



ENTREPRENEURSHIP

ENTREPRENEUR SKILLS

REPORT

EADA. R+D+i Departament

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EXECUTIVE SUMMARY

INTRODUCTION

The aim of the study on Entrepreneurial Skills was to find out the degree of importance that certain skills have for each entrepreneurial task. Work was carried out with a sample of 324 young entrepreneurs in Spain, who answered the questionnaire according to their own experience. The most relevant final result of this study is a ranking of the entrepreneurial skills concerned in order of importance.

In order to compile information a Likert type scale was designed with 5 reply options in which **1** means *Of no importance* and **5** means *Essential*. The absolute average of the scale is 3, which means that any score above 3 reflects that the skill is considered to be important.

The information was compiled according to: gender, years of education after school, business sector currently being worked in, seniority in current post, country of origin, if he or she is currently managing own company and the reason for setting up a business.

OVERALL RESULTS

The skills considered to be most important are: Self confidence, Persistence and Ability to set targets, which were the three given the highest scores by the entrepreneurs interviewed. The skills considered to be of least importance were: Persuasive skills, Networking skills, and Running high risks in the results for the whole sample. This last competence was the only one given a score lower than 3, which reflects that it is not considered to be very important.

Almost all the skills have been considered important so that their final scores vary little in most cases and in some cases there is no difference at all. Therefore we also recommend analysing the Standard Deviation presented so as to obtain more detailed information concerning each skill.

SPECIFIC RESULTS

The skills considered to be most important are different for men and women. Women opted for persistence as being the most important one while for men it was self confidence.

In both cases running high risks is the skill considered to be of least importance. It is worth highlighting that women have given greater importance to almost all the skills evaluated than men. In other words the average score in the women's evaluations is higher than that of the men.

In the presentation of the specific results by sector, the Industry, Construction, trade and other sectors have been grouped together and have been compared with those of the Services Sector. The reason for this is that there were fewer people interviewed in the different sectors as opposed to those in the services sector which would mean that individual results for each sector would not have been relevant. Both the entrepreneurs from the services sector and those of other sectors feel that self confidence is the most important skill.

Finally, we also presented results with regard to the reason for setting up a business. Just as in the previous case, we have grouped together the replies from those who answered that their reasons were to earn more money and to come out of unemployment as there was no other alternative. For those who set up a business to realise a personal goal, self confidence was the most important skill. For those who replied with one of the other two alternatives, persistence is the skill which scored highest in importance. It is also important to mention that those who set up a business to realise a personal goal, gave the highest scores for all of the skills or rather they considered them to be more important than those who had other reasons for setting up a business.

FACTORS

The Results of the Factor Analysis have come up with the requirement of five main components for Entrepreneurial skills.

Factor 1: Creativity, Ability for analysis, Orientation to achievement, Self confidence, Organisation, Tolerance under pressure. This component has brought together a group of competencies *a priori* outside the area of entrepreneurial activity. We can consider that this is a *basic factor*, in that it brings together fundamental skills, which are essential to running a business. Even when they are useful skills for someone wishing to set up their own business, they can also be "used" in other areas of one's professional life. The factor has an internal consistency Alpha equals 0,83.

Factor 2: Networking capacity, Setting targets, Planning, Negotiating skills. In this component, operational skills have been grouped together, in particular at the level of planning activities (planning, setting targets) and the necessary interpersonal contact (networking and negotiating skills) for achieving financing, consulting of experts, contacts etc. The areas of planning and creating personal contacts can be considered necessary areas particularly in the early stages of setting up the business. Unlike the first factor, in this one, the four skills are clearly operational, and are needed and used at a specific moment when the business is being set up. This factor has an Alpha coefficient of 0,78.

Factor 3: Demanding efficiency, Fulfilling of commitments, Running high risks, Social skills, and Persuasiveness. We can say that the variables here are related to a later stage in the development of the business, which is when it is up and running. Fulfilling commitments in the time allocated (although personal sacrifices may need to be made to do so) is very important and related to demanding efficiency in the daily routine tasks. In this factor we also come across an area which is related to interpersonal relationships and the skill of the entrepreneur in handling them properly (social skills and persuasive skills). Running high risks is the variable which has the least correlation with the factor. This factor has an Alpha of 0,75.

Factor 4: Seeking opportunities, Flexibility, Review of planning. This group of skills can also be interpreted as belonging to the process which comes once the business has been set up. This is a factor which we would call *Flexibility*, as it clearly groups together what the young entrepreneur must do again or needs to reconsider once the business has been up and running for a certain amount of time. The search for new opportunities (the initiative to act before being forced by circumstances) requires a flexibility (being capable of adapting conduct to a changing environment) which also

becomes evident in the review of the existing strategic plan. This factor has an Alpha which equals 0,80.

Factor 5: Persistence. This skill is not correlated to any of the previous factors which can be explained as it is needed throughout all of the work of setting up a business in that it is expected to be an inherent characteristic which the entrepreneur requires alongside everything else. It is worth mentioning that Persistence was the skill considered to be the most important for an entrepreneur by the women in the sample.

INSTRUMENT

“ENTREPRENEURIAL SKILLS”

WHAT WAS EVALUATED?

In the study information was obtained about the *perception of the degree of importance* which 19 skills have in setting up one's own business. All those who replied to the instrument were either entrepreneurs or people belonging to entrepreneurial associations in Spain.

A Likert scale was used, it had 5 reply options:

- 1 = not important**
- 2 = of little importance**
- 3 = moderately important**
- 4 = very important**
- 5 = essential**

The list of skills was drawn up following the bibliography review.

SKILLS EVALUATED

Setting targets. Setting targets and objectives which can be measured.

Planning. Planning by dividing up the major tasks into small tasks with set times to complete or deliver them.

Review of planning. Constantly reviewing the plans so as to consider the results obtained considering the environment and circumstances.

Seeking opportunities. Having the initiative to act before being forced to do so by circumstances.

Persistence. Tolerating difficult periods of suffering or complicated situations.

Fulfilling commitments. Making personal sacrifices (with family or friends) to be able to meet deadlines.

Demanding efficiency. Routinely using and developing processes oriented towards gaining efficiency in services or products in the new company.

Running high risks. Willingness to run high risks.

Persuasiveness. Ability to convince and influence others (partners, banks, creditors etc., to raise money, for example).

Self Confidence. Trusting one's own personal skills and competencies to meet a challenge or difficult task.

Flexibility. Ability to adapt one's own conduct to the demands of the environment with the aim of reaching objectives when changes in the environment or in conditions occur.

Ability for analysis. Understanding a situation by way of dividing it into parts and recognising the most significant information.

Creativity. Willingness to discover new ways of generating ideas, resolving problems or focussing situations by looking for better results.

Orientation to achievement. Willingness to do the job properly, being highly demanding and setting ambitious targets.

Organisation. Ability to establish a system of working which sets priorities and allows the available resources to be used efficiently.

Tolerance of pressure. Ability to maintain control of oneself in highly stressful situations always maintaining a good level of performance.

Social skills. Ability to handle difficult or aggressive social situations or unknown environments, generating and/or maintaining good relationships with other people.

Networking capacity. Ability to create and maintain social networks which enable an exchange of experiences, generating synergies and new business opportunities.

Negotiation. Ability to identify the interests *of the other party* (suppliers, external or internal clients, etc.), seeking solutions which meet both parties and encourage a good relationship in the future.

SAMPLE

The sample was made up of 324 people, divided up as follows:

SEX

Women	80	24,7 %
Men	244	75,3 %

YEARS OF EDUCATION (not counting school)

Up to one year	16	4,9 %
Between one and three	36	11,1 %
Between three and five	104	32,1 %
Between five and seven	76	23,5 %
More than seven	92	28,4 %

BUSINESS SECTOR WORKED IN

Services	236	72,8 %
Industry	20	6,2 %
Construction	24	7,4 %
Commerce	20	6,2 %
Others	24	7,4 %

TIME WORKED IN CURRENT COMPANY

Up to one year	52	16,0 %
Between one and three	96	29,6 %
Between three and five	72	22,2 %
Between three and five	16	4,9 %
More than seven	88	27,2 %

COUNTRY OF ORIGIN

Spain	296	91,4 %
European countries (without Spain)	8	2,4 %
Latin American countries	8	2,4 %
USA	4	1,2 %
No reply	8	2,5 %

CURRENTLY MANAGING OWN COMPANY

YES	264	81,5 %
NO	60	18,5 %

MAIN REASON FOR SETTING UP OWN BUSINESS

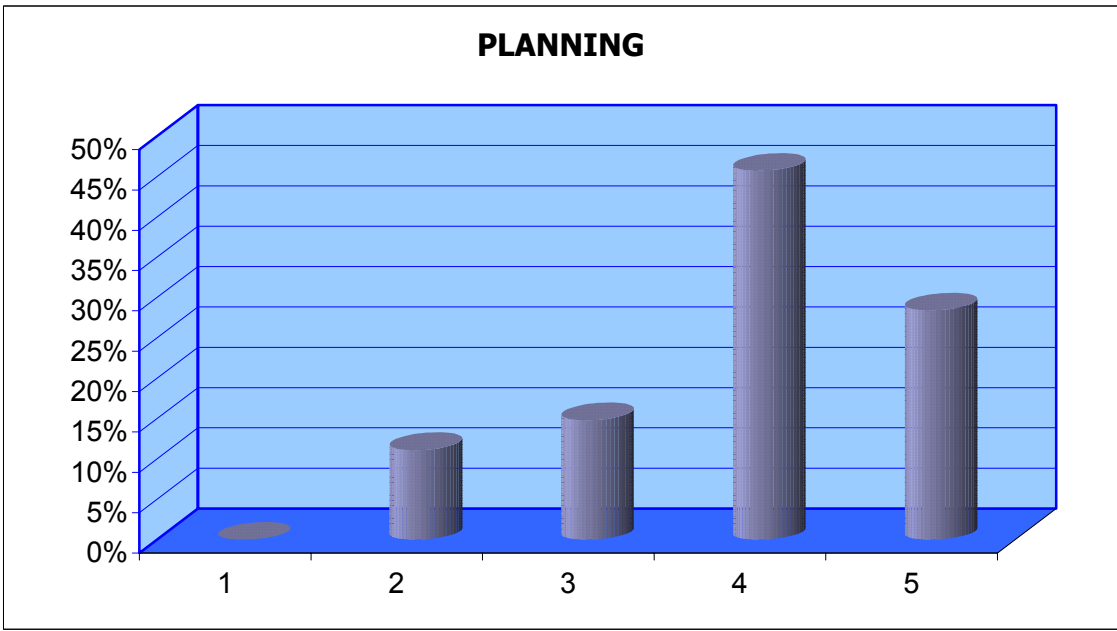
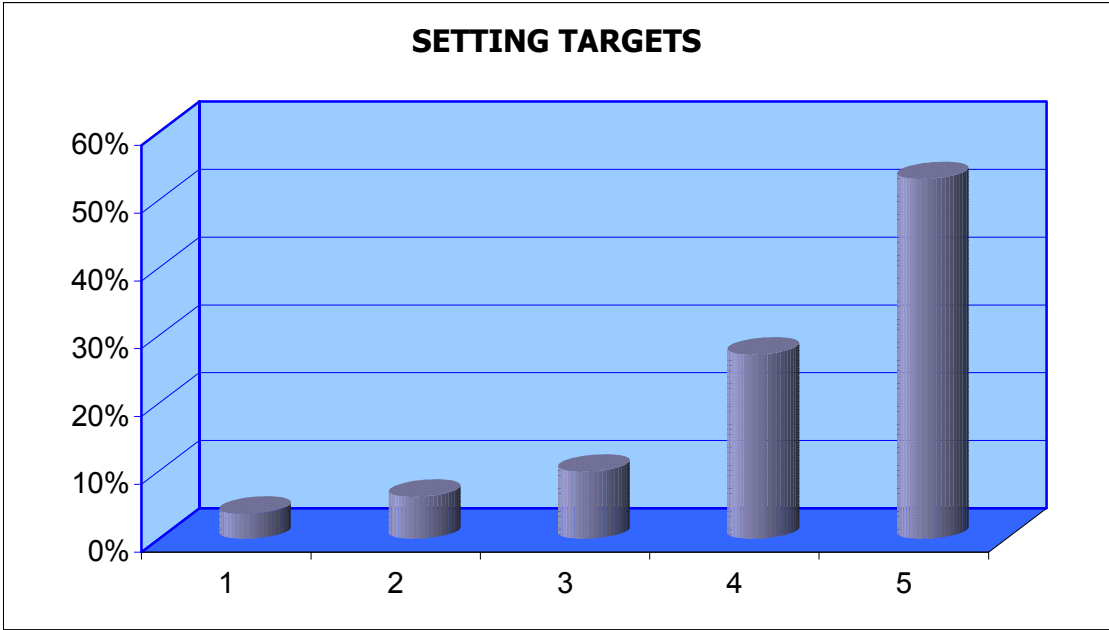
Earn more money	52	16,0 %
Fulfil personal goal	204	63,0 %
No other alternative	20	6,2 %

AVERAGE AGE:

33,86 YEARS OLD

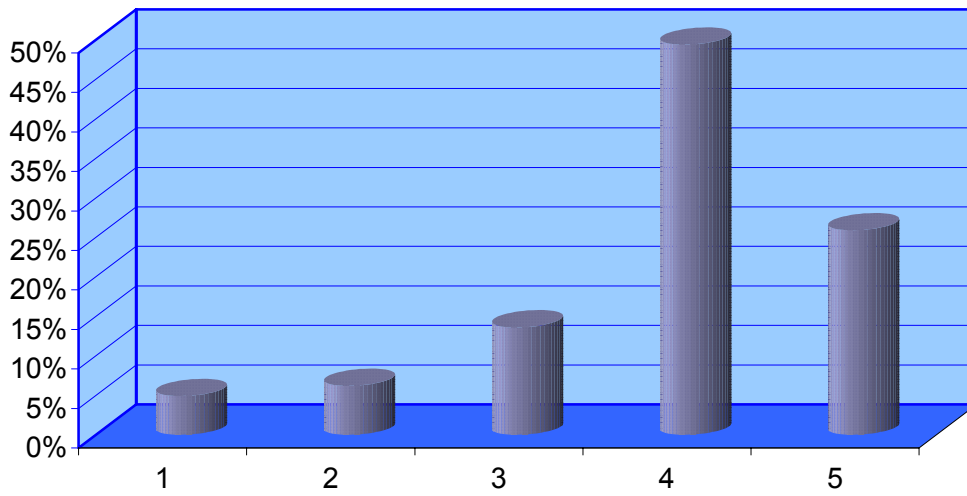
STANDARD AGE DEVIATION:

6,40

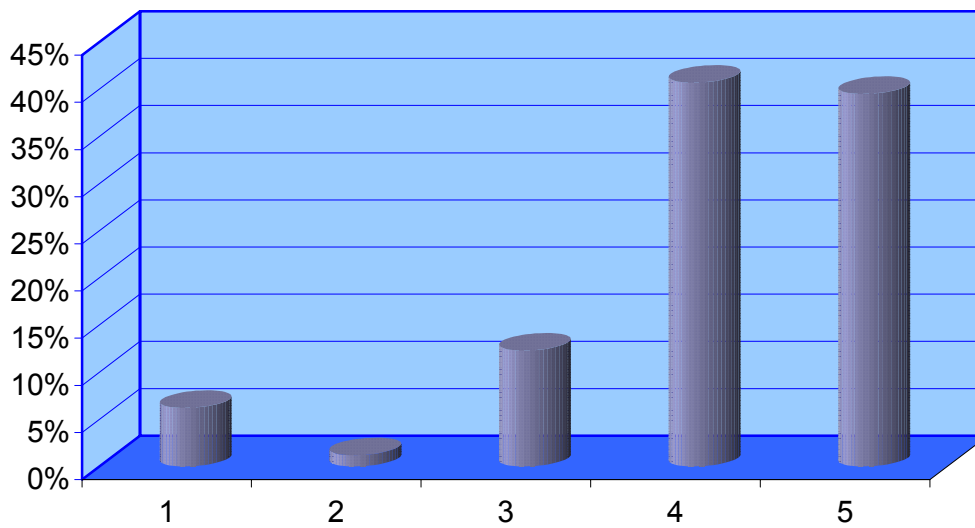


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REVIEW OF PLANNING

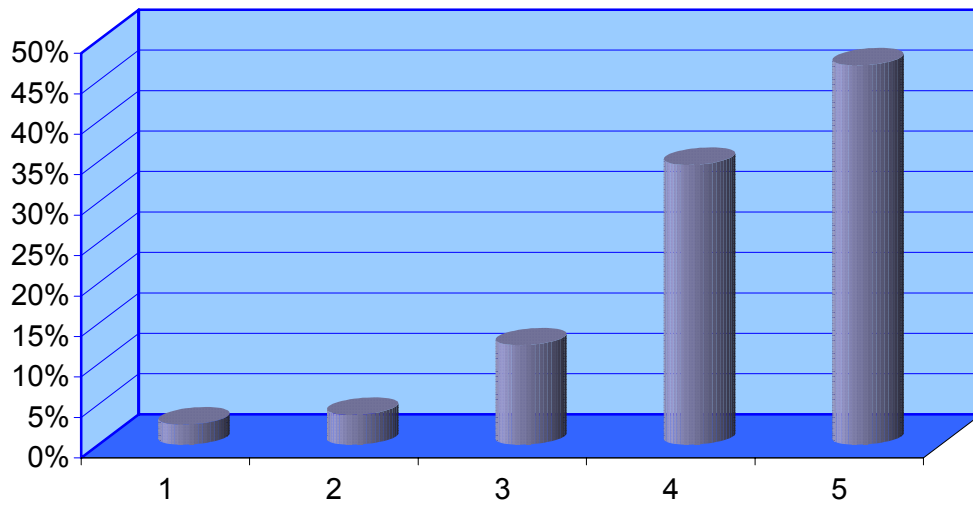


SEEKING OPPORTUNITIES

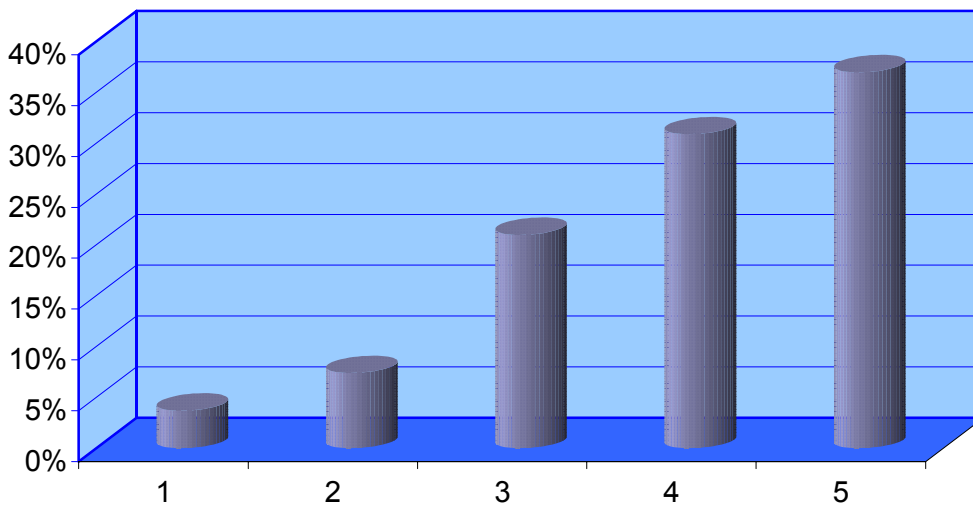


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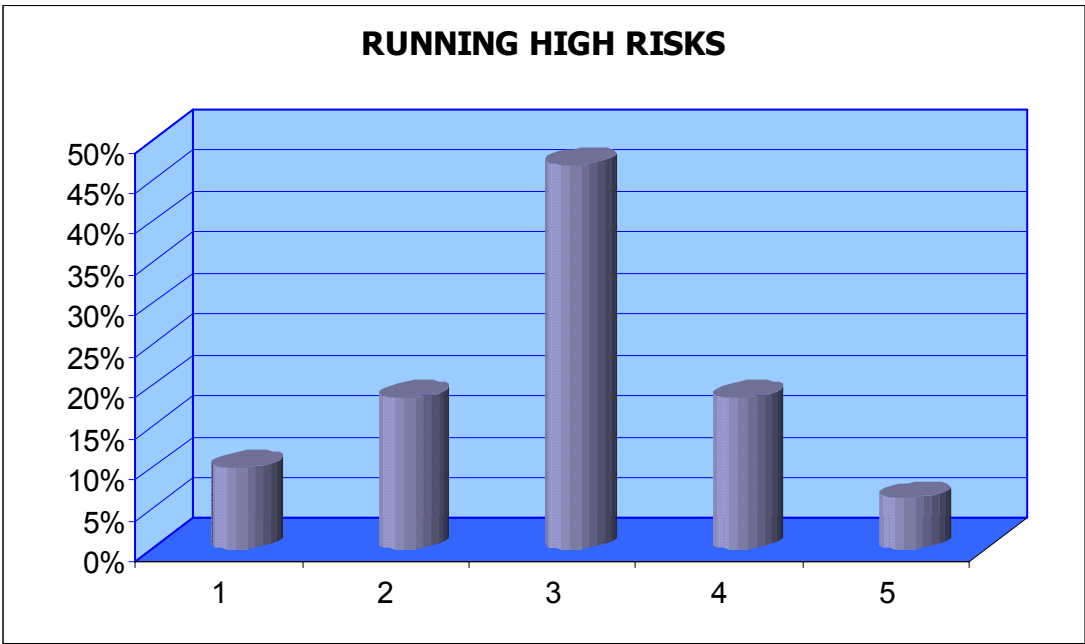
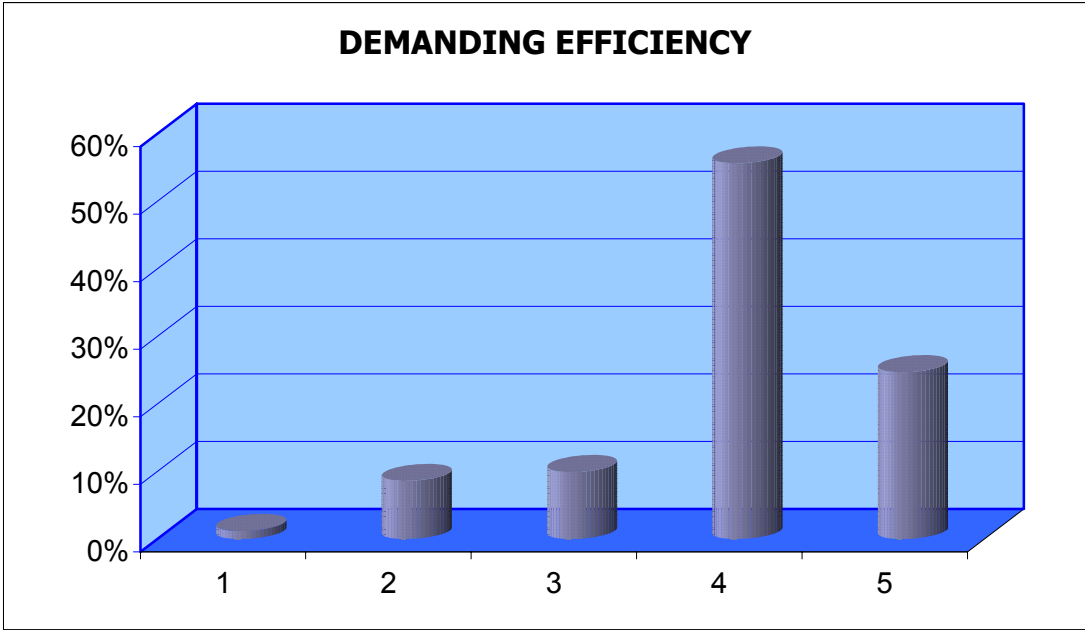
PERSISTENCE



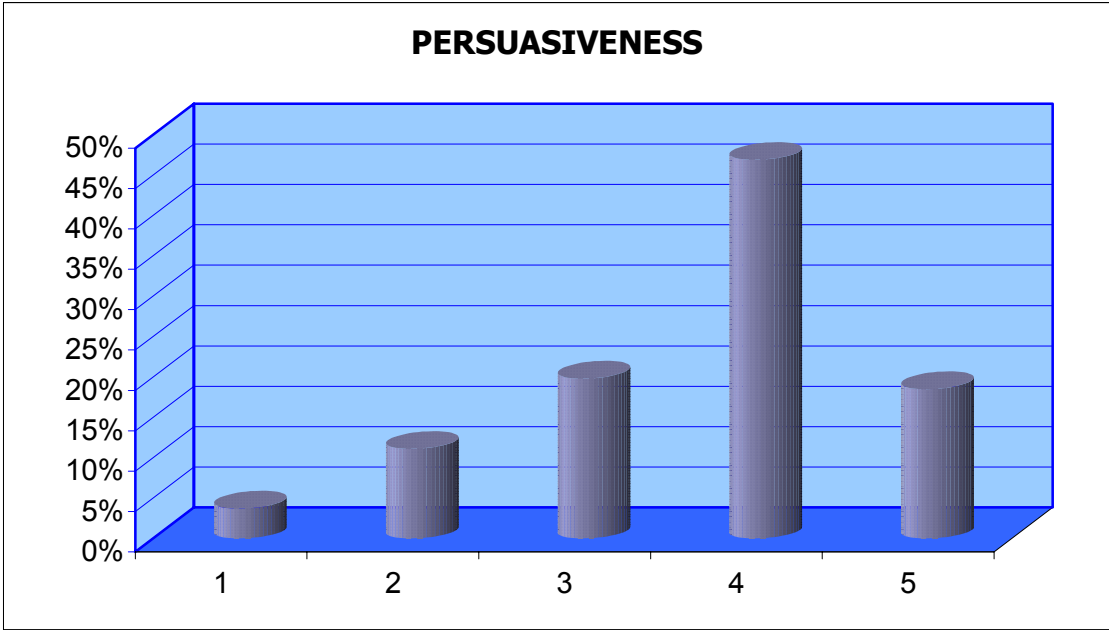
FULFILLING COMMITMENTS



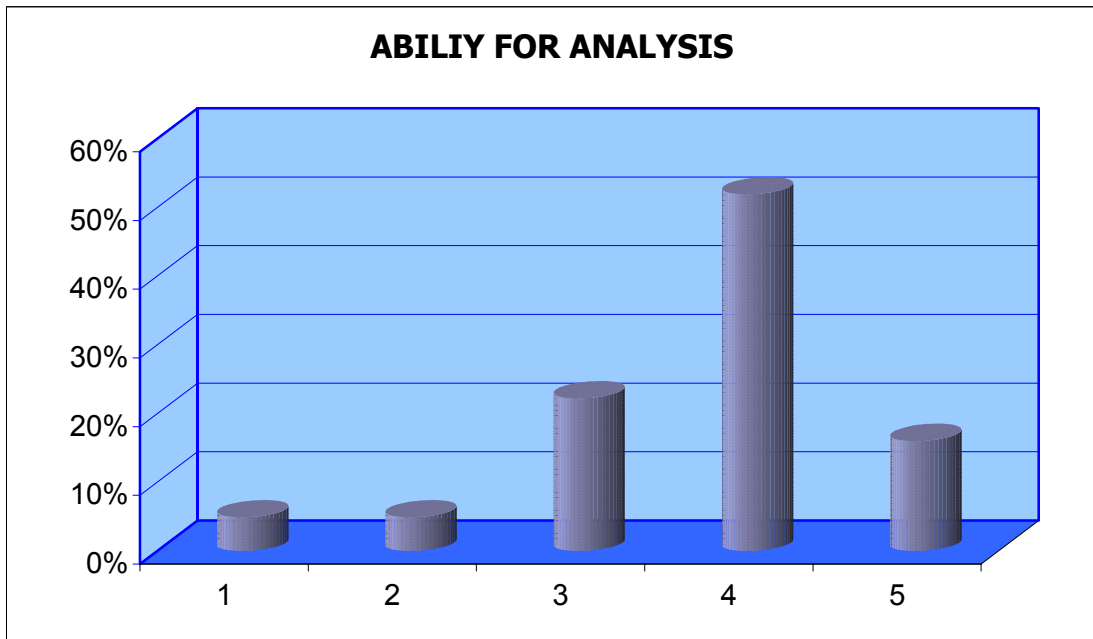
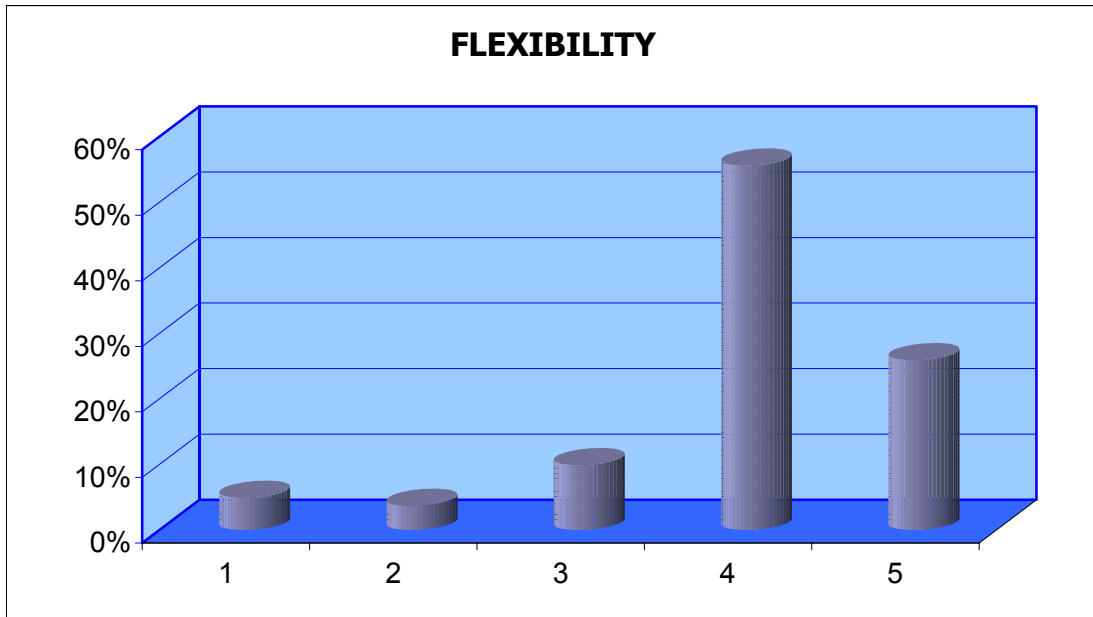
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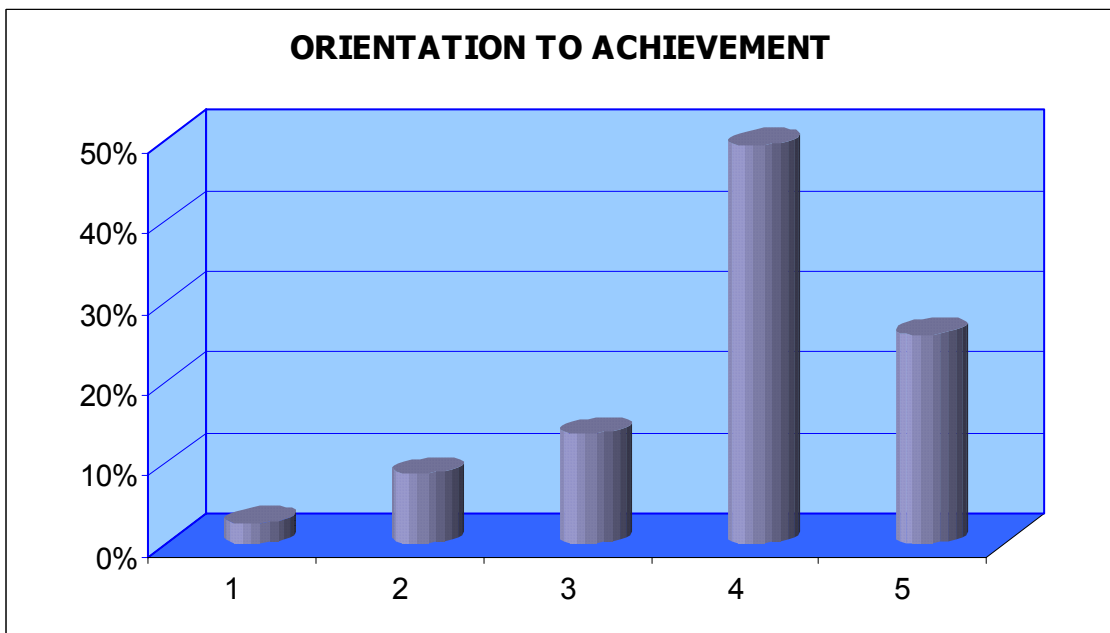
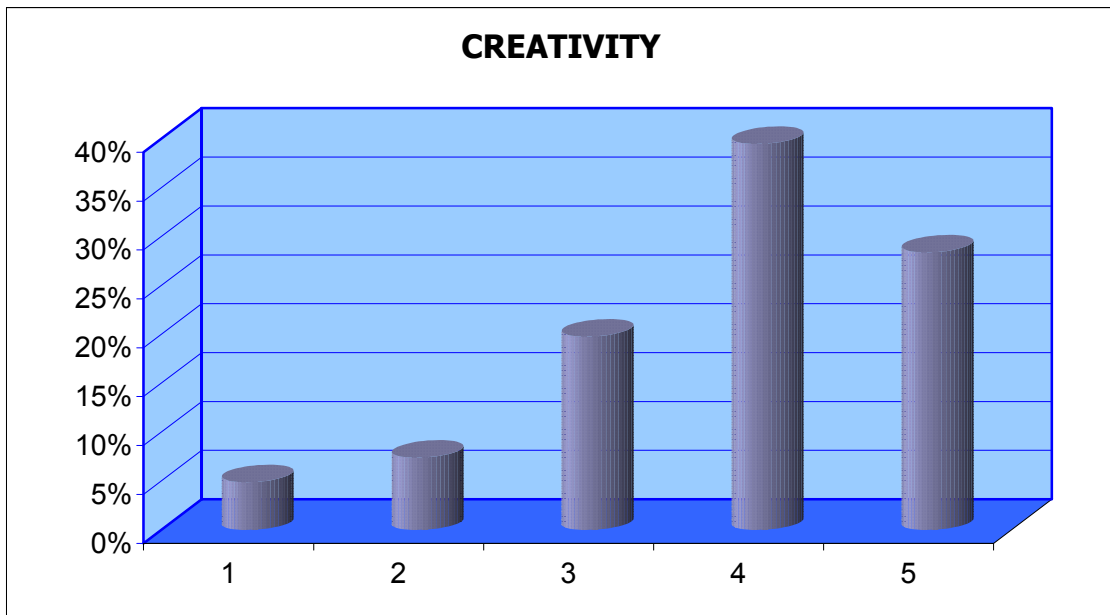
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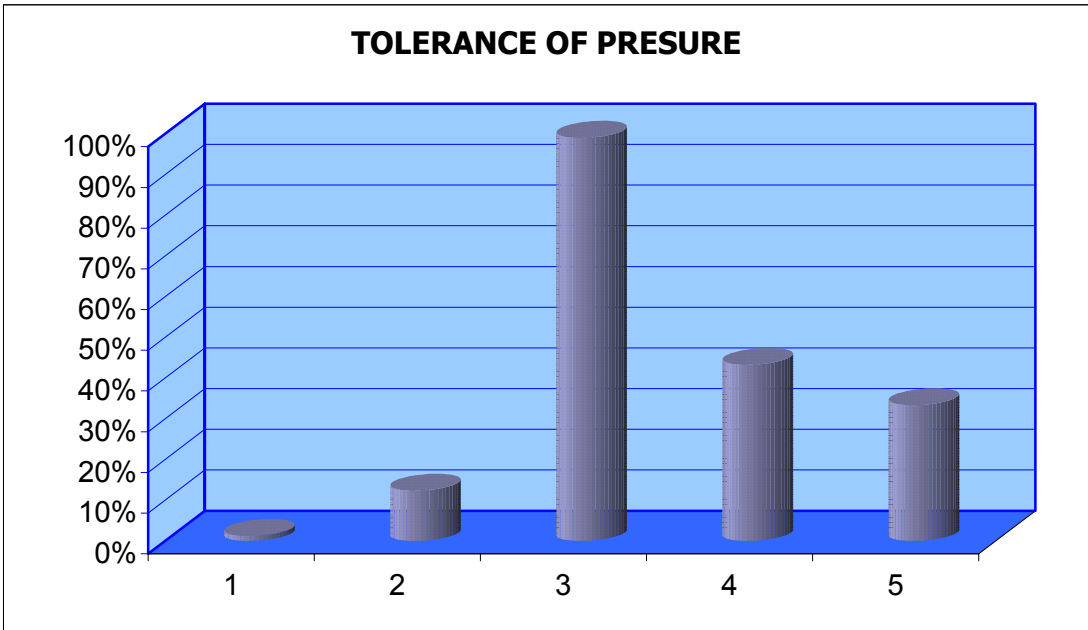
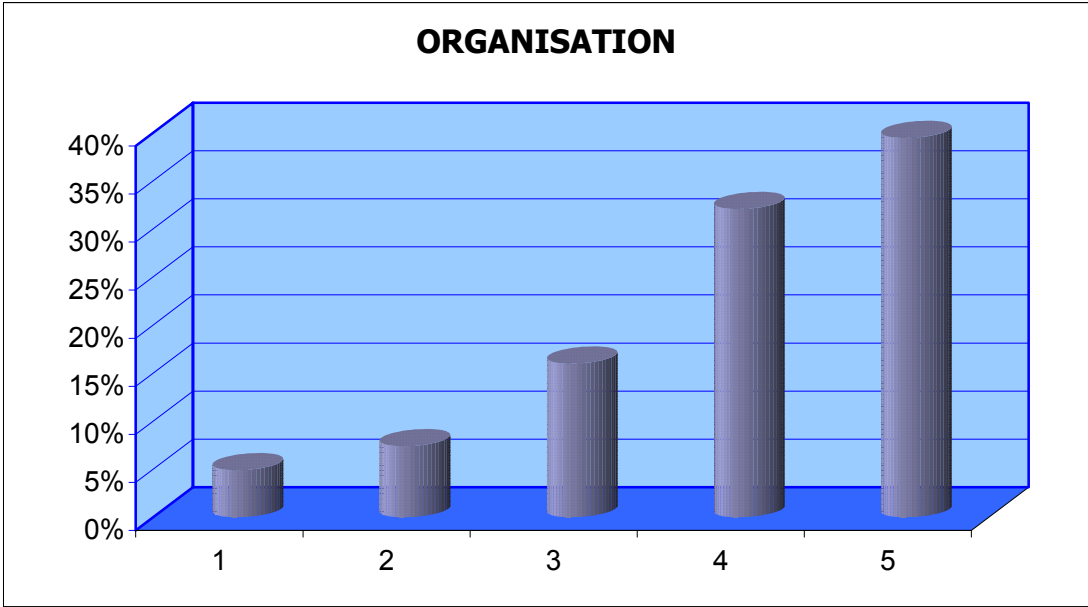
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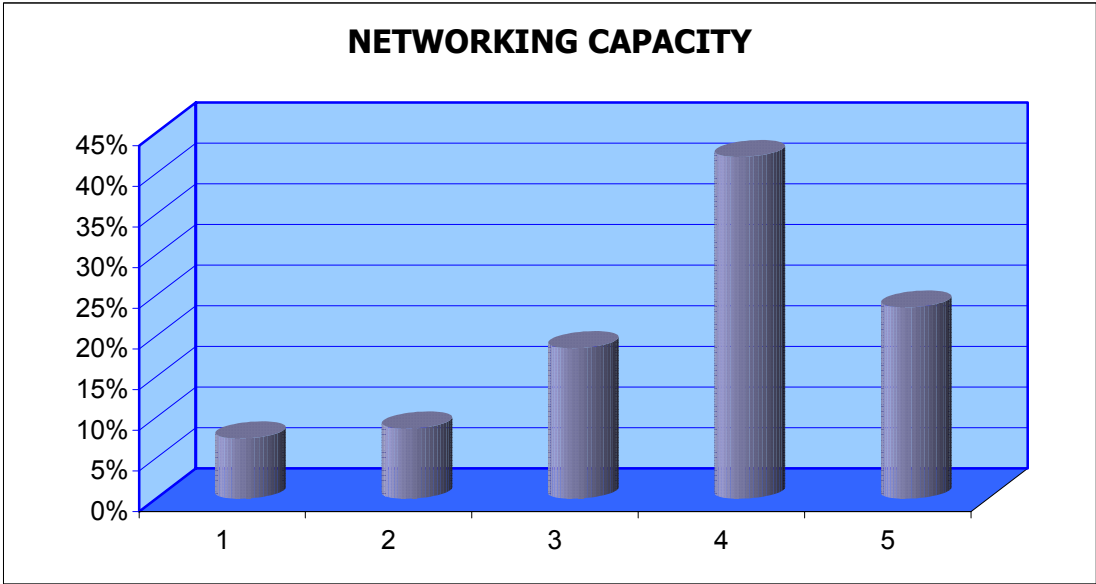
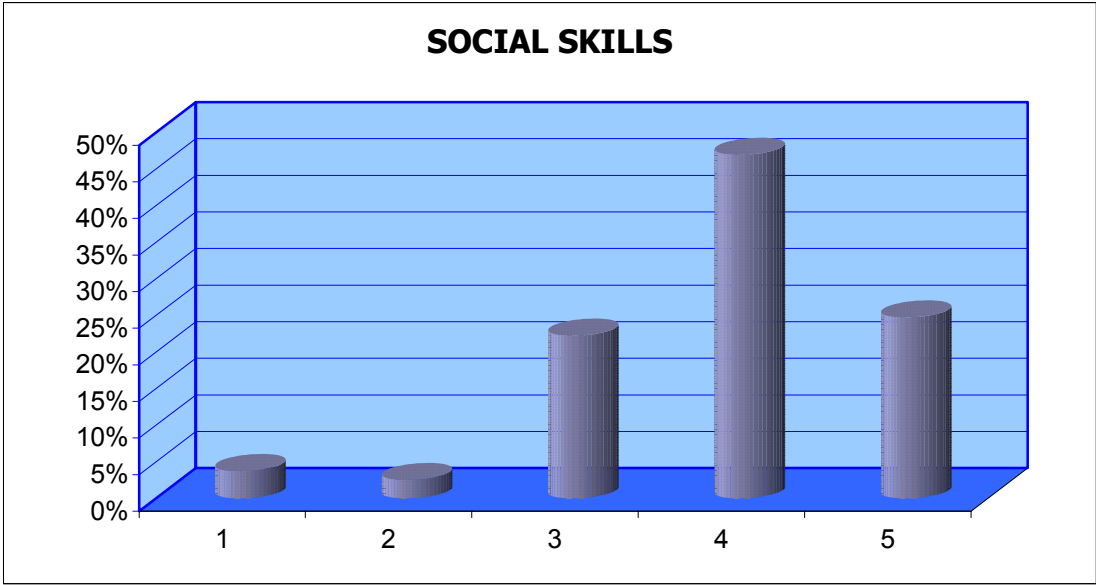
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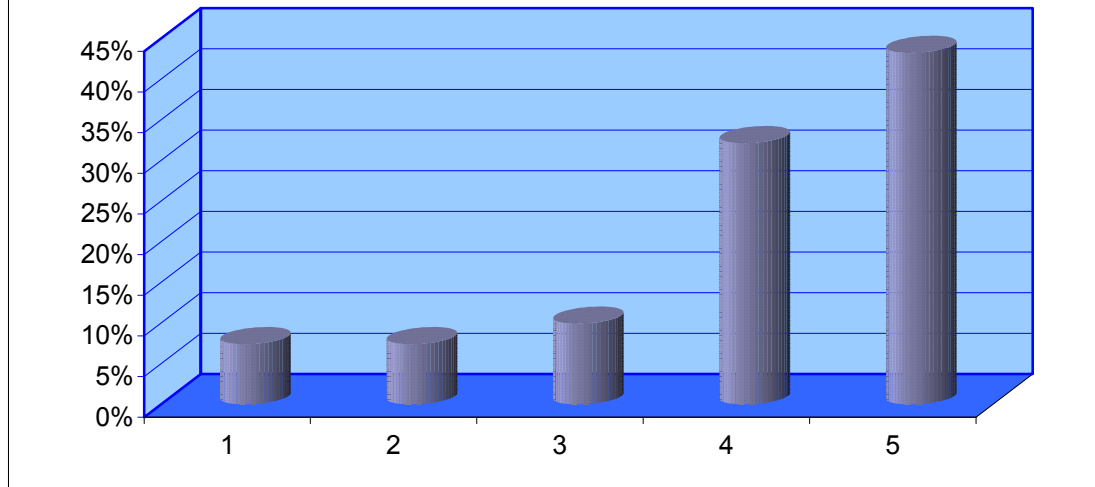


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NEGOTIATION



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TECHNICAL SHEET

FACTORS

So as to identify the factors of the instrument Skills for Entrepreneurs, the **Factor Analysis** was used. The Factor Analysis is a statistical technique which enables the reduction of a large number of variables (in this case items) into small dimensions which we will call in this case, factors. The factors help to explain the subject which is being studied.

The Factor Analysis enables us to explore the patterns of the relationship which unites the different variables. This analysis arises from the assumption that the behaviour of an item to which N subjects has replied, can be explained by the influence of aspects which also influence other items.

RELIABILITY OF THE INSTRUMENT

In order to make some conclusive statements concerning the results of a study it is necessary to know if the instrument which is being used to obtain information is reliable or not.

The reliability is the possibility of obtaining similar points in the same sample or in similar samples. It is a *measuring of consistency* of information under similar circumstances. Only in this way can an instrument (scale in this case) provide relevant information of what is being evaluated.

For the study of entrepreneurial skills the reliability of the scale has been measured by the method of Internal Consistency through the Alpha Coefficient of Cronbach.

ALPHA COEFFICIENT OF CRONBACH

This expresses the reliability of the instrument with a positive decimal number which goes from **zero** (absence of reliability) to **one** (perfect reliability).

A coefficient of notable quality is higher than the average 0,75.

The measure of reliability of the instrument *Skills for Entrepreneurs* is 0,90 which means that the scale is highly reliable.