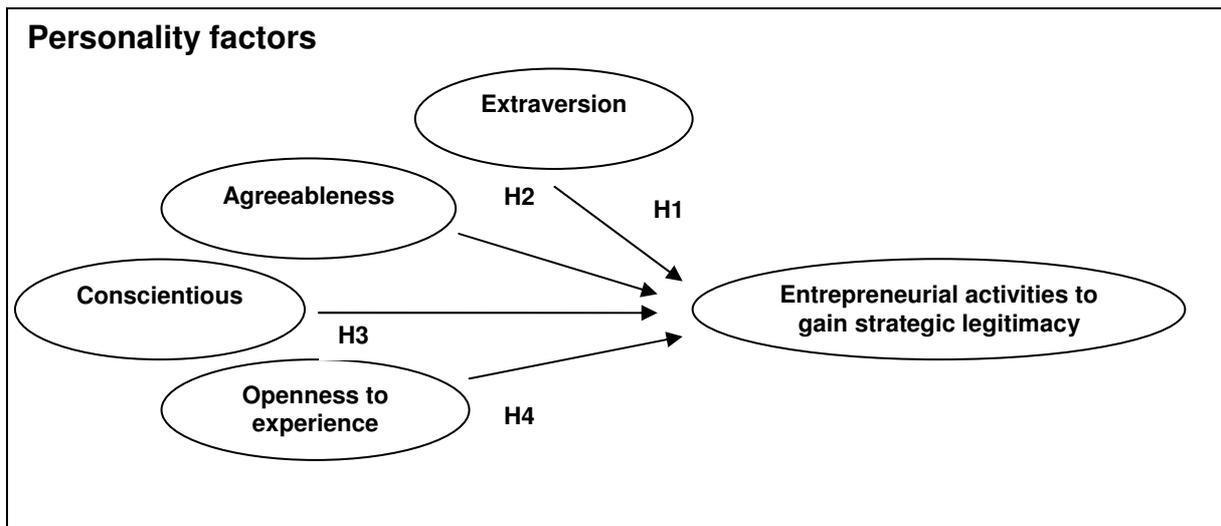
Cooper and Schindler (2006) argue that a hypothesis of a possible correlation between two variables does not order a cause - effect relationship between the variables. However, it only states that variable X, for example, is related to variable Y. Causal relationships; on the other hand, signify a direct cause-effect relationship between the variables. Furthermore, causal relationships are more difficult to verify than correlational relationships, because quite commonly, interaction between variables exists and therefore, other variables may also be involved in the "effect" relationships (Cooper & Schindler, 2006).

Table 2.1 presents the five constructs investigated in this study. These constructs were differentiated in terms of which the dependent variable (DV) was and which the independent variables (IV) were in the study's regression model.

Table 2.1: The five constructs differentiated in terms of DV and IV's

Model	The Independent variables	The Dependent Variable
Regression model	Extraversion, agreeableness, conscientiousness, neuroticism, openness to experience.	Entrepreneurial activities to gain strategic legitimacy.

Four relationships were investigated in this study. Each independent variable (IV) in Table 2.1 was proposed to be related to the dependent variable (DV). The following chapter would discuss these four hypothesised relationships and the development of hypothesis for each relationship is presented as well.

2.3.3   Conclusion of the literature review

The personality of entrepreneurs had been empirically investigated as an antecedent to various outcomes of entrepreneurial ventures. The five-factor model had been proven, through past research, to be a valid measurement of an individuals' personality.

The study hypothesised that personality influences entrepreneurial activities to gain legitimacy. Activities to gain legitimacy were viewed, for the purpose of the study, through entrepreneurial legitimacy as a driver of organisational legitimacy.

A reliable and valid measurement instrument for measuring activities to gain entrepreneurial legitimacy was not found in the literature; therefore, an instrument was developed to serve the purpose of the study. The focus of this study was **on**: *firstly*, active legitimacy and not passive legitimacy, because passive legitimacy was considered more abstract. Thus, passive legitimacy was more difficult to measure. *Secondly*, entrepreneurs' past actions and experiences, not on their intentions or future behaviours, because focusing on future actions would have an added element of uncertainty, particularly within the entrepreneurship context. *Thirdly*, legal and legitimate actions made by the entrepreneur, not illegitimate or negative actions as was the case with Elsbach and Sutton (1992) as well as with Neilsen and Rao (1987). This was because illegitimate or negative actions were more related to the organisation as a whole and not easily correlated at the level of the individual.

3 HYPOTHESES OF THE STUDY

It was mentioned at the end of chapter one (section 1.3) that this study investigated the relationship concerned through a simple approach. The study was interested in finding whether personality traits have had any direct influence on gaining strategic legitimacy for the new venture. It was understood by the researcher that such multifaceted construct as *personality* and such theoretical construct as *strategic legitimacy* might have more than a simple direct relationship within the entrepreneurial context. Such a relationship would comprise complex interplays between these two constructs and a wider range of closely related constructs.

Two questions would arise here: what is meant by the "wider range" of those very close constructs? And why not to have them included in the current study?

Pertaining to the answer for the first question, Gartner (1985) lays out four components of organisational emergence, namely: the individual (entrepreneur), the organisation, the environment, and the process. Thus, the surrounding environment of the individual and the organisation, in addition to the processes followed in building and growing the business, were both of integral influence, through interaction, on the entrepreneur and the nascent organisation.

As for the answer for the second question: it was distinct that the relationship investigated in this study had not been established through previous studies from the entrepreneurial angle. Consequently it was thought to be wise not to consider the wider range of the complex interplay, rather, to focus on finding a simple and direct relationship within the limited sphere of the individual and the organisation.

3.1 FIRST OBJECTIVE AND HYPOTHESIS:

Entrepreneurship requires action (Wennekers, Thurik, Stel & Noorderhaven, 2007). However, entrepreneurs do not know exactly what resources they would require for their new ventures (Starr & MacMillan, 1990). Therefore, the entrepreneurial context was characterised by high levels of uncertainty (Lester, Certo, Dalton, Dalton & Cannella, 2006), because "action takes place over time and the future is unknowable, thus, action inherently uncertain" (McMullen & Shepherd, 2006). Uncertainty facing the entrepreneur was considered as a combination of risks and opportunities (Wennekers, et al., 2007). This could be conceptualised as lack of knowledge for decision-making, ambiguity, turbulence, and unpredictability (Lewis & Harvey, 2001; Matthews & Scott, 1995; McMullen & Shepherd, 2006).

Therefore, to survive and grow the new venture, the entrepreneur would need to take charge, be willing to take risk, have interest in influencing others, and know how to captivate people. On the other hand, storytelling by the entrepreneur, which was part of his/her activities to gain legitimacy, needed to capture the interest of targeted audience in order to be effective. This was especially the case when it resonated with stakeholders' expectations, thereby, conforming with norms (Ashforth & Gibbs, 1990; Elsbach & Sutton, 1992; Kreindler, 2005; Lounsbury & Glynn, 2001). Previous literature entailed that extraversion, as a factor of personality was positively related to entrepreneurial activities to gain strategic legitimacy. Thus, the following hypothesis was stated:

$H1_A$: Extraversion is a significant predictor of entrepreneurial activities to gain strategic legitimacy.

And the null hypothesis will be as follows:

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H1$_0$: Extraversion is *not* a significant predictor of entrepreneurial activities to gain strategic legitimacy.

3.2   SECOND OBJECTIVE AND HYPOTHESIS:

Agreeableness factor of an entrepreneur's personality is concerned with getting along with others, where the entrepreneur come across to others as approachable, know how to comfort others and make them feel at ease, as well as having the need for affiliation (Hughes et al., 2009). Consequently, an entrepreneur's use of symbolic language (Aldrich & Fiol, 1994), performing entrepreneurial activities that reflecte an alignment with values and norms (Ashforth & Gibbs, 1990; Tornikoski & Newbert, 2007), networking to deepen meaningful affiliations (Certo, 2003, Delmar & Shane, 2004), and being responsive to stakeholders' needs (Zott & Huy, 2007), while considering the broader social and cultural dynamics (Lounsbury & Glynn, 2001) are all activities that speak the mind of an agreeable personality. Agreeableness, therefore, could be a significant predictor of entrepreneurial activities to gain strategic legitimacy. Thus, the following hypothesis was stated:

H2$_A$: Agreeableness is a significant predictor of entrepreneurial activities to gain strategic legitimacy.

H2$_0$: Agreeableness is *not* a significant predictor of entrepreneurial activities to gain strategic legitimacy.

3.3 THIRD OBJECTIVE AND HYPOTHESIS:

Conscience, which is also called conformity, is concerned with people's approach to work and conscientious individuals are usually prepared, pay attention to details, get chores done right away, and do things according to a plan. As a result, they come across to other people as hard working, goal oriented, responsible and tend to take their commitments seriously (Goldberg, 1992; Hughes et al., 2009). These criteria were matched by entrepreneurs through their personal commitment to the venture and the actions that displayed a personal drive to disrupt the old social order (Zott & Huy, 2007) or even to conform to the culture (Suchman, 1995) and mimic established firms (Khaire, 2010). Additionally, there were those actions that attracted key endorsers (Higgins & Gulati, 2006) through demonstrating consistency (Zimmerman & Zeitz, 2002), and reflecting a working business plan for the new venture (Fisher, 2010). Thus, the following hypothesis was formulated:

$H3_A$: Conscience is a significant predictor of entrepreneurial activities to gain strategic legitimacy.

$H3_0$: Conscience is *not* a significant predictor of entrepreneurial activities to gain strategic legitimacy.

3.4 FOURTH OBJECTIVE AND HYPOTHESIS:

Openness to experience is concerned with how one approaches problems; learn new information, and reacts to new experiences. This personal characteristic shows that an individual is curious, has a vivid imagination, spends time reflecting on things and tends to take a more strategic approach to solving problems, seeking new

experiences, and exploring novel ideas (i.e., thinking of new ways of doing things) (Goldberg, 1992; Hughes et al., 2009). The statement by Fisher (2010) corresponds to the openness to experience factor, it states that "The uncertainty surrounding entrepreneurship is enhanced by the novelty intrinsic in entrepreneurial actions". Therefore, one of the main aims of having novelty in entrepreneurial actions is to improve the competitive stance of the new venture and to become competent (Higgins & Gulati, 2006; Wickham, 2006). Such thirst to innovate within the process of creating a new venture and to apply creativity, once an opportunity appeared, were all actions expected from entrepreneurs, particularly those who employed the latest technology into their new ventures (Fisher, 2010). Once a new venture's value proposition was translated to a successful competitive advantage, the role of the entrepreneur in this task would be fulfilled as he/she had delivered or exceeded the expected performance (Ashforth & Gibbs, 1990; Wickham, 2006). Thereby, openness to experience would be positively correlated to entrepreneurial activities to gain strategic legitimacy. Thus, the following hypothesis was formulated:

$H4_A$: Openness to experience is a significant predictor of entrepreneurial activities to gain strategic legitimacy.

$H4_0$: Openness to experience is *not* a significant predictor of entrepreneurial activities to gain strategic legitimacy.

4 RESEARCH METHODS

A questionnaire is one of the most used data collection techniques in the survey strategy (Saunders, Lewis, & Thornhill, 2009). Different aspects had the potential to affect how well the survey or the questionnaire was likely to accomplish its goals. These aspects included: how the sample was selected; which questions were asked; and the procedures used to collect the responses (Fowler, 2009).

4.1 RESEARCH DESIGN

The study was carried out in Gauteng, South Africa and the study's population included entrepreneurs working in South Africa. The research adopted a quantitative approach and followed a descriptive, cross-sectional design (Saunders et al., 2009). Moreover, survey strategy was followed to collect data, which in return was used to investigate the hypothesised relationships of the study. Therefore, a deductive approach was followed as it is widely used in business and management studies.

Consequently, survey strategy permitted a research to reach a larger population in a cost effective way, and to produce models describing relationships investigated (Saunders et al., 2009). According to Cooper and Schindler (2006:10) "descriptive research may or may not have the potential for drawing powerful inferences". However, descriptive research does not explain why the variables interact the way they do or why the interaction takes place (Cooper & Schindler, 2006).

4.2 CONTEXT, POPULATION AND UNIT OF ANALYSIS

The context of the study was particularly focusing on business ventures that were started in South Africa in the past fifteen years. Businesses that started outside South Africa, before 1995, or were franchise business were excluded from the investigation. The target population under investigation were entrepreneurs living and working on or managing their own business ventures in South Africa. Thus, previous entrepreneurs who had had businesses but no longer had them were excluded from the investigation. The unit of analysis was the entrepreneur's behaviour.

Furthermore, it was proposed to use certain control variables to increase the robustness of the proposed study, namely: location of the venture; type of industry the venture belonged to; size and age of the venture; and the functions within (Higgins & Gulati, 2006). Thus, the age of the firm should not be shorter than two years; the entrepreneur/founder held equity in the firm and was still active within the firm when the study was carried out.

The decision on choosing a particular industry was finalised through the study leader. One of the reasons behind this decision was that industries differed, which made it difficult to generalise findings to all industries (for example, mining is a mature industry in South Africa compared to the IT industry, which would be considered rather immature). Thus, three categories of industries according to their dynamism were suggested and agreed upon, namely: *dynamic* industry (ie, information technology industry); *average dynamism* (ie, advertising industry and public relations); and *stable* industries (ie, retail, education, construction).

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4.3 SAMPLING METHOD AND SAMPLE SIZE

Non-probability, convenience sampling method was followed in this study. There was no reliable list found of entrepreneurs in South Africa that would meet the sampling frame criteria suggested in this study. Thus, snowball sampling was used to identify respondents (Cooper & Schindler, 2006).

The study was part of a group of studies investigating different topics under entrepreneurship and supervised by the study leader Mr. Greg Fisher. Thus, a collective questionnaire was compiled covering the required information by the group of studies. The collective questionnaire was designed, agreed on and distributed by the researchers with the aim to reach a sample size that would be sufficient for the purpose of statistical analysis. It was also understood that the credibility of the sample would not increase by reaching a large number of survey responses if the sample was poorly designed (Fowler, 2009). The target sample size was 100 respondents. The researchers managed to collect 121 responses through interviews with entrepreneurs in Gauteng province, South Africa.

A structured interview was preferred as a method to capture responses of entrepreneurs rather than unstructured interview or self-administered questionnaire. This was to minimise bias by avoiding the researcher to interpret entrepreneurs' responses on his/her own (i.e., observation) and to enhance the consistency of the questions asked to respondents. Moreover, the questionnaire was pilot-tested before the start of data collection to determine the approximate time required in answering questions, to assess the clarity of the questions, and identify any shortcoming. It was understood that pre-testing would increase response rate (Saunders et al., 2009)

and test the reliability of the measurement scales used in the questionnaire (Fwoler, 2009).

4.4 DATA GATHERING PROCESS

The main constructs; there were two main constructs, namely: entrepreneurs' personality; and entrepreneurial activity to gain strategic legitimacy. The first main construct contained four sub-constructs, namely: extraversion; agreeableness; conscientiousness; and openness to experience. While the second main construct, namely *entrepreneurial activity to gain strategic legitimacy* was dealt with as a single construct.

An interviewer-administered questionnaire was used in the study, and it had advantages and disadvantages. The advantages included that the procedures of this type of questionnaires were probably considered the most effective way of to gain cooperation from most populations. The presence of the interviewer there with the respondent helped in answering the respondent questions. Multi-method data collection including observations, and self-administered sections, on paper forms or into a computer, were feasible, therefore, there was more room to gain information. Rapport and confidence building were possible (including any written reassurances that might be needed for reporting very sensitive material). Probably longer survey instruments were possible in person than by any other mode. However, disadvantages of choosing an interviewer-administered questionnaire included higher cost than alternatives (time and money). Training was necessary for interviewers (Fowler, 2009:80).

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4.4.1   Measurement

What added complexity to the task of measuring legitimacy was the fact that scholars often measured it from the stakeholder's perspective (i.e., customers) as the case with Shepherd and Zacharakis (2003) study, and not from the entrepreneur perspective; or at the level of the organisation as a whole and not at the entrepreneur's level (i.e., the individual owner). However, this study used the entrepreneur's behaviour, actions and reaction as its unit of analysis.

A total of five constructs were initially put forward. Each construct was measured through a separate set of scale items. Table 4.1 lists these constructs and their associated scale items. However, a more rigorous measurement scale of legitimacy was further explored and it would be outlined in the following section after Table 4.1 below.

Table 4.1: Measurement scales used in the current study

Construct		Items	Source of the scale
Personality	Extraversion (7 items)	Take charge. Start conversations . Make friends easily. Talk to a lot of different people at parties. Know how to captivate people. I'm skilled in handling social situations. I'm comfortable around people.	(Goldberg, 1992)
	Agreeableness (7 items)	I'm interested in people. Take time out for others. Know how to comfort others. Show my gratitude. Feel others' emotions. Love to help others. Have a good word for every one.	

Construct		Items	Source of the scale
Personality	Conscientiousness (6 items)	I'm always prepared. Pay attention to details. Get chores done right away. Do things according to a plan. Like to tidy up. Make plans and stick to them.	
	Openness to experience (7 items)	I'm good at many things. Love to think up new ways of doing things. Spend time reflecting on things. Have a vivid imagination. Have a rich vocabulary. Carry the conversation to a higher level. Catch on things quickly.	
Entrepreneurial activities to gain legitimacy (9 items)		I'm good in telling stories. I network to deepen my affiliations. Recognise broader social and cultural dynamics and conform to align my business with values and norms. I'm responsive to the stakeholders of my business's to meet their expectations. I'm committed to my business and demonstrate consistency to attract key endorsers. My work is a reflection of a working business plan. Apply creativity to maximise gain from business opportunities. My business performance is a translation of the value proposition, which gives my business its competitive advantage. My business performance always exceeded expectations.	(Ashforth & Gibbs, 1990; Certo, 2003; Delmar & Shane, 2004; Elsbach & Sutton, 1992; Fisher, 2010; Higgins & Gulati, 2006 Lounsbury & Glynn, 2001; Suchman, 1995 Tornikoski & Newbert, 2007 Wickham, 2006; Zimmerman & Zeitz, 2002)

Items mentioned above refer to the entrepreneur's personality preferences and experiences of past entrepreneurial activities. Each item belonged to one of the two abstract main constructs investigated in the study (four of the five factors of personality traits, and entrepreneurial activities to gain strategic legitimacy). These abstract constructs were to be measured on a five-point Likert scale. Each scale point was labelled according to the question set in the scale item. The final

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questionnaire was pre-tested and adjusted accordingly before the primary data collection stage of the research project took place. A copy of this study's questionnaire would be found in Appendix A.

4.4.2 Rational for developing the measurement scale of strategic legitimacy construct

As mentioned earlier, there was no single comprehensive measurement instrument found in literature that measured the construct *"entrepreneurial activities to gain legitimacy"*. For this reason it was necessary to develop a reliable and valid measurement scale in order to measure this construct. A measurement scale was developed as part of the collective effort made by the research group headed by Mr. Greg Fisher.

The focus was on identifying behaviours and actions that entrepreneurs actively do to gain strategic legitimacy, for example, purposive storytelling (Lounsbury & Glynn, 2001). Therefore, passive characteristics such as those of conforming legitimacy were ignored (Tornikoski & Newbert, 2007:315). Through a group effort, a review of literature produced the following six themes: high profile representation (Certo, 2003); development of professional perception (Tornikoski & Newbert, 2007); business plan communication (Delmare &Shane, 2003); media utilisation (Tornikoski & Newbert, 2007); purposive storytelling (Neilsen & Rao, 1987); and professional association. Corresponding items were thought to capture the main tactics or strategic activities entrepreneurs might engage in to gain legitimacy for their business (see Appendix B for legitimising activities items). Under the supervision of the research group leader Mr. Fisher, the measurement scale was tested. The items were put into an online questionnaire and 52 entrepreneurs that were approached by the researchers, responded to the questionnaire. These respondents did meet the

sampling criteria led out by the study, (i.e., their businesses were established in the last 15 years). That step was followed by a statistical analysis to assess the novel measurement scale's items suitability (factor analysis) and reliability. Thereafter, factor analysis was performed, principle component analysis in particular (see Table 4.2). further definitions on this analytical method were provided at the end of chapter five.

Table 4.2: Total variance explained through principal component analysis

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.361	34.036	34.036	1.361	34.036	34.036	1.285	32.114	32.114
2	1.104	27.600	61.636	1.104	27.600	61.636	1.181	29.522	61.636
3	.914	22.845	84.481						
4	.621	15.519	100.000						

Mulaik (2010) argues that most researchers prefer to use *principal components analysis* method for extracting components over the diagonal method or centroid method. This choice was motivated by the mathematical convenience of working with the eigen values and eigenvectors to determine the number of factors to retain and to compute factor scores. Two of the items were cross loaded over the group of the six items, therefore, were dropped from the group. Mulaik (2010:220) states "one is interested only in the most important principal components because they account for the major features (variance) of the phenomenon being studied". Ultimately, the remaining four items appeared to be loading on two factors. Table 4.3 outlines varimax rotation. The resulting two factors appeared under the column titled "component" - one and two.

Table 4.3: Varimax rotation-Rotated Component Matrix

Item number	Item as worded in questionnaire	Component	
		1	2
1	Consciously established a high profile board of advisors, board of directors and/or made use of a high profile figurehead	.075	.765
2	Actively tried to develop a professional perception of the business (including professional website, logo, business cards)	-.029	.645
3	Actively tried to get the business mentioned in the media	.752	.359
4	Told stories about my business	.845	-.226

The results produced by Table 4.2 pointed out to two factors/components, namely: [advisors, professional] and [media, stories], which accounted for over 60% of variance (61.6%, see the first column on the right in Table 4.2). The previous labels in Table 4.3 correspond to items 1, 2, 4, and 5 respectively in Appendix B. It was found that there were two underlying factors or dimensions, namely: *appearance* and *attention*. The *appearance* factor included two items, namely: the item related with "consciously established a high profile board of advisors, board of directors and/or made use of a high profile figurehead"; and the item "actively tried to develop a professional perception of the business including, for example, creating a professional website, logo, business cards, establishing a dress code". The *attention* factor included the following two items: "actively tried to get the business mentioned in the media"; and "purposely told stories about my business". Both items, the business plan communication and the professional association (items 3 and 6 in Appendix B), were dropped from the developed measurement scale.

4.5   DATA PREPARATION AND ANALYSIS

Collected data was validated, edited, coded, and cleaned in order to prepare it for statistical analysis. Descriptive statistics would be presented. Furthermore, since the hypotheses of the study were correlational hypotheses, multiple regression analysis

was used to analyse data. Detailed discussion on the techniques used to perform the regression analysis would be offered in the following chapter. Saunders et al. (2009) argue that regression analysis could be utilised to predict the values of a dependent variable through the values of the independent variables.

In conclusion, this chapter outlined the research methods used in this study. The discussion covered research design (*deductive, quantitative, cross-sectional*, *survey*), sampling method (*non-probability, snowball sampling*) and sample size (*satisfies requirements to run statistical analysis and infer results* to population), as well as the data gathering approach (*interviewer-administered questionnaire*) and the data analysis technique chosen for the study (*multiple regression analysis*).

5   EMPIRICAL FINDINGS OF THE STUDY

This chapter focuses on the analysis of the collected data and discusses the statistical findings. The discussion of outputs answers the hypotheses of the study presented in chapter three. There are three main sections in this chapter, namely: reliability analysis; univariate descriptive statistics; and inferential statistics. The introduction below explains what each section is about and why this order of presentation is followed.

5.1   INTRODUCTION

This study is considered as a correlational study (see section 2.3.2) and as a predictive one, because it was aimed at finding how an entrepreneur's personality would influence his/her actions to gain legitimacy when starting and building his/her new venture. Therefore, the actions and reactions of the entrepreneurs in the study's sample were modelled using the hypothesised relationship between personality and strategic legitimising activities.

Reliability analysis showed that the measurement instruments applied in the study were reliable and valid, meaning; they really measured what they were supposed to measure (the underlying construct). Thereafter, and before testing the statistical hypotheses, the statistical description of data gathered was presented through the univariate descriptive statistics. That was to confirm the suitability of the suggested method for hypothesis testing by developing sufficient knowledge on describing the body of data (Cooper & Schindler, 2006). Inferential statistics presented the correlations between variables and the results of hypotheses testing by showing

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statistical significance. Statistical significance enabled the researcher to make inferences about the population (Cooper & Schindler, 2006).

5.2   RELIABILITY ANALYSIS

Since the data type of the measurement scales used in the study was set to interval scale, Cronbach's alpha was chosen to assess the internal consistency reliability of the multi-item scales (Cooper & Schindler, 2006). Statistical reliability refers to the degree of consistency among multiple items used collectively to measure a variable (Hair, Black, Babin, Anderson & Tatham, 2006).

Therefore, establishing that each measuring instrument used was internally consistent indicated that it would supply consistent results because it was free from random error (Cooper & Schindler, 2006). Cronbach's alpha is widely used to test the coherence and internal consistency reliability of multi-item scales at an interval level of measurement (Cooper & Schindler, 2006; Hair et al., 2006).

Five multi-items scales were used in the study's questionnaire; four for personality constructs scales; and one for the strategic legitimising activities scale. Table 5.1 and 5.2 provide the Cronbach's alpha coefficients for these five constructs.

It is generally agreed that the acceptable level of the Cronbach's alpha coefficient ranges between 0.60 and 0.90 (Hair et al., 2006; Pallant, 2005). The Cronbach's alpha coefficients for all five scales were found to be within the acceptable level.

Table 5.1: The internal consistency of the scales measuring personality constructs

Personality constructs	Cronbach's Alpha for scale
Extraversion	.84
Agreeableness	.73
Conscientiousness	.75
Openness to experience	.75

As shown in Table 5.1, Cronbach's alpha coefficients for the four *personality* scales were ranging from 0.73 to 0.84; thus, these scales proved to have an acceptable level of internal consistency reliability. Gliem and Gliem (2003:87) state that "Cronbach's alpha reliability coefficient normally ranges between 0 and 1. The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale".

Table 5.2: The internal consistency of the scale measuring activities to gain strategic legitimacy

Cronbach's alpha for scale	0.65

In Table 5.2, the Cronbach's alpha coefficient for the scale measuring *activities to gain strategic legitimacy* was within the acceptable level. As a result, each scale of the five measurement scales had an acceptable level of internal consistency reliability.

5.3   UNIVARIATE DESCRIPTIVE STATISTICS

5.3.1   Univariate descriptive statistics for the composite scale scores

A 5-point Likert rating scale anchored by 1 = disagree, and 5 = strongly agree, was used to measure the constructs investigated in the study. The composite scale scores were determined by calculating the mean score for each item across all

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responses, then calculating the composite score for each construct. Table 5.3 below outlines the means score for each item, each construct, and the standard deviation thereof.

Table 5.3: Mean and standard deviation of entrepreneurs' personality

Entrepreneurs scores on personality items	Item#	*n*	M	SD
Extraversion (this construct has 8 items)	**E**	**121**	**3.79**	**.69**
I feel comfortable around people.	E1	121	4.24	.89
I start conversations.	E2	121	3.81	1.08
I talk to a lot of different people at parties.	E3	121	3.69	1.15
I make friends easily.	E4	121	3.73	1.17
I take charge.	E5	121	4.21	.72
I know how to captivate people.	E6	121	3.75	.98
I am skilled in handling social situations.	E7	121	3.94	.93
I don't like to draw attention to myself	E8	121	2.92	1.19
Agreeableness (this construct has 8 items)	**A**	**121**	**3.78**	**.58**
I am interested in people.	A1	121	4.10	.85
I take time out for others.	A2	121	4.00	.88
I feel others' emotions.	A3	121	3.73	.99
I know how to comfort others.	A4	121	3.59	.95
I have a good word for everyone.	A5	121	3.40	1.11
I show my gratitude.	A6	121	4.06	.82
I love to help others.	A7	121	3.93	.99
I am hard to get to know	A8	121	3.42	1.20
Conscientiousness (this construct has 7 items)	**C**	**121**	**3.57**	**.72**
I am always prepared.	C1	121	3.70	.90
I pay attention to details.	C2	121	4.20	.96
I get chores done right away.	C3	121	3.46	1.21
I do things according to a plan.	C4	121	3.59	1.01
I often forget to put things back in their proper place	C5	121	3.10	1.39
I make plans and stick to them.	C6	121	3.50	1.09
I like to tidy up.	C7	121	3.47	1.28
Openness to Experience (this construct has 14 items)	**O**	**120**	**4.00**	**.44**
I have a rich vocabulary.	O1	120	3.89	.97
I have a vivid imagination.	O2	120	4.33	.70
I believe in the importance of art.	O3	120	3.91	.98
I enjoy hearing new ideas.	O4	120	4.61	.67
I spend time reflecting on things.	O5	120	4.00	.83

Entrepreneurs scores on personality items	Item#	*n*	M	SD
I am full of ideas.	O6	120	4.17	.81
I am good at many things.	O7	120	4.01	.85
I carry the conversation to a higher level.	O8	120	3.86	.93
I enjoy wild flights of fantasy.	O9	120	3.43	1.08
I catch on to things quickly.	O10	120	4.28	.74
I avoid philosophical discussions	O11	120	3.49	1.25
I can handle a lot of information.	O12	120	4.22	.91
I love to think up new ways of doing things.	O13	120	4.14	.89
I love to read challenging material.	O14	120	3.72	1.13

Note: *n* = included number of respondents in the calculation; M = mean; SD = standard deviation

Table 5.3 shows that only one construct of the personality constructs, namely *openness to experience,* was not rated by all respondents (*n*=120). The composite scores for the four constructs differed slightly. The highest total score (M = 4.00, SD = 0.44) was associated with **openness to experience**, while the lowest total score was associated with **conscientiousness** (M = 3.57, SD = 0.72). The higher the mean score, the higher the level of agreement associated with the particular aspect. Table 5.4 below reflects the mean score for responses on activities to gain legitimacy. M = 3.13, SD = 0.97.

Table 5.4: Mean and standard deviation on strategic legitimising activities

Scores on legitimising activities items	*n*	M	SD
Strategic legitimization activities (this construct has 4 items)	**121**	**3.13**	**.97**
Consciously established a high profile board of advisors, board of directors and/or made use of a high profile figurehead.	121	2.13	1.40
Actively tried to develop a professional perception of the business (including, for example, creating a professional website, logo, business cards, establishing a dress code).	121	4.07	1.17
Actively tried to get the business mentioned in the media..	121	2.76	1.54
Purposely told stories about my business.	121	3.56	1.45

The following sub-section presents the correlations between the constructs of the study. It is an introductory phase before building the multiple regression model.

5.4 INFERENTIAL STATISTICS

Multiple regression analysis was used to test one regression model that was based on the hypotheses formulated in sections 3.1, 3.2, 3.3, and 3.4. Four variables were used as control variables when running the hierarchical regression analysis on the study's regression model, namely: the *industry* that the business belonged to; the *age of the business*; the period for reaching *break-even* point for the business; and the *ethnicity* of the entrepreneur. This section presents the correlations between total scale scores, and then it discusses the results of hypotheses tests preceded by a discussion of the process that was followed to do these tests. Thereafter, a discussion of additional results were provided for the analysis run to test the significance of additional two regression models. The additional two regression models are related to the two components of strategic legitimisation construct, namely: appearance and attention.

5.4.1 Correlations between the total scale scores

There was a number of abnormalities in the collected data, therefore, a decision was made to use Spearman's correlation coefficient instead of Pearson's correlation coefficient. Cooper and Schindler (2006:599) state "occasionally, researchers find continuous variables with too many abnormalities to correct. Then scores may be reduced to ranks and calculated with Spearman's rho". Moreover, Spearman's strength outweighs its weakness as extreme scores causing problems before ranking no longer pose a threat (Cooper & Schindler, 2006).

Spearman's correlation coefficients were calculated, and positive correlations were found between the independent variables (IVs) and the dependent variable (DV). Table 5.5 presents these correlations and their observed levels of significance, which are noted by the *p*-value. The *p*-value is a method commonly used to report results of statistical tests. The *p*-value is compared to the significance level, which is usually set at 0.05. The *p*-value is "the probability of observing a sample value more extreme than value actually observed" (Cooper & Schindler, 2006:530).

Table 5.5: Correlations between the total scores of the IV's and the DV

Spearman Correlation Coefficients				
	Extraversion	Agreeableness	Conscientiousness	Openness
Agreeableness	.55** < .000 114			
Conscientiousness	.04 .675 114	.36** < .000 114		
Openness	.41** < .000 113	.36** < .000 113	.10 .293 113	
Strategic legitimising activities	.30** .002 114	.19* .046 112	.13 .168 114	.20* .035 111

Note: ** Correlation is significant at the 0.01 level (2-tailed).
          * Correlation is significant at the 0.05 level (2-tailed).

In Table 5.5 each cell has three rows, the one on top denotes the correlations coefficient; the second row shows the *p*-value; and the bottom one reports *n*. Three of the four personality constructs (IV's) have a significant positive correlation with the (DV) Strategic legitimising activities. Only Conscientiousness does not have a significant correlation with the DV.

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Spearman correlation coefficient ranges between +1 and -1, where +1 indicates a perfect positive correlation (Pallant, 2005). Thus, Pearson coefficient shows the strength and direction of the linear relationship between two variables.

Among the IV's, *Extraversion* had the highest correlation coefficient (0.30) with the (DV) strategic legitimising activities. This correlation was significant at the 0.01 level of significance, as p-value = 0.002 followed by *Openness to experience* with a correlation coefficient (0.20), with a p-value (0.035), which was less than the level of significance. *Agreeableness* had significant positive correlations with the DV constructs, with a correlation coefficient (0.19) and p-value of (0.046).

There was no presence of multicollinearity among the independent variables, as there was no correlation coefficient higher than 0.9 (Pallant, 2005). Hair et al. (2006) mention that collinearity refers to the correlation between two independent variables, while multicollinearity involves more than two IV's. Therefore, the negative effect of multicollinearity is making the prediction difficult because the predictive power of IV's may "overlap" (Hair et al., 2006). More tests, including the test for multicollinearity, are provided in the following section before testing the hypotheses of the study.

5.4.2   Introduction to the regression analysis

There are three main sections following this concise introduction, what is regression analysis and why it has been chosen; what is the decision process involved in this study to carryout multiple regression analysis and what are the corresponding results. Then section 5.4.5 will present the study findings in the light of the hypotheses tested.

5.4.3   An overview of regression analysis and the purpose to use it

Regression analysis is a statistical method widely used in social research to assess association between an independent variable (X) and a dependent variable (Y) (Pallant, 2005). Hair et al. (2006) argue that regression analysis is applicable, when a sample is used instead of a census. Cooper and Schindler (2006:580) state that "a straight line is fundamentally the best way to model the relationship between two continuous variables". The linear regression is expressed as follows:

$$Y = \beta_0 + \beta_1 X_i$$

Y is the dependent variable. *X* is the independent variable. β_0 is the intercept when *X* equals zero. β_1 is the slop of the linear relationship, which refers to the change in *Y* for a one unit change in *X*. *i* is the number of observations.

The way regression works as simple prediction is to take the observed values of *X* to predict corresponding *Y* values (Cooper & Schindler, 2006:580). However, when there are more than one independent variable (more than one *X*), multiple regression is used instead of simple regression. Thus, the outcome is a function of multiple predictors.

According to Tabachnick and Fidell (2001:111), the basic formula of the regression equation in multiple regression is:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \ldots + \beta_k X_k$$

(where *k* is the number of independent variables).

The equation above shows that *X* is the IV and *Y* is the DV. Therefore, it is clear that the relationship between *X* and *Y* is not symmetric like in Pearson or Spearman

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correlations. This is because the regression of *X* on *Y* differs from *Y* on *X*. Furthermore, regression analysis, when compared to bivariate correlation (i.e., Pearson, Spearman) could provide further insight about the relationship of *Y* with *X*.

5.4.4 Description of the decision process and results of regression model

SPSS computer software was used to perform data analysis in this study. The decision process followed in this study, to conduct multiple regression analysis, had the following four steps before interpreting the results of multiple regression analysis:

   i.   identifying the objectives of the regression analysis;

   ii.   deciding on sample size;

   iii. estimating the regression function;

   iv. testing the assumptions of multiple regression analysis; and

Table 5.6 summarises the regression model tested in the study. This model uses four independent variables, namely extraversion, agreeableness, conscientiousness and openness to experience, to predict one dependent variable, activities to gain strategic legitimacy.

Table 5.6: Summary of the regression model tested in this study

	Independent variables	**Dependent variable**
Regression model	Extraversion, agreeableness, conscientiousness and openness to experience.	Strategic legitimising activities

The results corresponding to each of the steps included in the decision process to conduct multiple regression analysis are outlined below:

   i.   identifying the objectives of the regression analysis

The objective of the multiple regression analysis was to estimate the effect's strength and direction of each of the independent variables on the dependent variable. Therefore, to determine the proportion of variation in the dependent variable that could be explained by independent variables as a group (Pallant, 2005; Hair et al., 2006).

ii.   deciding on sample size

According to Tabachnick and Fidell (2001), the sample size should be *"large enough"* in order to properly conduct multiple regression. They mention two formulas to calculate the sufficient sample size. First, to test the significance of the overall regression model, the formula: ($N ≥ 50 + 8m$), where m is the number of independent variables. The second formula is to test the significance of the individual predictor - ($N ≥ 108 + m$). Since the number of independent variable is four, the sample size according to the first formula ($N ≥ 50 + 8*4$) = $N ≥$ **82**. For the second formula ($N ≥ 108 + 4$) = $N ≥$ **112**. Both required sample sizes were satisfied as the sample of the group study had 121 respondents in total.

iii.   Testing for outliers

Outliers refer to observations (responses) that are extreme or substantially different from other observations obtained from the sample (Hair et al., 2006). Outlier observations are considered as not representative of the investigated population and can interfere with statistical tests (Hair et al., 2006). There were six outliers identified using standardised residual plot, and the values of their standardised residuals were greater than 2 standard deviation or smaller than -2 standard deviation (Tabachnick & Fidell, 2001). A residual refers to the difference between observed and predicted values of the dependent variable (Hair et al., 2006). According to the critical value

mentioned earlier, there were six observations identified as outlier and therefore excluded from further analysis.

iv.   Testing the assumptions of multiple regression analysis

The assumption of normality refers to the distribution of the dependent variable as seen in the residuals. Thus, the assumption of normality is met when residuals are normally distributed around the scores of the dependent variable on a scatter plot (Tabachnick & Fidell, 2001).

The statistical test used to test for normality was Shapiro-Wilk test. The *p*-value resulting from the test was higher than the level of significance (0.063 > 0.05). Pallant (2005) mentions if *(p*-value > .05) then the distribution is not significantly different from a normal distribution. As a result, this test has confirmed that model scores are normally distributed.

Collinearity refers to the linear correlation between two independent variables. Multicollinearity is when three or more independent variables are correlated (Hair et al., 2006). Since the presence of multicollinearity reduced the predictive power of the regression model, the objective is to have low levels of multicollinearity. Variance Inflation Factor (VIF) is generally used to test for multicollinearity, as it indicates the degree to which each IV is explained by other IV's. This means that an IV becomes a DV against the other IV's (Hair et al., 2006). According to the results generated by the SPSS software, which suggest that multicollinearity becomes present if VIF value exceeds the value of **2**, there was no evidence found of multicollinearity (see Table 5.7).

Table 5.7: Test of multicollinearity through VIF values

Independent variable	VIF value
Extraversion	1.93
Agreeableness	2.00
Conscientiousness	1.15
Openness to experience	1.41

5.4.5   Interpreting the results of the regression model

This last section in chapter five has two parts, it begins with interpreting the statistical significance and explanatory power of the overall regression model, and it ends with interpreting the significance of the individual regression coefficients.

The statistical significance of the overall regression model was tested by F test, which examined how successfully the regression model fitted the data (Field, 2009). The associated p-value of the F test indicates whether a significant relationship exists between the dependent variable and the set of the independent variables in the study or not.

The null hypothesis of the regression model states that none of the independent variables in the model is linearly related to the independent variable and the model is *of no use* as a predictor of the independent variable. This null hypothesis is formulated mathematically as follows:

$$H_0: \beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$$

Field (2009) states that if the p-value is less than the level of significance (0.05); it indicates that the stated null hypothesis should be rejected. The p-value associated with the F test was less than the level of significance (p-value = 0.0001 < 0.05).

Thus, the null hypothesis is rejected. Therefore, the set of the independent variables has a statistically significant relationship with the dependent variable. Moreover, it is possible to generalise the regression model of this study to other samples pulled out from the population of this study (entrepreneurs in South Africa).

The explanatory power of the regression model is determined by interpreting R^2 of the regression model. R^2 refers to the *coefficient of determination*, which indicates "how much variance is explained by the regression model compared to how much variance there is to explain in the first place" (Field, 2009:209). In other words, R^2 is the proportion of variance in the DV that is shared by the IV's. R^2 ranges between **0** and **1**. The higher the value of R^2, the greater the explanatory power of the regression equation. The coefficient of determination for the regression model of this study (R^2 = .310). This means that over 30% of the variance in the strategic legitimising activities is explained by the personality of the entrepreneur.

The significance of the individual regression coefficients was tested in this study using the *t* test. Hair et al. (2006) suggest that the null and alternative hypotheses tested by the *t* test can be expressed, mathematically, as follows:

The null hypothesis $\qquad$ H_0: $\beta_i = 0$

The alternative hypothesis $\qquad$ H_1: $\beta_i \neq 0$

Table 5.8 illustrates the regression coefficient and their associated *p*-values for each independent variable in the regression model. The coefficient indicates the magnitude of change in the DV for a one-unit change in the IV. Moreover, the *b* coefficients are used to write the estimated regression equation (Hair et al., 2006;

Field, 2009). It is important to note that the sign of the *b* coefficient reflects whether the relationship between the DV and the IV is positive or negative.

Table 5.8: The regression coefficients and their associated *p*-values

Independent variable	Regression coefficient	*p*-value
Extraversion	.56	.000
Agreeableness	-.35	.045
Conscientiousness	.07	.532
Openness to experience	.27	.166

By referring to the regression coefficients, it is possible to write the estimated regression equation as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

Strategic legitimising activities = 1.96 + (0.56 x Extraversion) + (-0.35 x Agreeableness) + (0.07 x Conscientiousness) + (0.27 x Openness to experience)

According to the regression coefficients reported in Table 5.11, extraversion (0.56), among the independent variables appears to be the best predictor of strategic legitimising activities.

However, the *p*-values for both, conscientiousness and openness to experience were higher than the significant level. Conscientiousness *p*-value = 0.532 > 0.05. Openness to experience *p*-value = 0.166 > 0.05. Therefore, each of the two independent variables, conscientiousness and openness to experience is not a significant predictor of the dependent variable.

The *p*-values stated in Table 5.8 can be directly related to the alternative hypotheses stated in chapter three of this study.

H1: Extraversion is a significant predictor of entrepreneurial activities to gain strategic legitimacy.

As stated in Table 5.11, extraversion is *a positive* and a significant predictor of entrepreneurial activities to gain strategic legitimacy. Therefore, the alternative hypothesis **H₁ is accepted**

H2: Agreeableness is a significant predictor of entrepreneurial activities to gain strategic legitimacy.

According to *p*-value of the regression coefficient, agreeableness is *a negative* and a significant predictor of entrepreneurial activities to gain strategic legitimacy. Thus, the alternative hypothesis **H₂ is accepted**

H3: Conscientiousness is a significant predictor of entrepreneurial activities to gain legitimacy.

The *p*-value of the regression coefficient of conscientiousness stated in Table 5.11, it is concluded that this variable is not a significant predictor of entrepreneurial activities to gain strategic legitimacy. Therefore, the alternative hypothesis **H₃ is not accepted**.

H4: Openness to experience is a significant predictor of entrepreneurial activities to gain legitimacy.

The *p*-value of *b* of openness to experience variable is not significant ($0.16 > 0.05$). Therefore, the alternative hypothesis **H₄ is not accepted.**

The empirical findings of the current study, as summarised in Table 5.9, confirm that the regression model holds an overall significance. Extraversion is a positive predictor of the dependent variable, while agreeableness is a negative predictor of

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the dependent variable. However, conscientiousness and openness to experience do not significantly predict the dependent variable.

Table 5.9: The results of the four hypotheses tested in the study

Wording of the alternative hypothesis	Summary of result
H_1: Extraversion is a significant predictor of entrepreneurial activities to gain strategic legitimacy	H_1 was accepted
H_2: Agreeableness is a significant predictor of entrepreneurial activities to gain strategic legitimacy	H_2 was accepted
H_3: Conscience is a significant predictor of entrepreneurial activities to gain legitimacy	H_3 was not accepted
H_4: Openness to experience is a significant predictor of entrepreneurial activities to gain legitimacy	H_4 was not accepted

Additional empirical findings were produced in the current study. These findings were related to similar statistical tests that were conducted to assess the relationships between personality constructs and each of the two components/factors of strategic legitimisation construct. The corresponding results are presented below.

Additional empirical findings from testing the relationships between personality and each of the two components of strategic legitimisation

This part has two sub-parts, firstly, the correlation between the total scale scores are discussed while distinguishing between the two components of strategic legitimisation as defined by the study. Secondly, the significance of two regression models and the significance of the individual regression coefficients are evaluated. Each of the two regression models correlates personality constructs with one of the two components of strategic legitimisation. These two sub-parts are preceded by concise explanation on the results of factor analysis presented earlier in section 4.4.2.

Factor analysis definition

Factor analysis is an umbrella for a number of statistical tests that produce the least number of variables that fit in together and have overlapping measurement characteristics. This is aimed at reducing these variables to a manageable number (Cooper & Schindler, 2006:635).

Principle components analysis (PCA) produces a new set of variables that are not correlated with each other. This means, that the second principle component would contain "the best combination of variables for explaining the variants not accounted for by the first factor" (Cooper & Schindler, 2006:636).

The results of the total variance explained in Table 4.2, showed that attention was the principle component, while appearance factor was the second principle component. Both factors explained over 60% of variance and therefore, they were deemed sufficient to capture significant elements the strategic legitimisation construct.

Correlation between the total scale scores

Table 5.9 below shows that only conscientiousness had no significant correlation with either of the two legitimisation factors. With appearance, extraversion had a p-value < 0.05 and Pearson correlation coefficient of 0.347), while with attention, it had a p-value < 0.05, and Pearson correlation coefficient 0.281.

Table 5.10: Personality correlation with appearance and attention

Personality constructs		Strategic legitimisation factors	
		Appearance	Attention
Extraversion	Pearson Correlation Sig. (2-tailed) N	.347[**] .000 112	.281[**] .003 112
Agreeableness	Pearson Correlation Sig. (2-tailed) N	.200[*] .035 112	.172 .069 112
Conscientiousness	Pearson Correlation Sig. (2-tailed) N	.170 .073 111	.006 .952 111
Openness to experience	Pearson Correlation Sig. (2-tailed) N	.206[*] .030 111	.250[**] .008 111

Moreover, agreeableness had a significant correlation with appearance only, while openness to experience had a significant relationship with each of the two legitimisation factors.

Testing the significance of the additional regression models

There were two regression models tested for their statistical significance. Similar to the main regression model of the study, the two additional regression models followed the same steps with only one change. The dependent variable assigned in each of the regression models was appearance and attention, instead of their summated scale, which was utilised in the main regression model. Thus, the only change was breaking up the dependent variable to its original two components.

Both of the additional regression models showed good fit for data. The associated *p*-value of the *F* tests that were carried out were less than the level of significance as shown in Table 5.11 below:

Table 5.11: Results of the F tests assessing models significance

	R^2	*p*-value
Appearance as the dependent variable	.248	.000
Attention as the dependent variable	.310	.000

The individual regression coefficients of the appearance regression model are shown in Table 5.12 below.

Table 5.12: Significance of the individual regression coefficients on appearance factor

Model	Unstandardized Coefficients B	*Associated p*-value of the *t*-test
Extraversion	.489	.003
Agreeableness	-.165	.364
Conscientiousness	.161	.168
Openness to experience	.125	.543

Only extraversion had a significant correlation with the appearance factor. Other personality constructs had no significant correlations with appearance as their *p*-values were higher than the level of significance. Table 5.13 below, which was reporting the regression coefficients related to the second additional regression model, had similar results. Only extraversion had a significant correlation with the strategic legitimisation factor of attention.

Table 5.13: Significance of the individual regression coefficients on attention factor

Model	Unstandardized Coefficients B	Associated p-value of the t-test
Extraversion	.555	.008
Agreeableness	-.159	.499
Conscientiousness	-.011	.944
Openness to experience	.266	.318

In section 2.3.2 it was stated that the legitimacy scale developed had no negative or questionable items to avoid confusing respondents. Consequently, that might relate such items to negative agreeableness, which would include, among other things, manipulation of language (Neilsen & Rao, 1987).

It was not known exactly why three of the four personality constructs were correlated in the correlation matrix above but only one construct has significance when using the *t*-test. however, there were two possible reasons behind such finding, an external one and an internal one. The external possible reason was related to the context, environment, and possible related variables, such as the use of control variables within the hierarchal regression model, as there were no previous study found that indicated what was the extent of influence each potential control variable would had on the regression model.

The internal reason was related to the different approach followed by correlation tests (Spearman or Pearson on one side, and regression model on another side), in assessing the relationship between personality and strategic legitimisation. On one hand, Pearson or Spearman correlations assume a symmetrical relationship between variables. This mean that any two variables would fluctuate together but it is

assumed that the changes in neither variable are due to changes in the other (Cooper & Schindler, 2006:166). On the other hand, the regression model looks for asymmetrical relationships, where the changes in one variable (i.e., personality) are responsible for changes in another variable (i.e., strategic legitimisation). For example, "the *disposition-behaviour* relationship, where a disposition causes a specific behaviour, such as the relationship between an individual's moral values and tax cheating" (Cooper & Schindler, 2006:167).

The findings of the study, nevertheless, provided empirical evidence that *agreeableness* does, indeed, correlate significantly with strategic legitimisation, and furthermore, had a significant negative relationship with strategic legitimisation (regression coefficient = -35) as was presented in H_2 under section 5.4.5.

However, only *extraversion* had a significant positive relationship with each of the two factors of strategic legitimisation, namely: appearance and attention.

The next chapter discusses the implications and recommendations of the current study findings.

6 CONCLUSIONS AND RECOMMENDATION OF THE STUDY

6.1 INTRODUCTION

After this brief introduction, five main parts are outlined in this final chapter. Firstly, the main purpose of the study and its importance are revisited. Secondly, a short summary of empirical findings is presented. Thirdly, managerial implications of this study's empirical findings are highlighted, fourthly, the limitations of the study are provided, and finally, the recommendations for future research are offered.

6.2 THE PURPOSE OF THE STUDY AND ITS IMPORTANCE

Tornikoski and Newbert (2007) point out that recent studies suggest that an organisation's stakeholders evaluate the legitimacy of a venture through the individual's "entrepreneur" personal characteristics. However, no empirical research has taken place in South Africa, to confirm such claim. If the reader agrees that personality of an entrepreneur is an essential part of this individual's personal characteristics then, the findings of this study aim at filling this gap in the body of knowledge by providing empirical evidence.

Furthermore, this study has intended to build on the findings of recent exploratory research that sheds lights on specifying entrepreneurial legitimising activities (Fisher, 2010; Suchman, 1995; Tornikoski & Newbert, 2007; Zott & Huy, 2007). Thus, this study, as part of a group effort, has tried articulating what *entrepreneurial activities* that South African entrepreneurs do to gain strategic legitimacy.

The importance of the study stems from making the implicit explicit, so that entrepreneurs may see clearly what personality traits come handy and which traits may hinder their efforts to build legitimacy. The benefit of the study comes from its attempt in devising accessible means to gain legitimacy. Scholars have indicated that survival of new ventures and their ability to gain resources are not likely to take place if the entrepreneur and/or his/her business are perceived as *not* legitimate (Khaire, 2005; Lounsbury & Glynn, 2001; Makela & Maula, 2005).

There were studies conducted to relate personality to legitimacy. However, such studies were found to have different *context*, as the case with Kreindler's (2005) study which focused on group dynamics and not entrepreneurs; on individual tendencies instead of the five-factor of personality; and on social norms dominance instead of strategic legitimacy. The study by McCarthy (2003) focused on the effects of entrepreneurs' personality at an internal level of their ventures (i.e., strategy formation, planning process, and decision-making style) instead of the external effects of their personalities on actions to gain legitimacy. Another study had a different type of legitimacy (Porter, Hollenbeck, Ilgen, Ellis & West, 2003). The context of Porter's et al. (2003) study was the social and task performance of teams. The authors have argued that the *legitimacy of the need for back up* plays an important role in determining the frequency of back up behaviours. By assuming that members within a team are *able* and *willing* to provide and seek assistance when needed from other members within the team, backing up behaviours may include filling in for a team member who is unable to fulfil his/her role. Legitimacy of the need for back up is created "when a team member is faced with high level of task

demands, but has not been compensated with extra resources" (Porter et al., 2003:393).

6.3 A SUMMARY OF EMPIRICAL FINDINGS OF THE CURRENT STUDY

This study has tested four hypotheses. Table 5.12, in Chapter Five, has reflected the results of these tests which were carried out using multiple regression analysis. The regression model of this study had four independent variables hypothesised to be correlated to one dependent variable. It has been proved that the regression model has held statistical significance and has had a moderate explanatory power of ($R^2 = 0.31$).

For two reasons it has not been possible to compare the findings of this study with similar studies. One reason is related to the fact that no empirical research has been found that has investigated similar relationships. Another reason is due to the fact that this study has developed; through a group effort and the guidance of the study leader, a measurement scale to measure the dependent variable (DV) "entrepreneurial activities to gain strategic legitimacy". Therefore, findings are unique in terms of newness.

6.4 THE MANAGERIAL IMPLICATIONS OF THE FINDINGS OF THE STUDY

As mentioned in section 4.4.1 and Table 4.1, there were five constructs in total investigated in this study. Four of these five constructs were the independent variables, namely: *extraversion, agreeableness, conscientiousness,* and *openness to experience,* while the dependent variable was *entrepreneurial activities to gain*

legitimacy. A key managerial implication of the findings was that the relevance of the personality five-factor model's scale was established in a South African context.

The finding that *extraversion* was a significant "positive" predictor of *entrepreneurial activities to gain legitimacy* and had the biggest influence on the DV confirmed how important it was for the entrepreneur to *take charge*, *have interest in influencing others*, *and know how to captivate people*. As these qualities came handy in how the entrepreneur was able to gain legitimacy when, for example, purposely telling stories about his/her business.

The finding that *agreeableness* is a significant predictor of the DV is somewhat surprising to appear as a *negative* one. This is because a higher tendency in this personality trait "agreeableness" appears to be compatible and harmonious with activities such as aligning with values and norms (Ashforth & Gibbs, 1990; Tornikoski & Newbert, 2007), for example, developing a professional perception of the business. However, it seems that Zhao and Seibert (2006) argument comes into the light when correlating personality traits with active behaviours and not passive ones. Zhao and Seibert (2006) indicate that entrepreneurs who score low in *agreeableness* tend to drive hard bargains, look out for one's own self-interest, and influence or manipulate others for their own advantage. Thus, an individual who appears to be of low *agreeableness* is more likely to perform activities to gain strategic legitimacy.

Knowing how to captivate people -high extraversion traits- and influencing others for one's own advantage -low agreeableness traits- can be argued as the key personality traits that signify activities to gain strategic legitimacy among

entrepreneurs in South Africa. This finding confirms Suchman's (1995:587) argument, which has recently been validated by Nicholls (2010:615), as it suggests that sometimes organizations gain legitimacy by manipulating rather than conforming to their environments.

The finding that *conscientiousness* is not a significant predictor of the DV has come as no surprise. This is because the correlation coefficient that has been obtained through Spearman's rho, which correlates conscientiousness with the DV has been the least among other correlation coefficients (0.13) and it is not even significant. Moreover, it is known that individuals with high conscientiousness levels tend to be organised, and prefer structure, while individuals with low conscientiousness tend to be more spontaneous, and impulsive. Thus, it appears that entrepreneurs investigated in the study have shown a tendency of having both extremes of *conscientious*ness. By revisiting Table 5.6, it shows that *conscientious*ness has the lowest "mean" score. In addition, it has the "largest" standard deviation (0.72), which indicates that values do not fall very close to their mean among this construct's responses.

The finding that *openness to experience* is not a significant predictor of the DV does not align with the Spearman correlation coefficient measuring this particular relationship. This correlation coefficient is the second strongest one after extraversion at (0.20) and it has been a significant one (*p*-value was less than 0.05). Furthermore, splitting data according to industry (Construction, advertising, information technology) does not produce any significant results. Therefore, thoughts about having a significant correlation between *openness to experience* and the DV

within, the information technology industry, for instance, (as an innovative industry) does not reap any fruits.

The findings of this study have made a step forward in bringing academia to practical business applications. This argument is built on three elements. The first element refers to the increasing popularity of personality five-factor, as it is known today for many individuals who are not in the academic field, especially those who have read Malcolm Gladwell's book "Blink" (Gladwell, 2005). This element of accessibility to reach, understand and use the five-factor model, even at the level of the individual, is matched with entrepreneurial thirst to gain legitimacy. Thus, the second element is about giving entrepreneurs more control on their businesses legitimacy by proving how it can be influenced by their own actions and behaviours and that it is not solely in the hands of their stakeholders. The third element is through establishing that a viable relationship does exist between the personality of an entrepreneur and his/her activities to gain legitimacy.

6.5 THE LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FUTURE RESEARCH

There have been few limitations in this study: The population of the study has been limited to certain industries (three industries) and location (Gauteng province in South Africa), therefore, the findings cannot be generalised to all entrepreneurs in South Africa (inference from sample to population) (Fowler, 2009:12). Non-probability snowball sampling method, which has been adopted by the study, has had its limitations in terms of not being completely representative of the population.

In addition, using interviewer-administered questionnaire approach to collect data might have increased the potential of having the interviewers influence the answers respondents gave (Fowler, 2009). Furthermore, the measurement scale that is developed by the current study to measure *entrepreneurial activities to gain strategic legitimacy*, requires improvement even though its reliability has been proven. This improvement can be delivered through solidifying the *content validity* of this measurement scale. Cooper and Schindler (2006:243) state that "content validity exists to the degree that a measure provides an adequate reflection of topic under study". However, the determination of this particular type of validity is predominantly judgmental and intuitive. Therefore, future research may consider focusing on enhancing content validity of this construct.

6.6   RECOMMENDATIONS FOR FUTURE RESEARCH

While two of the independent variables investigated in the current study have been found as significant predictors of the DV, the coefficient of determination (R^2) of the regression model is only (0.30). This means that there is still a lot of variance that is not explained by the independent variable. This issue deserves further research attention to explore the availability of other antecedents of strategic legitimacy activities within the entrepreneurial context. At the same time, further research is needed to explore the influence of the surrounding environment and what control variables may "significantly" influence this relationship.

Building on the findings of this study, the hypothesised relationships would be better understood through replication studies. Such studies may consider the multiple effect

of individuals "entrepreneurs" within a single organisation, and not focusing solely on one individual. For example, 37% of the entrepreneurs investigated through the group research have stated that they had no business partners. While over 60% have confirmed that they had business partners. Therefore, it is suggested that future research, on entrepreneurial activities to gain legitimacy, consider looking at multiple individuals'/partners' influence, and at organizational-level characteristics. It is essential to weigh these influences properly. This insight was originated from Gartner's et al. (1994:3) study, which indicates that the source of entrepreneurial activity often resides not in one person , but in many. Furthermore, such replication studies would verify, more clearly, the reasons behind having such differences between the results of the correlation matrix (i.e., Pearson and Spearman) and the results of the regression model on correlation coefficients.

The strategic legitimacy measurement scale was thoroughly developed in the current study, as all main concerns (i.e., statistical and reliability, language) were sufficiently met. The results produced by component factor analysis outlined in section 4.4.2, showed that only 61.6% of variance was explained by the two factors. Although, Mulaik (2010:220) states "as a rule of thumb, one retains only enough principal components to account for 95% of the total variance". However, many researchers, who investigated entrepreneurs' behaviours, have reported in their recent empirical findings, smaller percentages than Mulaik's 95%, while using the same analysis method (Chu, Benzing & Mcgee, 2007; Swierczek & Ha, 2003; Zimmerman, 2010). Furthermore, recent research on entrepreneurship (Benzing, Chu & Kara, 2009) had referred to Hair's et al. (2006) advice, which suggests that a percentage over 50% should be deemed as accepted. This outcome signalled the need for further

replicated studies. Thus, future research may revisit the process of developing this novel measurement scale with the aim to improve the *content validity* of the construct. Such findings of future studies would confirm that having over 50% (i.e., 62%) power to explain variance through the component factor analysis is rather sufficient and expected.

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8   APPENDIX A:

INFORMATION SHEET DOCUMENT
"Entrepreneurship Survey"

RESEARCHERS' STATEMENT

We are asking you to complete a survey as part of a research study. The purpose of this information sheet is to give you the information you will need to help you decide whether to be in the study or not. **It IS NOT part of the actual study.** This process is called "informed consent." Please read the form carefully.

DESCRIPTION/PURPOSE OF RESEARCH

The purpose of this study is to assess how the personal characteristics of ☐entrepreneurs are related to the approach that they take in launching a building a new business.

You have been selected to participate in this study because of you have launched a business in South Africa in the last 10 years.

DATA COLLECTION AND ANALYSIS

All data collected as part of this research will remain confidential. Matching of data will occur through the use of a confidential number. No one but the researchers will see your individual data and the researchers will not be able to associate the data with a specific individual.

RISKS OR DISCOMFORTS

There are no foreseeable risks or discomforts associated with completing this survey.

ALTERNATIVES TO PARTICIPATION

You may choose not to participate in this study. You may withdraw from the study at any point. You are not obliged to answer all the questions. ☐☐

BENEFITS OF PARTICIPATION

There are no direct benefits to you from participating in this study

CONSENT

By marking that you agree to participate, you give your permission for information gained from your participation in this study to be published in scholarly management literature, discussed for educational purposes, and used generally to further management science. You will not be personally identified; all information will be presented as anonymous data.

☐ I agree and choose to participate in this study.

☐ I do not agree and choose NOT to participate.

FOUNDER CHARACTERISTICS

Personality

This section of the questionnaire will gather information about your natural behaviors and actions. Please evaluate how closely the following statement represent you by selecting between disagree for items that do not describe you at all to strongly agree for items that do effectively describe you.

	Disagree	Neutral	Some-what Agree	Agree	Strongly Agree
I feel comfortable around people.	1	2	3	4	5
I am always prepared.	1	2	3	4	5
I am interested in people.	1	2	3	4	5
I have a rich vocabulary.	1	2	3	4	5
I have a vivid imagination.	1	2	3	4	5
I pay attention to details.	1	2	3	4	5
I believe in the importance of art.	1	2	3	4	5
I start conversations.	1	2	3	4	5
I take time out for others.	1	2	3	4	5
I feel others' emotions.	1	2	3	4	5
I enjoy hearing new ideas.	1	2	3	4	5
I get chores done right away.	1	2	3	4	5
I spend time reflecting on things.	1	2	3	4	5
I talk to a lot of different people at parties.	1	2	3	4	5
I am full of ideas.	1	2	3	4	5
I am good at many things.	1	2	3	4	5
I do things according to a plan.	1	2	3	4	5
I know how to comfort others.	1	2	3	4	5
I make friends easily.	1	2	3	4	5
I carry the conversation to a higher level.	1	2	3	4	5
I have a good word for everyone.	1	2	3	4	5
I often forget to put things back in their proper place.	1	2	3	4	5
I enjoy wild flights of fantasy.	1	2	3	4	5
I take charge.	1	2	3	4	5
I catch on to things quickly.	1	2	3	4	5
I know how to captivate people.	1	2	3	4	5
I avoid philosophical discussions	1	2	3	4	5
I make plans and stick to them.	1	2	3	4	5
I show my gratitude.	1	2	3	4	5
I am skilled in handling social situations.	1	2	3	4	5
I can handle a lot of information.	1	2	3	4	5
I like to tidy up.	1	2	3	4	5
I love to help others.	1	2	3	4	5
I am hard to get to know.	1	2	3	4	5
I don't like to draw attention to myself.	1	2	3	4	5
I love to think up new ways of doing things.	1	2	3	4	5
I love to read challenging material.	1	2	3	4	5

Founding Team Demographics

This section of the questionnaire will gather information about team that founded the business being examined as part of this research.

What is the gender of the interviewee	Male	Female
What were the ages of the members of the founding team at the time of founding the business *Fill in the age in years of each member of the founding team.* **_Insert the age of the interviewee first_**	Age of the interviewee:	

Strategic Legitimization

The following statements describe some of the actions that you may have taken in the early phases of launching and building your business. Please evaluate how closely the following statement describe the actions you took in launching and building your business by selecting between disagree for items that do not describe what you did to strongly agree for items that do effectively describe what you did.

When launching and building my business I or we.....	Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
Consciously established a high profile board of advisors, board of directors and/or made use of a high profile figurehead	1	2	3	4	5
Actively tried to develop a professional perception of the business (including, for example, creating a professional website, logo, business cards, establishing a dress code)	1	2	3	4	5
Actively tried to get the business mentioned in the media	1	2	3	4	5
Purposely told stories about my business	1	2	3	4	5

Business Domain and Growth

This portion of the questionnaire will gather data on the area of business in which you operate.

What broad industry does your company operate in?	Information Technology / Advertising / Construction
If possible, please Indicate a sub-industry or specialization area in which your company operates.	

9   APPENDIX B:

When launching and building my business I.....

Item 1

Consciously established a high profile board of advisors, board of directors and/or made use of a high profile figurehead

Scale: [Strongly Agree, Agree, Somewhat Agree, Neutral, Disagree]

Item 2

Actively tried to develop a professional perception of the business (including professional website, logo, business cards, establish a dress code)

Scale: [Strongly Agree, Agree, Somewhat Agree, Neutral, Disagree]

Item 3

Used a written business plan to communicate to others what I was doing

Scale: [Strongly Agree, Agree, Somewhat Agree, Neutral, Disagree]

Item 4

Actively tried to get the business mentioned in the media

Scale: [Strongly Agree, Agree, Somewhat Agree, Neutral, Disagree]

Item 5

Told stories about my business

Scale: [Strongly Agree, Agree, Somewhat Agree, Neutral, Disagree]

Item 6

Actively sought after registering with professional bodies in my industry or became a member of a producer's association

Scale: [Before starting the business, when registering the business,3 months after registering the business, 1 Year after registering the business, never]