

AoM Symposium

Entrepreneurial Career  
Resources: How Founders' Career  
Experiences Influence Their Firms

August 7<sup>th</sup>, 2012 - Boston, Mass., USA



**Career Capital of Entrepreneurs -**  
A two Cohort Study of Austrian  
Business School Graduates

Markus Latzke, Michael Schiffinger & Paul G. Demeter

**Starting point and research  
interest**



- Entrepreneurs and non-entrepreneurs move within different fields
- Configuration of career capital
  - Differences between entrepreneurs and non-entrepreneurs
  - Changes over time
- Influence of career capital on career success
  - Differences between entrepreneurs and non-entrepreneurs
  - Changes over time
- Sample
  - Austrian Business School Graduates
  - Cohorts of 1990 and 2000

# Theoretical background

- Career Field Theory (Iellatchitch et al. 2003)  
based on the "Theory of Practice" (Bourdieu 1977, Bourdieu & Wacquant 1992)
  - Career fields
    - social context within which careers take place
    - follow specific rules and logics
  - Career capital
    - individual capital portfolio
      - Cultural capital: What I can (education, social and technical skills, feminine and masculine capital, diplomas...)
      - Social capital: Whom I know and who knows about me (social relations, networks, groups, memberships...)
      - Economic capital: What I possess

# Career capital portfolio (H1 & H2)

- Configuration of career capital
  - Considering the social space where the field is located (Austria)
    - Bureaucratic and cultural obstacles (failing is not acceptable) lead to high selection
    - Self-employment rate low, but among them only few are "Push"-Entrepreneurs (Apfelthaler et al. 2007; Brockhaus 1980)
  - ⇒ H1: Social and cultural career capital is different for entrepreneurs versus non-entrepreneurs.
- Changes in configuration of career capital
  - Looking at the professional field of entrepreneurs
    - Self-employment rate remains low (Statistik Austria 2012)
    - No indication for change in composition of push/pull entrepreneurs
  - ⇒ H2: Entrepreneurs' career capital does not change for graduates of 1990 versus 2000.

# Conversion of career capital (H3 & H4)

- Conversion rates within professional fields
  - Looking at two fields: entrepreneurial vs. non-entrepreneurial
    - Different fields require different career capital as they follow different rules
    - Research indicates that successful entrepreneurs are distinct from successful managers (Zhao et al. 2010)
  - ⇒ H3: The conversion rate between social & cultural and economic capital is different for entrepreneurs versus non-entrepreneurs.
- Changes in conversion rates
  - Looking at the professional field of entrepreneurs
    - No indication for major changes in this field
  - ⇒ H4: Entrepreneurs' conversion rate between social & cultural and economic capital does not change for graduates of 1990 versus 2000.

# Sample

- Based on Vienna Career Panel Project (ViCaPP)
  - Longitudinal study of Austrian business school graduates
- Two cohorts with graduation around
  - 1990 (n = 231, ~ 60% male)
  - 2000 (n = 481, ~ 55% male)

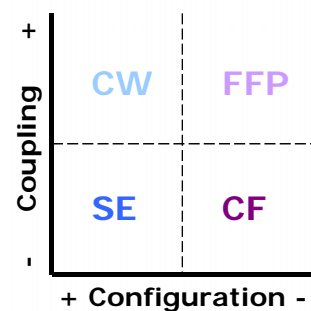
Mean age at graduation 25 years (1990)/26 years (2000)
- Entrepreneurs: Those who (a) founded a company AND (b) were self-employed for at least two years during their first ten career years
  - 40 entrepreneurs in sample (20 per cohort)
  - no age difference to non-entrepreneurs
  - slightly higher proportion of men (1990: 70%, 2000: 65%), not statistically significant

# Variables I

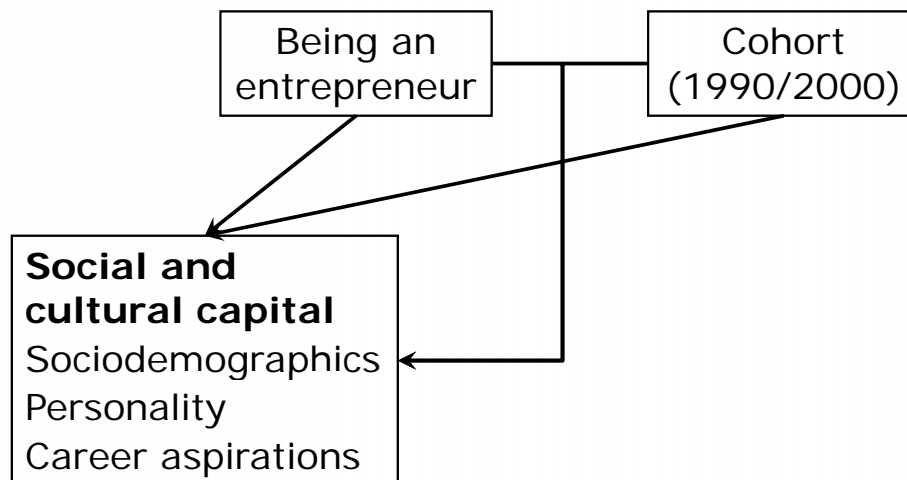
- Social capital
  - Self-employed father
  - Networking (Career Tactics Scale – ViCaPP)
  - Company size at career start
- Cultural capital
  - Achievement motivation (McClelland et al. 1953 / BIP – Hossiep & Paschen 1998)
  - "Big Five" personality factors (Costa & McCrae 1992)
    - Conscientiousness (NEO-FFI – Borkenau & Ostendorf 1993)
    - Emotional stability (NEO-FFI)
    - Openness/Flexibility (BIP – Hossiep & Paschen 1998)
    - Extraversion/Social contacts (BIP)

# Variables II

- Cultural capital
  - Career anchor (Schein 1977) - Striving for autonomy (ViCaPP Scale)
  - Career field aspirations (Iellatchitch et al. 2003)
    - Company world
    - Self-employment
    - Free-floating professionalism
    - Chronic flexibility (Mayrhofer et al. 2005)
- Economic capital
  - Yearly gross income

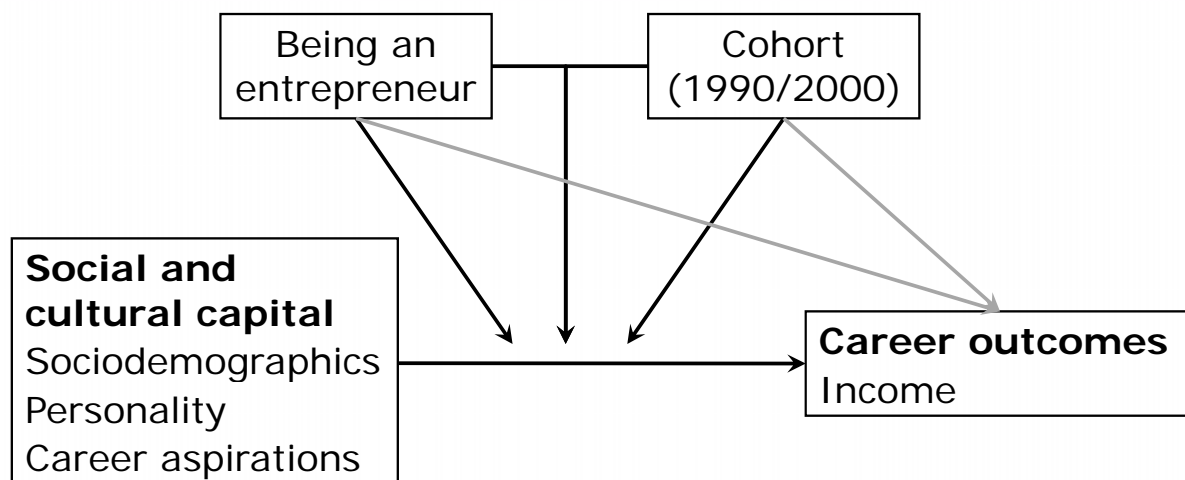


## Analysis model: H1 & H2 (Career capital comparison)



- Comparison of entrepreneurs and non-entrepreneurs in both cohorts on pertinent variables via two-way fixed effects ANOVA (cohort and entrepreneurial status): effect sizes (partial eta-square) and significance reported

## Analysis model: H3 & H4 (Conversion rate comparison)

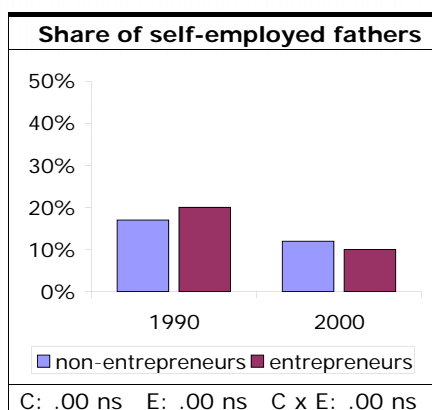


- Examination of effect of each variable as predictor on income via mixed linear models for longitudinal data, testing for differences between cohorts and/or entrepreneurs vs. non-entrepreneurs

# Results

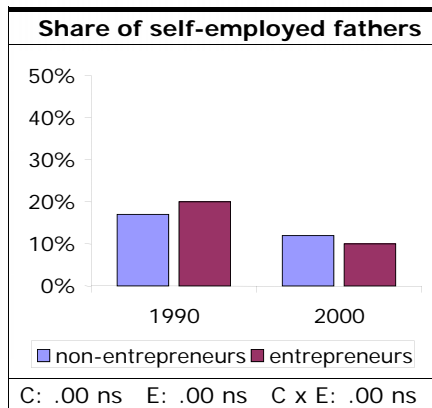
## Results: Social capital

- Variable means for non-entrepreneurs and entrepreneurs for both cohorts, with effect sizes (partial eta-squared) and significance indications
- C: Cohort effect; E: Entrepreneurs vs. non-entrepreneurs effect, C x E: Interaction between these two effects



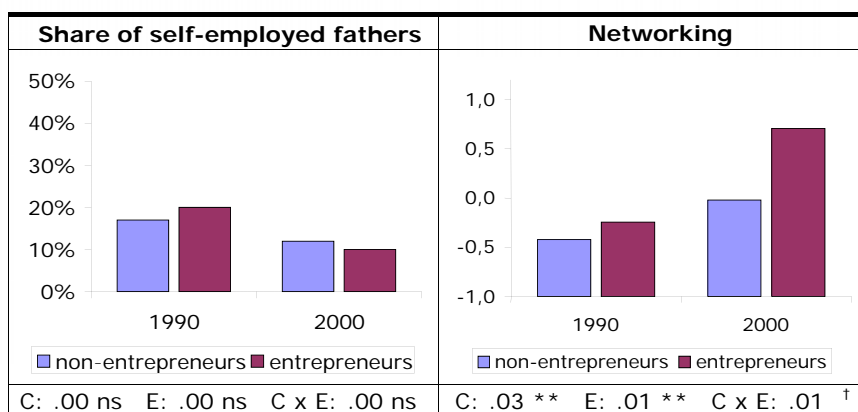
# Results: Social capital

- No difference regarding father's occupation



# Results: Social capital

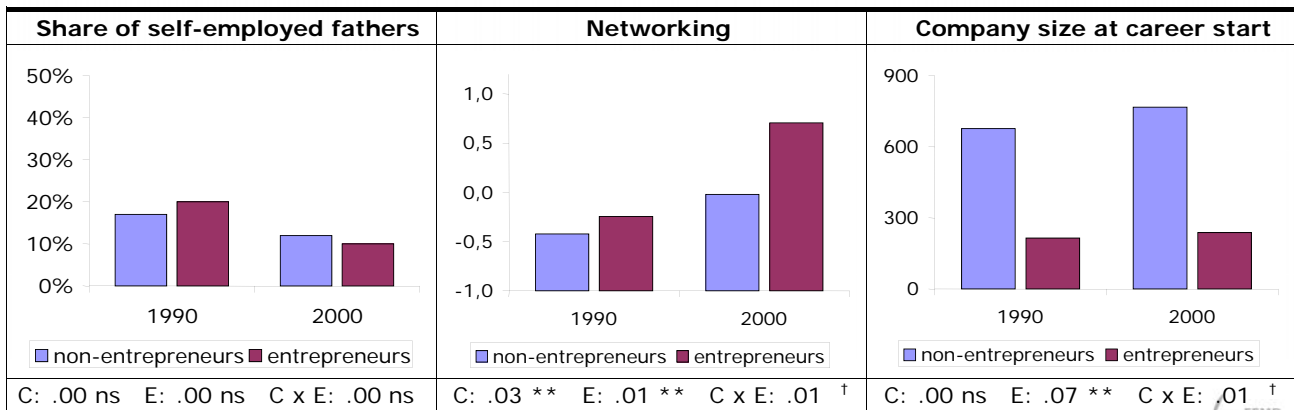
- No difference regarding father's occupation
- More networking by entrepreneurs and by cohort of 2000



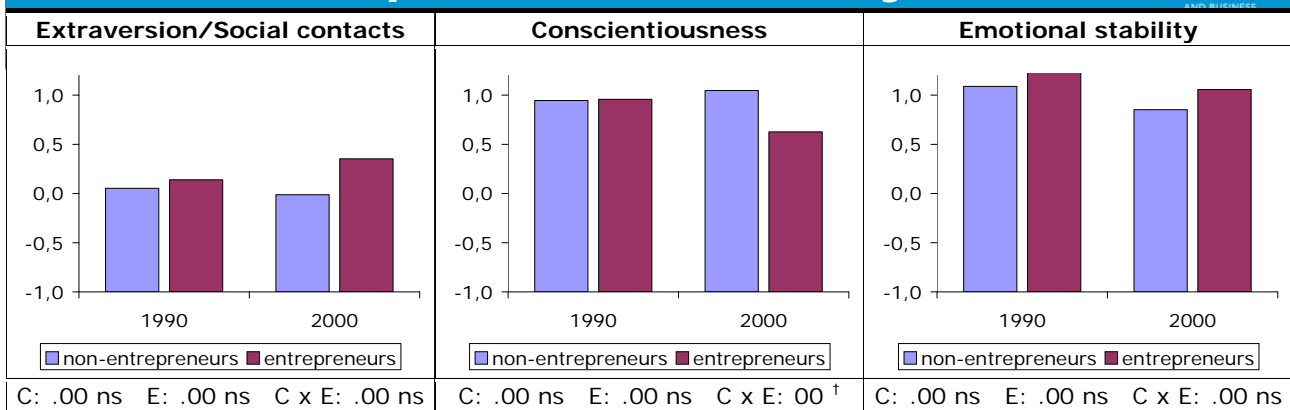
# Results: Social capital

- No difference regarding father's occupation
- More networking by entrepreneurs and by cohort of 2000
- Entrepreneurs choose smaller firms than non-eps (Davidsson & Honig 2003)

⇒ H1 partially confirmed; H2 partially confirmed

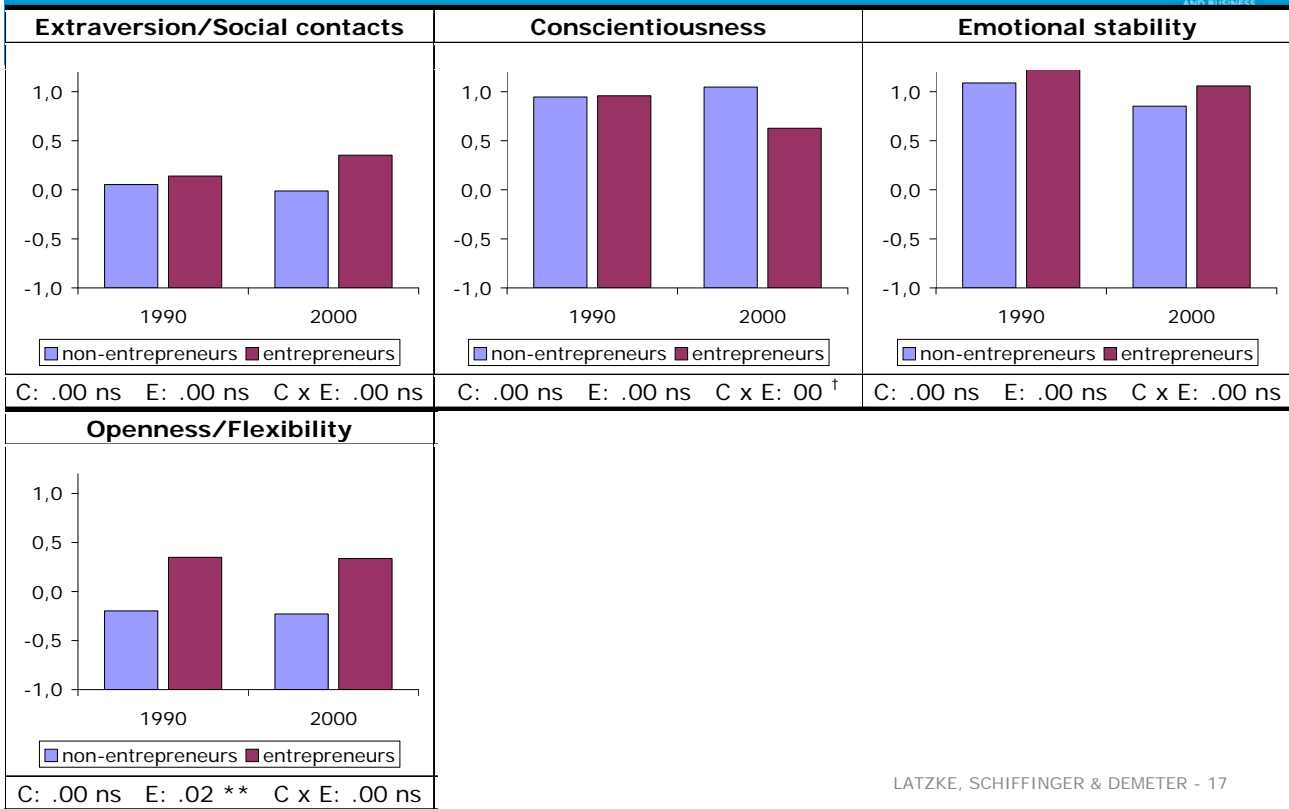


# Results: Cultural capital – Personality



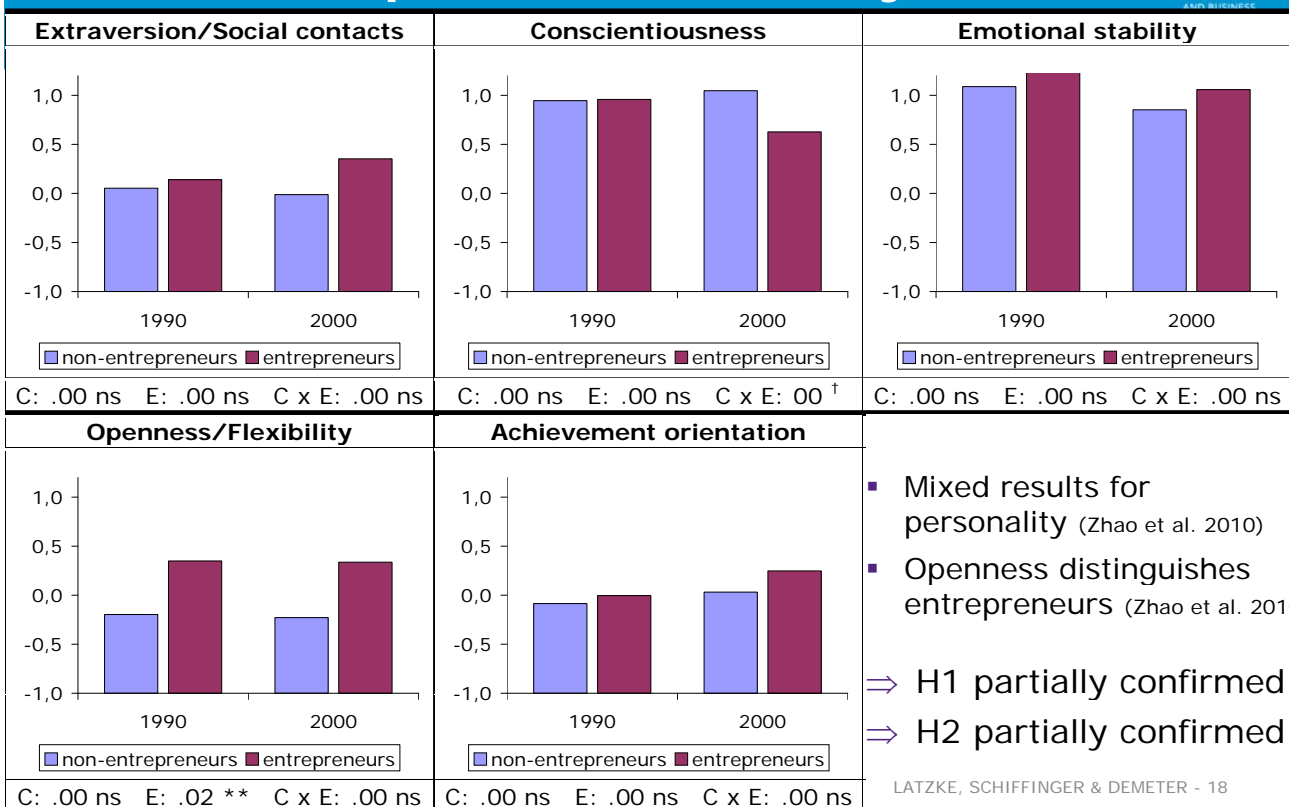


# Results: Cultural capital – Personality



LATZKE, SCHIFFINGER & DEMETER - 17

# Results: Cultural capital – Personality



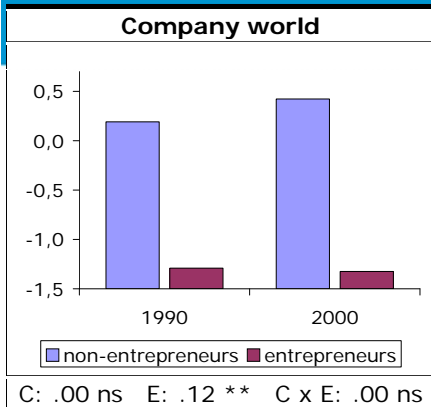
- Mixed results for personality (Zhao et al. 2010)
- Openness distinguishes entrepreneurs (Zhao et al. 2010)

⇒ H1 partially confirmed

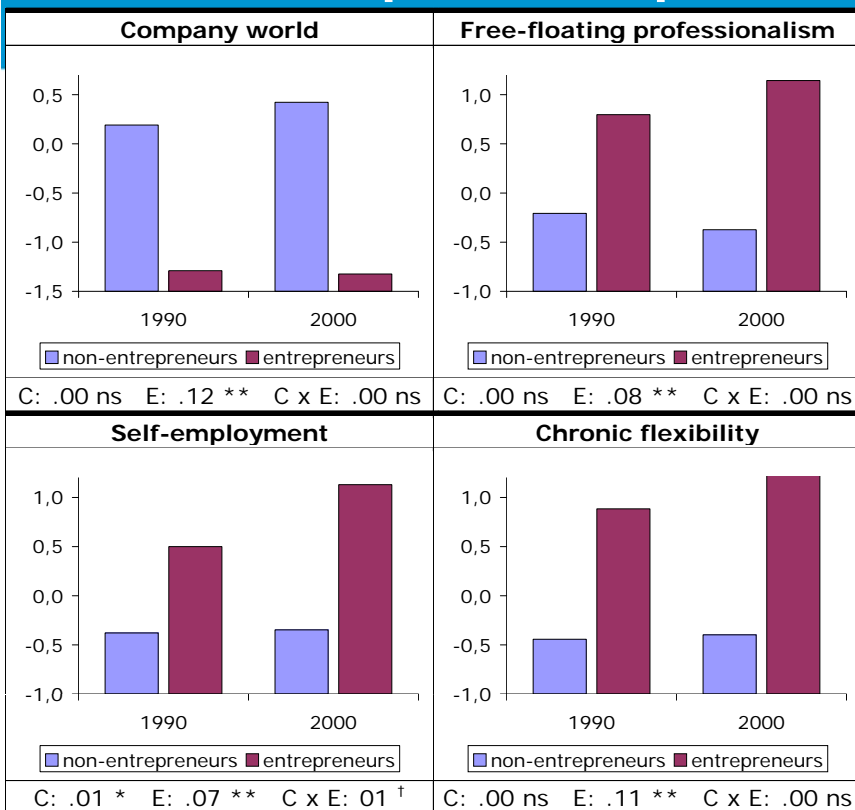
⇒ H2 partially confirmed

LATZKE, SCHIFFINGER & DEMETER - 18

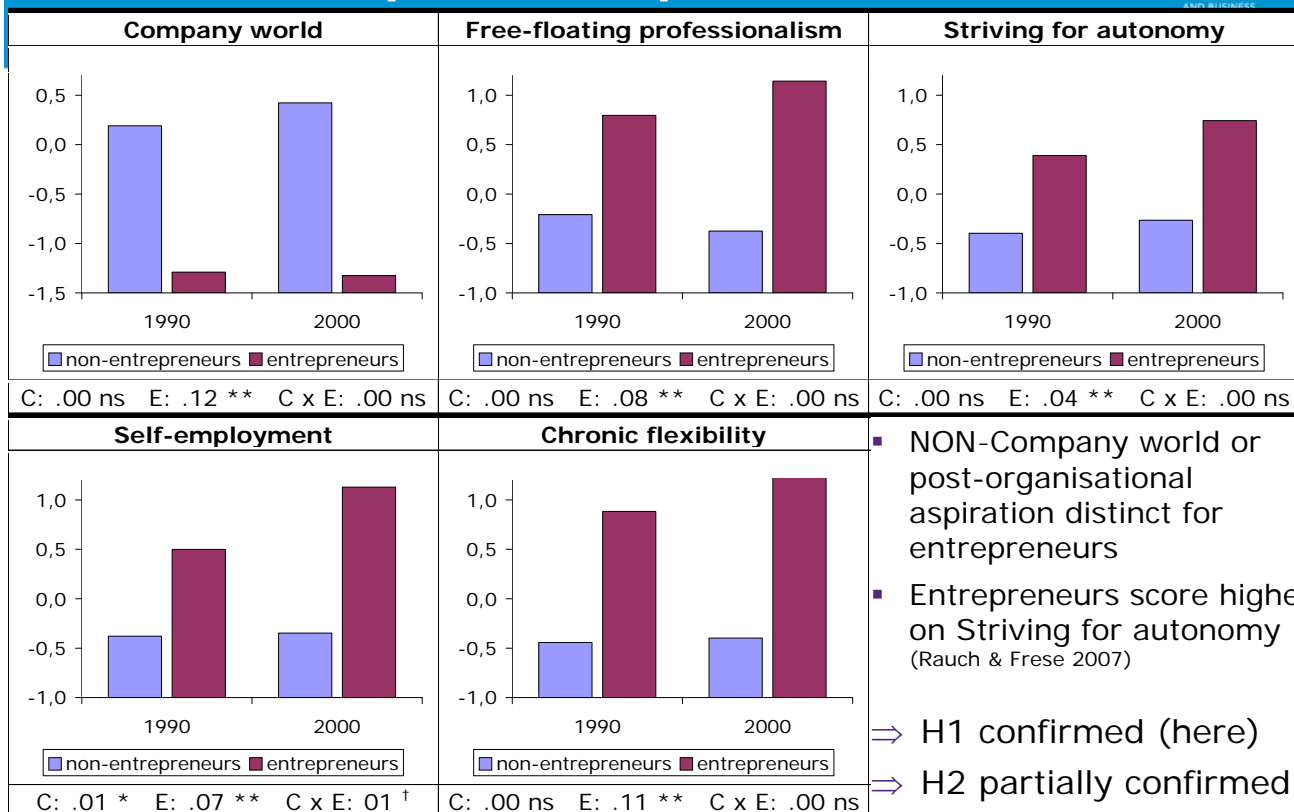
# Results: Cultural capital – Aspirations



# Results: Cultural capital – Aspirations



# Results: Cultural capital – Aspirations



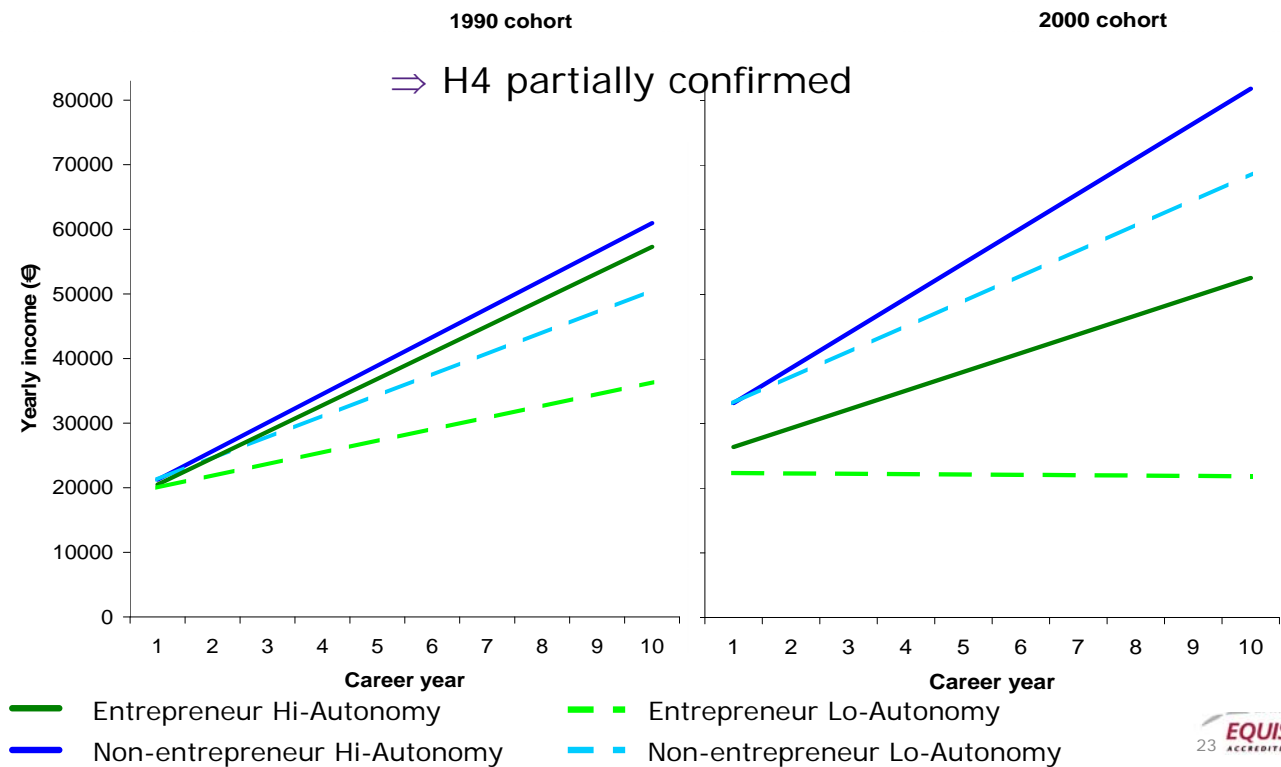
# Results: Conversion of career capital

- When converting social and cultural career capital into economic capital, where are differences between entrepreneurs and non-entrepreneurs?

- Striving for autonomy
  - Stronger relationship with income for entrepreneurs than for non-entrepreneurs (in both cohorts),  $p < .05$

⇒ H3 largely dismissed

# Results: Income related to striving for autonomy



## Limitations

- Mostly small to moderate effect sizes
- Data collection: retrospective for 1990 cohort, annual for 2000 (no recognizable distortion)
- Overall sample size 712, but only 40 entrepreneurs
- Homogeneous sample (graduates of one business school) interestingly strong differences even within this sample
- We investigated 'academic' entrepreneurs, the majority of entrepreneurs has no academic degree

# Summary – Take aways



- Differences between entrepreneurs & non-entrepreneurs
  - Entrepreneurs characterized by more: openness, strive f. autonomy, networking, smaller companies
  - 'Traditional' personality traits show some but no major distinctions
  - High 'entrepreneurial' aspiration and low company world aspiration lead to entrepreneurial activities
  - Striving for autonomy is more relevant for entrepreneurs' income than for non-entrepreneurs
- Differences for entrepreneurs of 1990 vs. 2000 cohort
  - More networking activity (2000)
  - Company size (small) at career start more distinctive (2000)
  - Higher aspiration to career field 'self-employment' for (2000)
  - Gap between high and low-strivers for autonomy widens (2000)

# References I

We thank Prof. Dr. Wolfgang Mayrhofer for consulting us on the development of this presentation.

We thank Prof. Dr. Matthias Fink and Prof. Dr. Hermann Frank for their comments from an entrepreneurship perspective.

- Ajzen, I. & Madden, T. J. (1986) Prediction of Goal-Directed Behavior: Attitudes, Intentions, and Perceived Behavioral Control. *Journal of Experimental Social Psychology*, 22, 453-474.
- Apfelthaler, G., T. Schmalzer, U. Schneider & R. Wenzel (2007) Global Entrepreneurship Monitor. Bericht 2007 zur Lage des Unternehmertums in Österreich. <http://www.gemaustria.at>; accessed on 27 July 2012, 16:30.
- Borkenau, P. & F. Ostendorf (1993). NEO-Fünf-Faktoren Inventar (NEO-FFI) nach Costa und McCrae. Göttingen, Hogrefe.
- Bourdieu, P. (1977). *Outline of a Theory of Practice*. Cambridge, Cambridge University Press.
- Bourdieu, P. & L. J. D. Wacquant (1992). *An invitation to reflexive sociology*. Cambridge, Polity Press
- Brockhaus, Robert H. (1980) The Effect of Job Dissatisfaction on the Decision to start a Business. *Journal of Small Business Management*. 18 (1), 37-43.
- Castells, M. (1996). *The Rise of the Network Society (The Information Age: Economy, Society and Culture, Volume 1)*, Oxford, Blackwell Publishers Ltd.
- Costa, P. T. & R. R. McCrae (1992). *Revised NEO Personality Inventory (NEO PI-R) and NEO Five-Factor Inventory (NEO-FFI)*. Odessa, Psychological Assessment Resources.
- Davidsson, P. & B. Honig (2003). "The role of social and human capital among nascent entrepreneurs." *Journal of Business Venturing* 18(3): 301-331.
- Fishbein, M. & I. Ajzen (1975). *Belief, attitude, intention and behavior: An introduction to theory and research*. Reading, Mass, Addison-Wesley.

# References II

- Hossiep, R. & M. Paschen (1998). Das Bochumer Inventar zur berufsbezogenen Persönlichkeitsbeschreibung (BIP) Handanweisung. Göttingen, Hogrefe.
- Iellatchitch, A., W. Mayrhofer & M. Meyer (2003). "Career fields: a small step towards a grand career theory?" *International Journal of Human Resource Management* 14(5): 728-750.
- Mayrhofer, W., M. Schiffinger, K. Chudzikowski, P. Demeter, M. Latzke, B. Loacker, A. Reichel, T. Schneidhofer & J. Steyrer (2011). Employability: Yes, but post-organisational!? A four-cohort study of business school graduates' changes in career aspirations Academy of Management Meeting. San Antonio, Texas.
- Mayrhofer, W., J. Steyrer, M. Meyer, G. Strunk, M. Schiffinger & A. Iellatchitch (2005). "Graduate's Career Aspirations and Individual Characteristics." *Human Resource Management Journal* 15(1): 38-56.
- McClelland, D. C., J. W. Atkinson, R. A. Clark & E. L. Lowell (1953). The achievement motive. New York, Appleton-Century-Crofts.
- Rauch, A. & M. Frese (2007). "Let's put the person back into entrepreneurship research: A meta-analysis on the relationship between business owners' personality traits, business creation, and success." *European Journal of Work and Organizational Psychology* 16(4): 353-385.
- Schein, E. H. (1977). Career anchors and career path: a panel study of management school graduates. *Organizational Careers: Some New Perspectives*. J. V. Maanen. London, Wiley: 49-64.
- Statistik Austria (2012) Selbständig Erwerbstätige nach beruflicher Stellung und Geschlecht seit 1994. [http://www.statistik.at/web\\_de/statistiken/arbeitsmarkt/erwerbstaetige\\_selbstaendige\\_mithelfende/063337.html](http://www.statistik.at/web_de/statistiken/arbeitsmarkt/erwerbstaetige/selbstaendige_mithelfende/063337.html); accessed on 27 July 2012, 15:30.
- Zhao, H., S. E. Seibert & G. T. Lumpkin (2010). "The Relationship of Personality to Entrepreneurial Intentions and Performance: A Meta-Analytic Review." *Journal of Management* 36(2): 381-404.