

An Examination of the Traits of Successful Entrepreneurs in Hong Kong: The PAST Model

Perry Ho, Lisa Barnes
Newcastle University, Newcastle, Australia

Entrepreneurs have a unique status in Hong Kong, who are seen as world leaders in building and developing its economy. These entrepreneurs constitute a majority of businesses and employ a significant part of the population, thus, they are vital for the economy of Hong Kong. This research looks into and studies this phenomenon to evaluate the various components of the success of these entrepreneurs and to draw conclusions that will benefit the educators, the legislators as well as the new entrants who wish to become entrepreneurs. By interviewing Hong Kong entrepreneurs, it has been found that the main source of entrepreneurial success in Hong Kong is of very complex origin. The Hong Kong's entrepreneurs seem to succeed, when they are able to blend the best qualities of the East and the West. Based on the research outcomes, the perceptions, achievements, strategies, and traits (PAST) model has been developed to assist Hong Kong entrepreneurs in the future.

Keywords: entrepreneur, perceptions, achievements, strategies, and traits (PAST) model, traits theory

Introduction

According to Bandura (1991), an entrepreneur is capable of making difficult choices towards his goals with exceptional determination even in hardships. However, one of the most comprehensive explanations is provided by Littunen (2000) who stated that an entrepreneur was a person whose chief and distinctive abilities were to take risks, to have knowledge of market functions and manufacturing know-how, to have marketing and management skills, and finally, to possess the ability to cooperate with others.

Authors such as Miller and Collier (2010) have attempted to give a comprehensive picture of the meaning of entrepreneurship in the modern world. One of the most insightful definitions had been proposed by Bhidé (2000) who viewed it as being able to recognize an opportunity by which to create something new. However, the authors must remind themselves of the warning given by Drucker (1985, p. 16), “not every new business is entrepreneurial or represents entrepreneurship”.

The Entrepreneurial Environment in Hong Kong

The per capita of Hong Kong has a Gross Domestic Product (GDP) that is higher than the economies of four large European nations, namely the UK, France, Germany, and Italy (CIA—The World Fact Book, 2010). According to the Companies Registry (2010), there are over 800,000 companies registered in Hong Kong. Among these, small- and medium-size enterprises (SMEs) account for over 98%, providing 60% of total

private employment (Schenk, 2001). This speaks volumes for the special status of Hong Kong as a world class financial hub, a centre for trading, a cost-effective manufacturing centre, and, currently, as a leading service centre in South East Asia. These facts are significant in making Hong Kong the obvious choice as a study in entrepreneurship.

The Research Problem

A specific research problem arises when entrepreneurship is considered in the typical Hong Kong environment. In order to achieve a further understanding of Hong Kong's entrepreneurs, the following research problem has been posed.

Research problem: What are the traits of successful entrepreneurs in Hong Kong?

Justification

Many people want to succeed in business, and they are eager to learn how to achieve it. One way to understand how to achieve personal success in business is to explore how successfully entrepreneurs have achieved their goals.

A number of researchers have studied successful entrepreneurs by analyzing their characteristics, perception of success, motivation, strategic behavior, and the entrepreneurial environment they operate in. For instance, K. Freiberg and J. Freiberg (2004) had described such personalities in detail. Although most of the studies about small business entrepreneurs in the current literature are carried out in Western countries, including the US, UK, Australia, and European countries, there are a few research studies on entrepreneurship with a Hong Kong focus (Yu, 2000).

This study will use an exploratory case study methodology to explore the proposed research problem. By identifying perceptions of the success of Hong Kong entrepreneurs and examining how entrepreneurs achieve success, it is hoped that a better understanding of the research problem will be possible.

Entrepreneurs

Hong Kong's entrepreneurs are regarded by King (1990) as "magicians", based on the evidence of their contribution to the economic development of Hong Kong that makes Hong Kong one of the world's major economies. Some researchers have studied successful entrepreneurs by analyzing their characteristics, perception of success, motivation, strategic behavior, and the entrepreneurial environment they operated in.

Lau and Kuan (1988) pointed out that Hong Kong had been endowed with plenty of adaptive entrepreneurs, because various political, sociological, cultural, and ethnic factors in Hong Kong encouraged the development of entrepreneurship. Cheung and Cho (2006) had evaluated the various success factors of young Chinese entrepreneurs in Hong Kong, while Hui, Csete, and Raftery (2006) studied the success factors of specific sectors of Hong Kong entrepreneurs. In order to provide a Chinese perspective for entrepreneurial career success, Lau, Shaffer, and Au (2007) did a careful examination of the history of Hong Kong's entrepreneurs, whereas Man (2006) explored the behavioral patterns of entrepreneurial learning.

Traits Theory

The traits theory of Digman (1990) is of supreme importance when the authors analyzed the characteristics of successful entrepreneurs. Traits have been divided into five distinct habits which are extraversion

(sociability), agreeableness, conscientiousness, emotional stability, and openness to experience (Digman, 1990). It has been argued that traits are formed over a period of time and are a product of experiences. This is the view taken by Aristotle when describing the character of a person, which refers to the sum of habits and behaviors with the basic belief that habits are formed in childhood (Soccio, 2009). The centrality of this thought still holds true, and it is believed that the culture and customs of the child's birthplace are etched in his or her mind and form lifelong habits. In current times, this has been referred to as the "software of the mind" by Hofstede (1991) that affects behavior and forms the traits.

Thus, there emerge certain basic characteristics of successful entrepreneurship in the Western literature—capacity for risk-taking, responsibility, innovative thinking, ambition, desire for independence, self-confidence, aggression, need for recognition, perseverance, resourcefulness, dynamism, determination, pragmatism, flexibility, and goal-orientation etc.. The five traits of extraversion (sociability), agreeableness, conscientiousness, emotional stability, and openness to experience will be used in this research.

Research Design

This study aims to discover how Hong Kong's entrepreneurs perceive the world in terms of success and how they achieve personal success in business, based on their individual experiences. It fits well into the interpretive paradigm, and case study research method is most suitable for this study (Lincoln & Guba, 2000; Gephart, 1999). As the research problems are mainly about "how" and "why", qualitative case study methodology can yield richer details of data which are not available through other common methodologies, such as survey research (Eisenhardt, 1989; Yin, 1992). Moreover, a case study is especially appropriate for studying recent or current trends or conditions in a rapidly changing real-life situation where the place, period, people, and process affect the trend or condition and the vice versa, when multiple sources of data are used (Yin, 1993). The current study will follow this pattern that plans to investigate entrepreneurs' perceptions and strategies in one of the world's most dynamic and entrepreneurial cities, such as Hong Kong.

Findings

The primary research is conducted with structured but open-ended interviews. Seven Hong Kong entrepreneurs are selected for the purpose in accordance with pre-set criteria that they would be small business entrepreneurs employing less than 50 people. Each respondent has a different background but they are either in some profession or self-started business ventures, therefore, they are in a position to suit the research.

Among the seven people interviewed, five are men and two are women. A total of 19 questions presented to each of them are framed after an extensive literature review on this topic, based on Digman's traits theory (1990).

Digman's (1990) conceptualization of entrepreneurial personality traits provides the basis for the analysis in this study. The theory has been criticized both in concept and in method, nevertheless, it has been found to be very appropriate for the present research for the simple reason that an individual is heavily bound by behavior. There are many different versions of traits that have been put forward by different authors but the specific five point measures (Digman, 1990) are chosen, because the Hong Kong's entrepreneurs, who are the focus of this research, have certain cultural characteristics which seem to be covered by these points. There has

also been another reason for this selection: It has not been empirically confirmed what the right traits of an entrepreneur are. For this reason, it is proposed to abandon the conventional list of personality traits and to introduce the traits of tenacity and passion for which empirical support is abundantly available. As behavior is determined by situations, the relationship between traits and entrepreneurship may appear to be indirect, mediated by constructs outside a direct relationship. Nevertheless, this research finds ample grounds to follow these constructs.

Table 1 summarizes the seven interviewees' industries and gender.

Table 1

Summary of Interviewees Showing Industries and Gender

Entrepreneur	Industry	Gender
A	Insurance	Male
B	Brain-based training	Female
C	Dental group practice	Male
D	Venture capital investment	Male
E	Travel agency	Female
F	Garment export	Male
G	Construction company	Male

Note. Each of the seven entrepreneurs is then analyzed against the five traits of Digman (1990) as shown in Tables 2-8.

Table 2

Analysis of Traits: Entrepreneur A

Trait	Orientation
Sociability	Highly social and needs acknowledgements
Agreeableness	Believes in teamwork
Conscientiousness	Compassionate and willing to help others
Emotional stability	Needs relational support
Openness to experience	Learns from experiences

Table 3:

Analysis of Traits: Entrepreneur B

Trait	Orientation
Sociability	Generally social but wary of people
Agreeableness	Likes to be a leader of teams
Conscientiousness	Willing to help others
Emotional stability	Needs religion for emotional stability
Openness to experience	Believes more in spirituality and inspirational experiences

Table 4:

Analysis of Traits: Entrepreneur C

Trait	Orientation
Sociability	Generally sociable
Agreeableness	Very insecure, hence hesitant
Conscientiousness	Willing to help others
Emotional stability	Insecure, hence looks for support from everywhere
Openness to experience	Not willing to take chances and not agreeable; experimentations

Table 5

Analysis of Traits: Entrepreneur D

Trait	Orientation
Sociability	Being aggressive by nature, not easy to socialize with
Agreeableness	Not easy to work with and able to cut losses to save himself
Conscientiousness	Willing to help others but unwilling to sacrifice
Emotional stability	Greatly influenced by religion
Openness to experience	Uses his experience to establish future needs; believes experiences to be stepping stones for future success

Table 6

Analysis of Traits: Entrepreneur E

Trait	Orientation
Sociability	Highly sociable person
Agreeableness	Good leader of teams
Conscientiousness	Willing to extend a helping hand; good employer
Emotional stability	Believes religion and family are good for emotional support
Openness to experience	Has not had drastic experiences but believes in learning from them

Table 7

Analysis of Traits: Entrepreneur F

Trait	Orientation
Sociability	Highly social due to varied exposure while being raised from childhood to adulthood
Agreeableness	Great team worker
Conscientiousness	Willing to help others
Emotional stability	Needs religion, family and traditions as support system
Openness to experience	Looks forward to experimentation and using experiences to solve problems

Table 8

Analysis of Traits: Entrepreneur G

Trait	Orientation
Sociability	A leader type of person; not easy to socialize with
Agreeableness	Likes leadership roles
Conscientiousness	Willing to help but has set roles and rules for others
Emotional stability	God-fearing and high on intuition
Openness to experience	Loves challenges and willing to experiment

Digman's (1990) Trait Analysis (See Table 9)

The above individual analyses comprehensively show individualism, but in the trait charts some commonalities can be observed, although the intensities differ. In order to make a comparative analysis to find common themes from the above traits, the findings will use the trait charts for an analysis of successful entrepreneurship in Hong Kong.

A trait may individually show a specific tendency, but as each individual has a different background, the actual experience might appear to be disparate when observed from different angles, yet they are similar in context. It is the outcome that shapes the personality and make-up of the entrepreneur that can identify their

success factors. These, in turn, are reflected through the attitudes that result from the experiences.

Table 9

Digman's (1990) Trait Analysis

Digman's (1990) trait	Highly	Generally	Unlikely	Total
Sociability	3 (43%)	2 (28.5%)	2 (28.5%)	7 (100%)
Agreeableness	3 (43%)	2 (28.5%)	2 (28.5%)	7 (100%)
Conscientious	3 (43%)	2 (28.5%)	2 (28.5%)	7 (100%)
Emotional	5 (72%)	1 (14%)	1 (14%)	7 (100%)
Openness	4 (58%)	2 (28.5%)	1 (14%)	7 (100%)

Sociability

The general result of these experiences is that the entrepreneur becomes self-confident and self-sufficient and reaches a state that may be described as self-efficacy. This self-efficacy is described as the belief on one's own capabilities (Bandura, 1982). In such a state, he/she is able to perceive how to perform certain tasks and use all his/her personal skills to achieve this target or goal with excellence. The self-perception is born out of the cognitive abilities and tendencies that he possesses and uses to obtain his objective. This is then converted into intentions and ultimately to activities. Bandura (1991) further described that such a person was able to make choices, seek goals, and make additional efforts and his special trait was perseverance in the face of adversities. Self-efficacy also becomes the stepping stone to higher ambitions and performance on the strength of skills acquired through experience (Herron & Sapienza, 1992).

Agreeableness

The range of traits that has been identified increases the probability for initiating action and correlates with leadership. One study has found that executives differ from ordinary employees at their activity and energy levels and in their industriousness, ambition, and the readiness to make a decision (Judge, Bono, Ilies, & Gerhardt, 2002). It is obvious that the ability to communicate is the ultimate predictor of leadership or followership. Shy individuals sit on the sidelines during interactions, while the people who emerge as leaders are often the ones who speak out and actively participate in the group. This had been observed by Hollander, (1958) who stated that every leader had technical and task-relevant skills and followers with such attributes and proved track records.

The respondents all attribute success to their excellent rapport with their clients and employees. They have also developed vast social networks as they understand that this social capital is their strength.

Conscientiousness

A venture is also judged by its ability to utilize resources. Resources that have been described as assets, capabilities, and all attributes that aid in the implementation of strategies improve efficiency and effectiveness (Barney, 1991). However, resources like individuals become productive outputs, only when combined with other capabilities (Grant, 1991). Access to resources is the vital reason for the entrepreneur to engage in and look for inter-organizational relationships. However, being small means that such relationships are either denied or closed for them. Usually, there are one or two individuals who start a technology-based venture to realize a dream project, and with the relationships growing, they evolve into larger firms with growing access

to resources. Resources are, therefore, the engines of growth and entrepreneurs depend heavily on them for nourishment and survival.

The use of Internet is, however, risky for entrepreneurs. They are usually new ventures and are start-ups with high idealism and short of knowledge. The Internet is full of out-dated information and untested theories. One needs to learn how to sift good usable knowledge from bad and risky information.

The introduction of social media is initially hailed as the next best thing for getting information and widening the knowledge base. But knowledge comes from education, exposure, and experience and is based on ground realities. There are a few ways to determine the veracity of the information: verification of authorship, cross checking of information, and matching of information with facts from other sources like academics and printed details.

The conclusion is that while the Internet offers opportunity, it can also be a threat at the same time. Business, whether a traditional brick and mortar one or a glamorous one on the net, works on sound principles of having a good revenue model is backed by well thought-out strategies both in management and marketing. Wise use of resources is very important, and innovations become acceptable only when they have a practical use for consumers.

Emotional Stability

Emotional integration is defined as the extent to which the situation links the person to his beliefs (MacInnis & Stayman, 1993). Emotional integration is a comparatively new thought, and researchers have found that high emotional integration influences feelings, perceptions, and responses between the individual and the sources that offer emotional support.

Openness to Experiences

There have been innumerable definitions of entrepreneurship and discussions on the concept, but most of them have a common feature, entrepreneurship involves innovations and individual initiative. According to Schot and Geels (2008), innovations are often radical in that they are a mismatch with current infrastructure, and the entrepreneur is a person who bought invention to satisfy an unfulfilled market demand and thus is truly innovator. Drucker (1970) went a step further and identified the main quality of an entrepreneur as the willingness to take risk. Consequently, an entrepreneur's openness to ideas and experiences become very crucial in any discussion on the characteristics of entrepreneurship.

PAST Model

Using the research from the Digman's (1990) traits, the researcher has been able to develop the perceptions, achievements, strategies, and traits (PAST) model of the Hong Kong entrepreneur. This model is based on the following (see Figure 1):

- (1) Perceptions (P);
- (2) Achievements (A);
- (3) Strategies (S);
- (4) Digman (1990)'s traits (T).

This model is a diagrammatic representation of the characteristics of successful Hong Kong entrepreneurs. It can be used to study the performance potential of the entrepreneurs in the future as well.

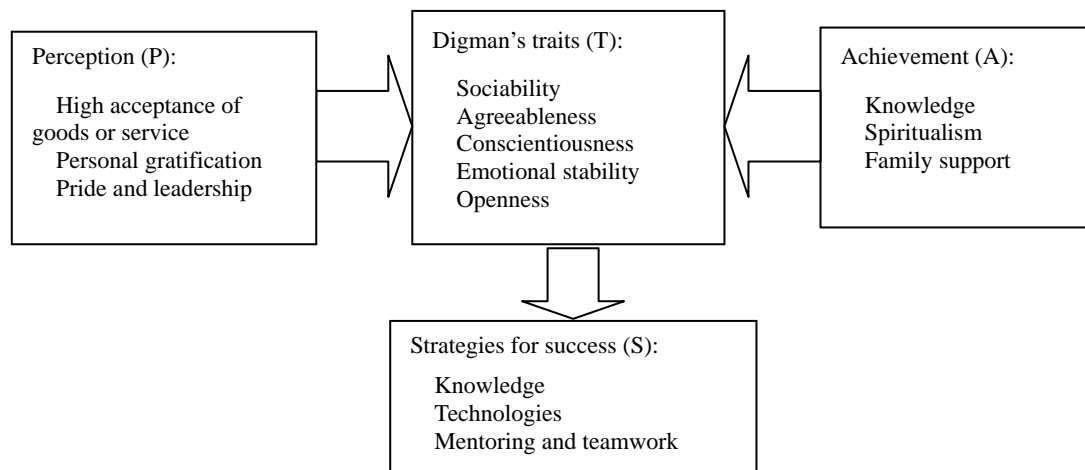


Figure 1. PAST model.

The model serves as a road-map that will guide the entrepreneur and highlights the important aspects that need to be actually ingrained to become habits. This will be very useful for those aspirants to be entrepreneurs and will enable them to modify and rectify behaviors. Behaviors are reflective of culture, spirituality, and upbringing. There may be some conflicts, especially at times of stress when an individual encounters confusion. It is at such times that the PAST model will serve its true purpose.

This is not to say that there will be adverse circumstances, when this model needs to be applied. In fact, a constant referral to the model will develop the behavioral pattern that will eventually show the way to success and the methodology to understand others.

Overall Conclusions

The above arguments, descriptions, and evaluations could lead to a simple conclusion that an entrepreneur can be bred as all the qualities and traits that have been described can be developed given the right environment and by ensuring right proportion of education and training. The PAST model is one way in which future entrepreneurs can see the traits and characteristics of previously successful entrepreneurs. Indeed, all the training and the background cannot create a person like Sim Wan Hoo of Creative Technologies who has ventured into the unknown and invented the sound blaster that revolutionizes the world of sound forever. He did not have the advantage of training or exposure for what he did. Similarly, nobody can emulate Bill Gates who has created Microsoft and its operating systems which are invented by him almost single-handedly. They are both contemporaries belonging to the same age of Information Technology and have contributed considerably to their respective fields as entrepreneurs. They both have learned certainly to use their environment to their advantage, but most of the others who are better trained and have better resources and backgrounds, have failed to even visualize what they passionately believe in and capitalized upon. Therefore, it is important to have a vision. It is the rare insight, the exceptional psychological bent of mind, and the extraordinary ability to envision something non-existent, that enable them to transform some ordinary resources into an outstanding and useful object or to think of an innovation. The seven respondents prove that they are the products of their environment and have learned leadership lessons from what they have gone through in the formative years of their lives.

References

- Bandura, A. (1982). Self-efficacy: Mechanism in human agency. *American Psychologist*, 37(2), 122-147.
- Bandura, A. (1991). Social cognitive theory of self-regulation. *Organizational Behavior and Human Decision Processes*, 50(2), 248-287.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
- Bhide, A. V. (2000). *The origin and evolution of new businesses*. USA: Oxford University Press.
- Cheung, C. K., & Cho, S. (2006). An investigation of the success factors of young Chinese entrepreneurs in Hong Kong. *International Journal of Entrepreneurship*, 10, 43-70.
- CIA—The World Fact Book. (2010). *Central intelligence agency*. Retrieved from <https://www.cia.gov/library/publications/the-world-factbook/index.html>
- Companies Registry. (2010). *Companies registry of Hong Kong*. Retrieved from <http://www.info.gov.hk/cr/key/index.htm>
- Digman, J. M. (1990). Personality structure: Emergence of the five-factor model. *Annual Review of Psychology*, 41, 417-440.
- Drucker, P. (1985). *Innovation and entrepreneurship*. New York, NY: Harper and Row Publishers.
- Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532-550.
- Freiberg, K., & Freiberg, J. (2004). *Guts! Companies that blow the doors off business-as-usual*. Doubleday Business.
- Gephart, R. (1999). Paradigms and research methods. *Research Methods Forum*, 4, Academy of Management, Research Methods Division.
- Grant, R. (1991). The resource-based theory of competitive advantage: Implications for strategy formulation. *California Management Review*, 33, 114-135.
- Herron, L., & Sapienza, H. (1992). The entrepreneur and the initiation of new venture launch activities. *Entrepreneurship Theory and Practice*, 17(1), 49-55.
- Hofstede, G. (1991). *Cultures and organizations: Software of the mind: Intercultural cooperation and its importance for survival*. New York, NY: McGraw-Hill.
- Hollander, E. (1958). Conformity, status, and idiosyncrasy credit. *Psychological Review*, 65(2), 117-127.
- Hui, S., Csete, J., & Raftery, J. (2006). Factors involved in the success of Hong Kong construction and property entrepreneurs. *International Journal of Entrepreneurial Behaviour Research*, 12(4), 228-245.
- Judge, T. A., Bono, J. E., Ilies, R., & Gerhardt, M. W. (2002). Personality and leadership: A qualitative and quantitative review. *Journal of Applied Psychology*, 87(4), 765-780.
- King, F. (1990). Entrepreneurs of Hong Kong. *Asian-Pacific Economic Literature*, 4, 116-118.
- Lau, S., & Kuan, H. (1988). *The ethos of the Hong Kong Chinese*. Hong Kong: The Chinese University Press.
- Lau, V. P., Shaffer, M. A., & Au, K. (2007). Entrepreneurial career success from a Chinese perspective: Conceptualization, operationalization, and validation. *Journal of International Business Studies*, 38, 126-146.
- Lincoln, Y., & Guba, E. (2000). *Paradigmatic controversies, contradictions, and emerging confluences*. In N. K. Denzin and Y. S. Lincoln (Eds.), *Handbook of qualitative research* (2nd ed.). Thousand Oaks, CA: Sage.
- Littunen, H. (2000). Entrepreneurship and the characteristics of the entrepreneurial personality. *International Journal of Entrepreneurial Behavior and Research*, 6(6), 295-309.
- MacInnis, D. J., & Stayman, D. M. (1993). Focal and emotional integration: Constructs, measures, and preliminary evidence. *Journal of Advertising*, 22(4), 51-66.
- Man, T. (2006). Exploring the behavioural patterns of entrepreneurial learning: A competency approach. *Education and Training*, 48(5), 309-321.
- Miller, R. A., & Collier, E. W. (2010). Redefining entrepreneurship: A virtues and values perspective. *Journal of Leadership, Accountability, and Ethics*, 8(2), 89.
- Schenk, C. R. (2001). *Hong Kong as an international financial centre: Emergence and development, 1945-1965*. London: Routledge.
- Schot, J., & Geels, F. (2008). Strategic niche management and sustainable innovation journeys: Theory, findings, research agenda, and policy. *Technology Analysis and Strategic Management*, 20(5), 537-554.
- Soccio, D. (2009). *Archetypes of wisdom: An introduction to philosophy*. Cengage Learning.
- Yin, R. (1992). *Case study research: Design and methods*. Newbury Park, Calif: Sage Publications.
- Yin, R. (1993). *Case study research: Design and methods* (2nd ed.). CA: Sage, Newbury Park.
- Yu, T. (2000). Hong Kong's entrepreneurship: Behaviours and determinants. *Entrepreneurship and Regional Development*, 12(3), 179-194.