

HUMAN POTENTIAL DEVELOPMENT IN ENTREPRENEURSHIP: FORMING THE ENTREPRENEURIAL IDENTITY**Alina Valencia**Innopolis University
consulting@a-line-art.com**ABSTRACT**

This research presumes the study of the construction of entrepreneurial identity as a part of the human potential development in entrepreneurship, which nowadays is in a high demand not only for the entrepreneurs and startup founders but for CEOs and high-qualified specialists involved into various businesses. We created the methodology based on the profound study of entrepreneurs' identity including their I-positions presenting it as a micro-society of I-positions. The entrepreneurs choose such strategies to face different types of critical incidents significant to them and having a high impact on their personal or professional life. For this purpose, we have created and expanded the questionnaire "Survey for Entrepreneurs on Critical Incidents" which involved 500 participants, entrepreneurs from different countries, with the main focus on technological entrepreneurs and entrepreneurs with innovational business activities. The survey proposes a wide range of business and psychological situations that most of entrepreneurs face during their professional activity. As a result of this research, we see a crucial importance of critical incidents for the formation of the entrepreneurial identity. We exposed four I-positions forming the entrepreneurial identity and strategies that entrepreneurs choose in a real business environment. The study revealed positive and negative correlations between various factors as gender, entrepreneurial experience, level of education. Moreover, the study highlights the importance of the personal strategies and the emotional impact of the critical incidents on the formation of the entrepreneurial identity.

Keywords: Critical incidents, entrepreneurial identity, technological entrepreneurship, human potential development.

INTRODUCTION

In the era of hi-tech we face the challenges that make us change the traditional models and focus on human potential development and talent management not only for specialists but for entrepreneurs. Entrepreneurial mindset becoming a "must-have" competence for managers and high qualified professional involved into various business spheres. Thus, the strong entrepreneurial identity should be shaped to face such challenges. This tendency is proven in recent researches [2], [9] as well as it is widely discussed in public media by leading consulting and training companies, business schools and various experts in business sphere. In today's reality, competition between companies is happening in the field of building talent management systems and the creation of the best conditions for the realization of human potential. Modern entrepreneurship is highly concentrated on the processes connected to the person — communication, networking, psychological and professional growth, and skills development. While the role of technological and high technological business and innovations becomes more obvious in the rapidly changing market ambience, the business becomes more and more personalized; the attention of the customers, clients, and partners is focused on the person – an entrepreneur, making his business unique.

This tendency increases the power of an entrepreneur as a leader, influencing the model of the whole business community. Having twenty years of experience in business consulting and psychological counseling for entrepreneurs with the specialization on technological entrepreneurs for the last 10 years, I see on practice that the effectiveness of the company or project depends very much on the psychological characteristics of its leader. Personal branding, marketing and financial statement of business, etc. - all these factors have a direct connection with the strategy chosen by an entrepreneur, and it is mostly based on his life and business concepts as well as on his way of thinking. I always say to my clients that each business is the "mirror" of its owner. Working as a psychologist, I see how emotions and feelings can inspire or ruin the companies. Thus, my professional focus was

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always on the identity of entrepreneurs, their concepts, values, and strategies of their actions and the process of forming and changing entrepreneurial identity [18].

Moreover, the potential of an entrepreneur and his competences influence the competitiveness of the company [17]. Entrepreneurial way of thinking as well as way of living, so called modern concept of “business as a life style” becomes of a high demand not only for entrepreneurs and startup founders but for CEO’s, managers and high-qualified specialists. More and more companies include competence “entrepreneurial thinking” or “entrepreneurial mindset” in the corporate models and make an assessment and hire candidates, evaluate the results of current employees and realize talent management programs according to the employees’ level of these competences.

THEORETICAL BACKGROUND

Nowadays challenges created the conditions for the numerous changes in the professional performance of the entrepreneurs, thus changed the psychological profile and the range of the competences and skills that help entrepreneur to face the everyday challenges. Digitization, artificial intelligence (AI), and rapidly installed innovations change the market landscape constantly, and these changes influence the requirements to the entrepreneurs (obviously on technological entrepreneurs but for all managers and key specialists involved in business decision making in different areas as well). We refer to professionals who should be able to adopt a certain I-position, actually to “position” themselves in front of each new challenge or conflict, to find a productive solution by choosing the right behavioral strategy.

Our approach to the practical solutions in the field of entrepreneurial identity is based on several modern theories and methodological models that are highly adapted to the needs of the professionals, education and business nowadays, including the Dialogical Self Theory by Hubert Hermans [3], [4], [6], [8], Dialogical Leadership—the theory developed by Rens van Loon [10]; Critical Incidents for forming the professional identity by Carles Monereo [12], [13]. The entrepreneurial identity is understood as a complex multilevel structure, including a unique group of I-positions, proposing different concepts or roles, feelings about entrepreneurship and strategies and it is constructed in the inner dialogue with other voices [14], “entrepreneurial identity represents a powerful motivating force that can help explain individuals’ entrepreneurial activity” by Belchior and Castro-Silva [1].

“I-position” is composed of three factors: a self-concept (*e.g.*, “me as a head of the company,” “me as an expert,” “me as a manager,”), a strategy chosen to face the challenges (*e.g.*, a strategy of risk-taking, cooperation strategy), and emotional aspect (revealing the feelings and emotions, the psychological conditions of the entrepreneur during this process).

To provide constant productivity the entrepreneur needs to be moving flexibly between the roles, styles and strategies and “think out of the box” which is guaranteed by the possibility of using different I-positions in proper situations and for solving problems [10]. As these problems can be very different, they can even put the entrepreneur into crisis, acting as critical incidents. Critical incident is understood as any incident with a high impact on the personal or professional life; an incident that is significant and can lead a person to a psychological crisis [12]. So, playing one role can lead to the stagnation and inefficiency, according to this fact the use of I-positions must also be multiple, being able to activate one or the other strategy depending on each circumstance. The role of the flexibility is quite important even on the daily basis as some recent research show that entrepreneurial passion was shown to be the dominant pathway through which entrepreneurial identity is shaped [16]. Therefore, we see the high importance of the attention to the psychological aspect of entrepreneurship and our research is dedicated to the problem of the construction of the entrepreneurial identity via critical incidents and adapting different I-positions for the relevant situations. For the deeper study of the entrepreneurial identity and the role of the critical incidents in the professional performance we have chosen the following objectives: to identify main “I-positions” and strategies that entrepreneurs choose to face various critical incidents; to identify and analyze most frequent critical incidents in professional performance of entrepreneur and their strategies to confront; to reveal the correlations between the I-positions or strategies of facing the critical incidents.

METHOD

The survey was proposed to 500 entrepreneurs from different countries with different experience and business type with the main focus technological entrepreneurs and entrepreneurs with innovational business activities. To accomplish this, we conducted a focus group session to develop a questionnaire that was reviewed and approved by experts, before presenting it to the participants.

Targeting to develop an entrepreneurial identity of the above mentioned categories with the global target of development human potential in the sphere of entrepreneurship we used a methodology based on the profound study of the entrepreneurs' identity including their I-positions which prove the self as a micro-society of I-positions [3] as the strategies that are chosen by entrepreneurs to face different types of critical incidents significant to a person and having a high impact on his personal or professional life [12], [15]. For this purpose, we created the "Survey for Entrepreneurs on Critical Incidents" (SECI) which contains of 20 questions. Each of the questions describes one of the typical incidents that can happen in the business life (dealing with the partners or team members, facing economic crisis, etc.). The basic components of the research model are 1) the concept of the entrepreneurs about their identity, 2) their strategies to face the critical incidents that happen during their everyday professional activities, 3) their feelings and the emotional impact of critical incidents on the development of their entrepreneurial identity. Analyzing the variety of possible problematic zones, which could provoke critical incidents, we elected those that were most related to the psychological aspects of entrepreneurship and tightly connected to the identity of an entrepreneur. The survey is divided into 4 modules, which include general questions (including the questions targeting to assist with the correlations of different aspects such as a type of business, innovational activity in the company, the level of education or experience in entrepreneurship), questions dedicated to the self-identification and entrepreneurial concepts, module with the variety of typical critical incidents in the sphere of entrepreneurship (team, vision, professional activity and psychology of entrepreneur, management and self-management) dedicated to the strategies of professional activity and question about emotional impacts and feelings as a result of such incidents (participants are proposed to choose on the scale how much this incident could affect them personally).

In our research, we were focused on two types of critical incidents, the individual and collective cases. Their choice was based on the analysis of the literature and the results of the expert interviews. We studied the most frequent I-positions that technological entrepreneurs and entrepreneurs implementing innovations (e.g., creative industries) choose for facing frequent critical incidents in their professional performance with the aim to analyze some correlations between different variables. Therefore, we divided the possible I-positions into four most common types shown in Table I. The description of each type of entrepreneurial I-positions is based on the profound literature analyzes and the approaches of different authors to the understanding of entrepreneurial identity as well as on the results of the focus-group combined with my personal experience in business consulting and entrepreneurship.

Table I: Most common types of the entrepreneurial I-positions

Type	Approach	Characteristics
Type A	by innovations	"Innovator". Such type of entrepreneurs is characterized by innovative thinking and an ability to create innovative products. They identify business success as the possibility to make the world better and to create the impact by their business products. They always tend to invent and design. According to their passion to all new (methods, decisions, products), they are good at "short distance" but have problems in long strategies, so need the talented managers to lead started ideas to success.

Type B	by socialization and collectivity	“The leader focused on his team”. Such entrepreneurs can be characterized as inspirers, creators, and implementers of vision and strategy. They are focused on leadership and each team member is very valuable for them. Such entrepreneurs tend to inspire and enjoy teamwork. Their decisions are mostly based and measured by the opinion of their team members.
Type C	by opportunities	“Opportunist”. Such type of entrepreneur is characterized as a finder of the resources, the person who can easily sell any product. Such entrepreneurs look for new opportunities in the market. As Blake Mathias [11] notices in his article, “society has long considered entrepreneurs a distinct breed of people characterized by their unique willingness to act on opportunities”. They are great fans of the marketing instruments (e.g., customer development). Mostly their background is in sales, they are good in the negotiations and finding new market niches.
Type D	by individualism	“Fighter”. Such type of an of entrepreneur is characterized by traditional understanding of business as a high competitive field, where only the most powerful ones can survive. Such entrepreneurs have a strong will and are able to overcome the difficulties, effectively face crisis. They respect hierarchy and discipline believing this the only way to manage in the tough ambiance.

PROCEDURE

The concepts and strategies of entrepreneurs were carefully examined and analyzed to gain a comprehensive understanding of their positions and experiences with critical incidents. The questionnaire included open-ended questions aimed at expanding the research base and capturing a diverse range of personal experiences. Participants were asked about their attitudes towards entrepreneurship, their roles, and their strategies for success. The questionnaire also delved into the emotional impact of critical incidents on the respondents, with answers graded on a scale. Data was collected online through Google Forms and analyzed using both qualitative and quantitative methods.

RESULTS

We made a profound quantitative and qualitative analysis of obtained data for which respondents were separated into groups according to their I-positions, roles, and preferred strategies of facing critical incidents. The analysis of the connection between the responses given by participants indicates both positive and negative correlations. The results are shown in Table II.

Table II: The correlations revealed by the research

Category/type	Correlation	Type
Female participants	Positive correlation	Type D “fighter”
Age	Positive correlation	Type A “innovator”
Experience	Positive correlation	Type A “innovator”
Level of education	Positive correlation	Type A “innovator”
Type B “Leader”	Negative correlation	Type A “innovator”
Type C “Opportunist”	Negative correlation	Type B “Leader”
Type D “Fighter”	Negative correlation	Type C “Opportunist”

Between the positive correlations, we found the following:- more female participants use I-position of the type D (“fighter”). We find this result quite promising for further profound analyzation and research. It can be explained as women have actually to stand for their right to be in business and to prove the productivity much intensively than men do the statistics shows obvious minority of women involved in technological and innovational

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businesses still nowadays, nevertheless the situation is changing during the recent years. - the positive correlation between the age, experience and educational level of the participant using the I-position of the type A “innovator.” Thus, we can see that older and more experienced entrepreneurs become, more knowledge they get, more tendency to the innovational behavior (e.g., using non-evidential strategies of the facing of critical incidents) they have. There is a significant amount of technological entrepreneurs with the PhD degree, which are much deeply involved into innovational process and quite frequently develop their startups based on their scientific researches.

The negative correlation found during the analyzation of the study results is that if the type B I-position is dominating (“leader focused on his team”), it leads to less use of the type A “innovator” strategies. Also, the study shows that more educational level the entrepreneur gets more he focuses on the strategy and the market than on his team and their opinion.

Another interesting result that the type B “leader focused on his team” and the type D “fighter” less use the I-position C “opportunist”. It can be explained as opportunist is mostly focused on the finding external resources and getting possibilities where other people don’t see them but the leader’s position (focus on people) and fighter’s position with its focus on survival and high competition doesn’t allow to have a wide look around for searching such possibilities.

The results demonstrate the range of I-positions occupied by entrepreneurs in various professional scenarios. The most common roles identified are type A, known as the “innovator”. This result is proving us a significant role of innovations in the identification of technological entrepreneurs and entrepreneurs who implement innovations in the business. This fact can be illustrated by the answers on the question “What is for you to be an entrepreneur?” Here are some examples: “to change the world for better,” “to create and innovate,” “I want my products to make revolution on the market” and etc. Along with that we see the prevalence of the entrepreneurs of the type B, described as a “leader focused on their vision and team.” It shows the modern trend on leadership and numerous examples of technological entrepreneurs that rapidly get well known in the market nowadays.

Another result is that the most significant critical incidents that had the strongest emotional impact on the participants was a case related to the problems with business partners (e.g., the betrayal of business partner, business splitting issues).

DISCUSSION

The study indicates that there is no definitive right or wrong I-position, rather some strategies may be more or less effective in addressing critical incidents depending on the specific situation. It is possible for an individual to have multiple I-positions, but dominant ones are typically observed in situations of critical incidents. Entrepreneurs exhibit a variety of I-positions that can impact their productivity and understanding of their role in business. The research highlighted gender issues, particularly in women asserting their rights in technological and innovational business which should be the subject of further research. Additionally, it revealed trends in the influence of experience and education on the adoption of appropriate I-positions and conflicting I-positions in individuals. The study also explored various types of critical incidents and strategies for addressing them, drawn from real-life experiences of entrepreneurs.

CONCLUSION

The study highlighted the strong interest of technological entrepreneurs and entrepreneurs with innovational business activities in understanding the impact of critical incidents on their entrepreneurial identity formation. It underscores the significance of examining an entrepreneur as a contemporary leader with multiple roles and methods for achieving personal and professional success. The findings from the research were utilized to develop a training program aimed at helping entrepreneurs construct their identity based on critical incidents and the survey was developed into several instruments: a) the methodology targeting to the changes of entrepreneurial identity – case study based on analysis of startup founders, young entrepreneurs (Valencia, 2020), b). the business instrument used for the development of the entrepreneurial mindset for the entrepreneurs targeting talent

development, startup founders involved into business study and acceleration programs as well as CEOs and high-qualified professionals targeting to develop their competencies, c) the business course for the master program of technological entrepreneurship dedicated to the formation of the entrepreneurial identity, business skills development and modern approaches to leadership in entrepreneurship.

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