

My View: Born to be entrepreneurial? Science points to yes

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Carlos (an accountant) and Miguel (a civil engineer) fled communist Cuba for Miami in 1961, each with less than \$100 in their pockets. Carlos found work as a waiter in a prominent Calle Ocho restaurant. Ten years later he rose to the position of manager. Miguel secured employment in a dry cleaners in downtown Miami. Ten years later he had become the owner of eight dry cleaning establishments.

What explains the different economic outcomes for Carlos and Miguel? Nature (genetics), nurture (environment), or sheer luck?

While “nurture” may be politically correct and “luck” the conclusion of the superstitious and intellectually lazy, there is abundant scientific evidence that “genetics”— that is, heredity — is the strongest explanatory factor for those who choose to become entrepreneurs, engage in entrepreneurship and actually succeed at it.

The most authoritative research in the area, produced by Scott Shane of Case Western Reserve University, compared identical twins with same-sex fraternal twins who share only 50 percent of the former’s DNA. Results showed overwhelming that the tendency to be an entrepreneur is hereditary; identifying new business opportunities is heritable; and self-employment income is heritable, suggesting genetics is not just the tendency to engage in entrepreneurship but also the ability to perform it. Shane concludes that our genes might affect our tendency to be entrepreneurs by influencing the *types of personalities* we develop. Those personality traits make up an entrepreneur that is usually referred to as tough and tenacious, opportunistic, resourceful, risk-embracing, persuasive, communicative, energetic and endowed with a winning attitude.

Nevertheless, in *The Dark Side of Entrepreneurship*, Manfred Kets de Vries, world-renowned leadership professor at INSEAD and psychoanalyst, argues that the energy necessary for achieving a business dream may have origins in desires and needs that can be dysfunctional in a business setting. His extensive research reveals that many entrepreneurs are extremely controlling and suspicious of authority. Additionally, they obsess about detail, collaborate poorly and distrust the world around them. To be sure, many entrepreneurial behaviors are psychological defenses whereby the entrepreneur idealizes then vilifies to extremes, projects problems onto others and denies responsibility.

What about their upbringing? In other psychological research, investigators found positive impacts from “negative motivators.” Fisher, Langan-Fox and Shepherd found that successful entrepreneurs experienced deprivation in their childhood or early youth, providing them with a significant capacity to deal with aversive and stressful situations. Their resilience is regarded as an enabler of sustained entrepreneurial action.

So, is heredity the overwhelming determinant of manifest entrepreneurship? Of course not. Environment (nurture) even beyond the entrepreneur’s home environment does play a role to greater or lesser degrees. For example, a nation’s economic, tax and regulatory policies can retard entrepreneurship (Argentina, Venezuela, Zimbabwe) or stimulate it (Singapore, U.S., South Korea). Natural resource abundance (mainly commodity-producing nations of the southern hemisphere) can be de-motivating, as it is easier to live off the land or from government subsidization than to build a business. Conversely, small, resource poor small countries (Taiwan, Israel, the Netherlands) have no alternative but to be ingenious and produce value-added goods and services for export. Finally, culture plays a major role in shaping entrepreneurship, with a positive impact on cultures that place high value on family, faith and education achievement (e.g., East Indians, Lebanese, Jews, Chinese).

While heredity (genetics) may be the *strongest* correlator with entrepreneurship, it is not the *only* one. Therefore, the nature versus nurture controversy surrounding entrepreneurship should not be seen as a zero-sum game. Yes, neuroscience has validated genetic characteristics of entrepreneurship. For example the DRD4 and COMT genes do interact to influence “novelty seeking” — a characteristic of many entrepreneurs. However, hard work, perseverance, developing a knack for imaginative solutions and — once in awhile — luck can lead to success and the emergence of the “nurtured” entrepreneur.

Despite the sluggish economic recovery we are experiencing, [entrepreneurial](#) activity is up 60 percent in

the United States over last year, reaching its highest level since 2005, according to the latest *Global Entrepreneurship Monitor* report. To be sure, “born entrepreneurs” have a natural leg up to achieve success, whether in high-tech or low-tech pursuits (Synn Labs, Geoloqi, Open English, Fresh Diet). But the capitalist playing field is open to others who can learn the essential business skills to become entrepreneurs and exhibit the passion, motivation, self-assurance and relentless pursuit of their dreams to achieve success.

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