



Annex 3

The theory and research
underpinning our approach



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Theoretical roots of entrepreneurial potential

Since the start of the 21st century and with the notable rise of public and intellectual fascination with start-up culture, the entrepreneurial personality literature has enjoyed a resurgence and convergence toward an increasingly consistent set of theoretical frameworks.

The bulk of recent literature seeks to answer two main questions:

- Do certain traits predict an individual's likelihood of becoming an entrepreneur, and
- Do certain traits predict an entrepreneur's likelihood of achieving "successful" outcomes?

While not specifically developed for Refugee/migrants, our view is that there appears little reason why this broader research should not apply to Refugees/Migrants.

In developing our REAT we undertook a detailed review of the research in this area and concluded there is a strong academic basis for the development of a set of tools. Thus, Our Rapid Entrepreneurial Assessment Tool has been informed by much of the academic work in this arena - adapted for the unique situation faced by Refugees

The Entrepreneur

The entrepreneurship process is deeply associated to the individuals' characteristics and competences. Connecting the previous research evidences from entrepreneurs' literature, the theoretical developments and the Better Futures' partners extensive experience of working with the target group, we next present a short summary of the main considerations upon which we have constructed our tool namely: entrepreneurial motivations, management competencies, psychological competencies and social competencies

Entrepreneurial Motivations

First, and one of the strongest predictors on entrepreneurial success, is human motivation as the main driver in pursuing entrepreneurial opportunities, assembling resources and engaging in the entrepreneurial process.

Desire of Independence

Among the entrepreneurial motivations, entrepreneurs frequently assume that they pursue a driving force of desire of independence, showing that they do want authority to take the important decisions.

Economic Motivation

The desire to pursue entrepreneurial opportunities to generate economic profit, i.e., the economic motivation, had been cited as one of the most shared characteristics of the successful entrepreneurs: the need to create money.

Management Competencies

Entrepreneurs also need to possess hard skills on how to manage a business - the management competencies. Entrepreneurship activity involves also the exploration of entrepreneurial opportunities, defined as the development of new ideas and the implementation of those ideas into thriving business. Thus, across the entrepreneurial process, individuals need to have specific skills on how to manage a venture.

Entrepreneurial Self-Efficacy

The individual belief on his/her capacity to pursue a particular goal has been identified as crucial to the entrepreneurial activity. Self-efficacy is important for entrepreneurs because they must be confident in their abilities to perform different and often unanticipated tasks in uncertain situations. Entrepreneurs also evidenced a higher degree of personal initiative; showed higher expectation for success and took a long-term perspective.

Vision

Empirically, vision capacity has been shown to be a predictor of entrepreneurial venture development and research has found direct and indirect causal effects of vision attribute, vision content, and vision communication on small venture performance.

Resources Mobilization Capacity

The ability to gather the resources to manage the venture (financial and material) has been identified as an important predictor of entrepreneurial success, given that resources are an essential feature of new venture development.

Leadership Capacity

Entrepreneurial leadership has been identified as important to this process and has been described as the ability to influence others, to manage resources strategically in order to emphasize both opportunity-seeking and advantage-seeking behaviours.

Psychological Competencies

There is a broad set of characteristics that can be included among the psychological competencies, and they refer to the wide group of skills and attributes which characterize entrepreneurial individuals. There is a set of situational characteristics that are often common to all entrepreneurs: an absence of other people giving orders; the need for emotional stability; demand for social contact and readiness to respond to change and try out new ideas.

Innovation Capacity

The capacity for innovation is one of the main characteristics on the entrepreneurial human capital. It is possible to distinguish entrepreneurs from non- entrepreneurs based on achievement, self-esteem, personal control, and innovation.

Emotional Intelligence

Emotional intelligence is the capability to express emotions, to use emotions for facilitating thinking, to understand and argue by means of emotions, to manipulate them inside while communicating with other effectively. Previous research evidenced that entrepreneurs scored relatively high on emotional intelligence.

Resilience

In entrepreneurship the uncertainty level is generally higher than in other organizational settings. Empirical research evidenced that entrepreneurs showed greater levels of persistency than non-entrepreneurs. We believe that resilience must be an important factor across the entrepreneurship process, Entrepreneurs have to know how to design and implement positive adaptive behaviours that fit in the situation, i.e., they have to be resilient.

Social Competencies

The entrepreneurs' effectiveness in interacting with others, that is, his / her social competence, have been shown to affect their entrepreneurial success - the higher an entrepreneur's social competence, the greater the success of his or her business.

Persuasion and Communication Capacity

The ability to interact effectively with others has a positive effect on entrepreneurial success, Entrepreneurs consider themselves as having a greater capacity for persuasion.

Network development capacity

The ability to develop a network between entrepreneurs and other individuals who can provide resources for business implementation and development was identified as one of the entrepreneurial performance predictors. The entrepreneur's ability to organize and coordinating networks between individuals and organizations was critical for both, starting up a company and business success.

