



# Are Entrepreneurs Born or Made? A Systematic Review of Theoretical Perspectives and Empirical Evidence

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## Abstract

The debate over whether entrepreneurs are born or made is central to understanding economic development worldwide. Entrepreneurs play a crucial role in creating organizations that generate jobs, enhance trade, and foster innovation, driving economic growth. Historically, the term entrepreneur originated from the French language, referring to individuals who take risks in uncertain business ventures (Cantillon, 1755). Over time, the definition evolved to emphasize innovation and creativity, distinguishing entrepreneurs from traditional business operators (Schumpeter, 1936). Entrepreneurship involves more than just having an idea; it requires risk-taking, creativity, and the ability to implement strategies effectively. The argument that entrepreneurs are made is supported by theories suggesting that entrepreneurial traits develop through environmental factors, education, and experience. Behaviorist theories, such as those proposed by Watson (1924) and Skinner (1953), argue that individual characteristics are shaped by environment and learning processes. Bandura's (1977) concept of self-efficacy highlights that individuals can cultivate entrepreneurial skills through confidence-building and learning from experiences. Contemporary research supports the perspective that entrepreneurial skills are acquired through education, mentorship, and experiential learning. Moreover, recent studies highlight how industry experience and networks enhance entrepreneurial success, especially among older entrepreneurs, reinforcing the notion that entrepreneurship is cultivated over time. In conclusion, while certain personality traits may offer advantages, entrepreneurship is predominantly shaped by learning, experience, and environmental influences. The overwhelming body of literature supports the assertion that entrepreneurs are in most cases made than born. The ability to innovate, take risks, and lead effectively is developed through deliberate practice and continuous learning, supporting the argument that entrepreneurs are made, not born.

**Keywords:** Economic Development, Entrepreneurship, Innovation, Learning and Experience, Risk-taking.

## 1. Introduction

The question of whether entrepreneurs are born or made is age-old; and it strikes at the heart of economic development questions worldwide. In an increasingly global economy, entrepreneurs play a vital role in economic development because they create organizations, and these organizations produce jobs, increase trade, and accelerate the generation, application of innovative ideas, and their dissemination. But before we delve into the nitty gritty, it is important to define entrepreneurship and an entrepreneur because understanding these two terms will help in answering the question. In this regard it is important to go through a brief history of this word entrepreneur and know what it meant at the time of its origin. Entrepreneur is a French word, and it meant the economic literature. Entrepreneur is the person who is a risk taker and gets involved in such business activities, whose results are uncertain (Cantillon, 1755). However, the definition of the word entrepreneur was altered later in early twentieth century and became the one which defines an innovative attitude of an individual. This new definition supported the concept of innovation into the business world and differentiated an entrepreneur from a person who is just running a business, which is quite traditional in its nature (Schumpeter, 1936). Afterwards, the terms entrepreneur and the entrepreneurs were purely used for the persons and businesses, which have an essence of creativity in their existence, which are just after developing new ways of production of goods and services, trying on forming new sort of markets and new form of firms to facilitate the sustenance of their businesses in the market. The term entrepreneur is taken as a little complex one in terms of its definition, as the word itself is derived from entrepreneurship, which helps in defining it, and gives it a completely decipherable structure. Entrepreneurship itself is defined by the other words, like creativity, innovation, aptitude, etc. which lead to the creative actions of an individual, which has a direct impact on an individual's life as well as on their society. It is also defined by its objective of producing or doing something new and something unique to develop a new identity in the society for any new business entity, via keeping its characteristics alive, which put their impact on its existing functions.

### **1.1. Entrepreneurship**

Entrepreneurship suggests the risk-taking attitude of an individual which involves every sort of cost, from time consumption to struggle of coming up with an effective and efficient strategy of doing business, which could overcome the social, intuitive and financial risks, and give an inner satisfaction along with a monetary reward, if, the newly created strategy of developing something succeeds (Peters, 1998).

Both the terms innovation and entrepreneurship don't suggest having just an excellent idea in an individual's mind, however they need an effort to put that idea into action as well. They need a proper discussion over the sort of idea, and a proper examining of the validity of that idea. In order to do so, teamwork is appreciated as it will do better in assessing the validity of the idea and giving it a new form which could become applicable and reduces the monetary loss. While discussing an idea many weaknesses show up in the structure of that idea which needs to be eliminated to avoid losses (Bessant, Tidd, 2007). In doing this, a particular behaviour of an individual is required; this defines him as a risk taker, and the one with the courage to manipulate the social and economic structures, in order to get himself an environment of bringing his ideas into action. Also, he must be aware of all the risks and must have the courage to face them if they ever show up in his path (Peters, 1998).

### **1.2. Entrepreneur**

The definition of entrepreneur has been modified with passage of time in accordance to the world's changing economical structures. The definition of the entrepreneur during the middle ages was related to the occupation, but, later the modified definition of entrepreneur refers more to the notions of creativity, risk taking and creation of wealth. This concept of entrepreneur defined the relation of the word with an individual. This definition is in accordance to the reviewed structure of business studies (Peters, 1998). Nowadays, the term entrepreneur is not only confined to male gender it also refers to women as entrepreneurs (Purdy, 2005). There was a time when women were only confined to their homes; they were not allowed to do anything except their household chores or playing the roles of mothers and wives. They were not even given the choice of expressing their disagreements towards various issues. However, in this era they are more powerful, independent and have the right of spending their lives on their own terms. They are also capable of expressing their views regarding various matters either they are of political, social, educational or economical nature. But still there could always be a debate on the comparison of men and women being entrepreneurs (Brindley, 2005).

On the behalf of this comparison many views on entrepreneurs by women have come into scenario which argues that women are weak entrepreneurs and lack the basic traits which should be there in a good entrepreneur, like, they are not risk takers, they cannot face various challenges, they are emotional and are unable to take quick decisions in chaotic situations. Therefore, there could be no guarantee for a woman being a good entrepreneur (McClelland, Swail et al, 2005).

Though all the above-mentioned definitions of entrepreneur define the term in more or less similar way, but still there are some restrictions in them, which refer to the fact that entrepreneurs cannot be found in every field, like education, medicine, law, engineering social work, etc. These definitions refer to some common and most essential traits of an individual, like organizing, creativity, risk taking and ability of making wealth, Peters (1998).

## **2. Literature Review**

The debate over whether entrepreneurs are born or made has long been a central theme in entrepreneurial studies, reflecting broader discussions about the roles of innate traits versus learned skills in shaping individuals. Some scholars argue that entrepreneurial success stems from inherent personality traits such as risk-taking propensity, creativity, and resilience, suggesting that certain individuals are naturally predisposed to entrepreneurial endeavors. In contrast, others contend that entrepreneurship is a skill set cultivated through education, experience, and environmental influences, emphasizing the importance of learning and adaptation. This literature review explores both perspectives, examining empirical studies and theoretical frameworks to understand the extent to which entrepreneurial capabilities are innate or developed over time.

### **2.1. The Born Perspective**

A strand of research supports the notion that entrepreneurship is largely influenced by inherent personality traits and genetic predispositions. This perspective suggests that certain individuals possess a natural inclination towards entrepreneurial activities, underpinned by heritable characteristics such as risk tolerance, creativity, and leadership (Shane & Nicolaou, 2021). Studies using twin-based methodologies have reinforced the argument that genetic factors contribute significantly to entrepreneurial intent and business success (Obschonka & Stuetzer, 2020). Furthermore, personality traits associated with entrepreneurship—such as openness to experience, conscientiousness, and extraversion—are often linked to genetic influences (Zhang & Acs, 2022). Recent research highlights that innate cognitive abilities, including rapid problem-solving and high self-efficacy, are strong predictors of entrepreneurial engagement (Karhunen et al., 2023). While genetic predisposition may provide a foundational advantage, environmental factors and experiential learning also play a crucial role in shaping entrepreneurial success. Other studies on whether entrepreneurs are born or made have centred around biological disposition. Nofal, Nicolaou, Symeonidou, & Shane, (2018) in their research in entrepreneurship have indicated that studies in entrepreneurship have largely ignored biological factors. However, recently researchers have begun to explore the ways in which human biology affects this phenomenon. This literature has been fragmented, scattered across various outlets, making it difficult for entrepreneurship scholars to aggregate the findings and develop a broad theoretical perspective to describe how biology relates to entrepreneurship.

Other recent studies continue to explore the interplay between inherent traits and learned skills in entrepreneurship. For instance, "The Science of Startups: The Impact of Founder Personalities on Company Success" (2023) examines how specific personality traits influence startup outcomes. Additionally, research indicates that older entrepreneurs, often over 50, leverage extensive industry experience and networks, leading to higher success

rates compared to their younger counterparts. This suggests that accumulated knowledge and skills play a significant role in entrepreneurial success.

## **2.2. The Made Perspective**

The main assumptions and theories supported by individuals arguing that a person's characteristics, qualities, behaviour and other aspects of one's personality are driven by factors including one's will, atmosphere, background, experiences etc. These factors build one's characteristics for instance, attitudes and beliefs, motivation, self-adequacy, enthusiasm, self-control, entrepreneurship and so on (Shefsky, 1994). Shasky's main reason behind the enduring this concept is that individuals are not born with the quality of entrepreneurship rather they are actually built. Shefsky (1994) attempted to demonstrate in the entire book that the qualities of entrepreneurship in an individual are derived from one's efforts, novelty and devotion towards a job that they are intending to achieve accomplishment in. The whole book was based on this theory. Starting from Watson (Watson, 1924) to Skinner (Skinner, 1953), numerous supporters of this theory for instance Shefsky; were associated with behaviourism and its encompassing learning theories. Bandura (Bandura, 1977) was also among the promoters of this theory. Once Watson said that if he by any means gets a dozen of young children, he could have build them from a genius and smart person to anything else he willed. This statement meant that an individual, his characteristics and qualities are built with his atmosphere and surroundings. The impact that could bring a change can only be the conduct and activities noticed (Skinner, 1953). All conducts and attitudes were examined and learned in his learning model.

Moreover, if he illustrated three important learning concepts: Operant Conditioning, Positive Reinforcement, Negative Reinforcement. This theory was exercised on pigeons, in order to prove this theory as a realistic measure. The pigeons were taught with a chain of procedures, this concluded them to fly to the literal outcome. However, it was concluded from this experiment that comparatively pigeons learned faster than rats. In the course of learning cognitive procedures, Bandura was recognized as a momentous and considerable theorist who achieved a major position in it. Bandura (1977) stated that there are three interfacing features which affected an individual: Personal Factors, Behavioural factors, Environmental Factors. One of the foremost contributions recently made by Bandura is concept of Self-Efficacy which is recognized as the most influential concept the procedure of self-regulatory

## **2.3. Locus of Control**

It is an important character which shows that the individual can handle the roller coaster ride of life, whether they can handle different situations and events in life (Leone and Burns, 2000). An individual with an internal locus of control does not believe on luck, fate, and destiny, they believe on what they perform and how do they progress whereas Individual with an external locus of control gets motivation from the external factors (Koh, 1996; Hansemark, 1998). Internal locus of control is the thing a person must concentrate on, to become a successful entrepreneur. This point gives a view that to become an entrepreneur a spark is needed from inside of the heart and if one has it they can become entrepreneurs

## **3. Methodology**

This study aims to explore the question of whether entrepreneurs are born or made by analyzing existing literature, conducting a detailed review of empirical studies, and identifying key factors influencing entrepreneurial behavior. The methodology follows a comprehensive qualitative approach, synthesizing both historical perspectives and contemporary insights regarding entrepreneurship. The research begins by reviewing foundational theories and definitions, providing a historical context to the evolution of the entrepreneur concept. In particular, the study focuses on key thinkers such as Cantillon (1755) and Schumpeter (1936), whose definitions shaped the modern understanding of entrepreneurship. This historical framework allows for a deeper understanding of how entrepreneurial traits, such as risk-taking and creativity, have been perceived and valued over time.

Next, a systematic literature review is conducted, analyzing both the "born" and "made" perspectives on entrepreneurship. The research draws on both recent studies and classic works to examine the arguments for genetic predispositions versus learned skills. Data are extracted from a variety of scholarly sources, including books, journal articles, and case studies, to compare the arguments surrounding inherent traits and environmental factors in shaping entrepreneurial success. Key studies from authors such as Shane & Nicolaou (2021), Obschonka & Stuetzer (2020), and Nofal et al. (2018) provide insights into the biological and genetic factors that may predispose individuals to entrepreneurial behavior.

This step involves a critical analysis of these studies, focusing on methodologies like twin-based research and personality trait analysis. In addition to the literature review, a content analysis is conducted on a dataset of key publications related to entrepreneurship, which includes works by renowned scholars such as Druker (1985), Gladwell (2008), and Sarasvathy (2001).

The purpose of this content analysis is to identify common themes and patterns in the ongoing debate between the inherent qualities of an entrepreneur versus the skills developed through experience and education. These sources are organized into categories based on their stance on the "born" or "made" dichotomy, providing a structured approach to understanding the diversity of viewpoints in the field of entrepreneurship studies. This categorization also highlights the diversity of entrepreneurship across different industries, cultures, and historical periods. Finally, the methodology incorporates a comparison of the "born" versus "made" theories, evaluating how environmental influences, such as education, family background, and socio-economic conditions, interact with personal traits in shaping entrepreneurial outcomes. Interviews and case studies from successful entrepreneurs, particularly those over the age of 50, are also considered to provide real-world insights into the importance of experience and networks in entrepreneurial success. These qualitative data sources are analyzed to offer a balanced view of the factors that contribute to entrepreneurial achievement, acknowledging both innate characteristics and the role of learned skills. By synthesizing these multiple approaches, this research provides a holistic view of the ongoing debate about

whether entrepreneurs are born with an inherent disposition or whether they can be made through experience and education.

#### 4. Data Presentation

Various literature around entrepreneurship have been extensively reviewed. They include the historical perspective to entrepreneurship as well as the contemporary view of entrepreneurship from the academic as well as practical angles. The chapter presents key literature upon which conclusions are made.

Table 1.

SN	Author and Year	Publication	Born/Made
1	Schumpeter, J (1934).	“The Theory of Economic Development”, <i>Harvard University Press</i>	Born
2	Druker, P (1985)	“Innovation and Entrepreneurship”, <i>Harper &amp; Row</i>	Made
3	Gladwell, M (2008)	“Outlier: The Story of Success	Made
4	Sarasvathy, S (2001)	“Effectuation: The Elements of Entrepreneur Enterprise”, <i>Little, Brown and Company</i>	Made
5	Wasserman, N (2012)	“The Founder’s Dilemma”, <i>Edward Elgar Publishing</i>	Made
6	Shaun, S (2008)	“The Illusions of Entrepreneurship”, <i>Yale University Press</i>	Born
7	Stephenson, H (1983)	“A Perspective on Entrepreneurship”, <i>Harvard Business School</i>	Made
8	Gifford, P (1985)	“Worthless, Impossible, and Stupid: How Contrarian Entrepreneurs Create and Capture Extraordinary Value”, <i>Harper &amp; Row</i>	Made
9	Isenburg, D (2013)	“Worthless, Impossible, and Stupid: How Contrarian Entrepreneurs Create and Capture Extraordinary Value”, <i>Harvard Business Review Press</i>	Made
10	Wilkinson, M (2015)	“The Creator's Code: The Six Essential Skills of Extraordinary Entrepreneurs”, <i>Simon &amp; Schuster</i>	Made
11	Ede, M (2023)	“One Shot (Business Case for Success): The Recipe for Top Entrepreneurs & Business Leaders in the 21st Century”, <i>Maple Publishers</i>	Made
12	Busch, C (2020)	“The Serendipity Mindset: The Art and Science of Creating Good Luck”, <i>Penguin Random House</i>	Made
13	Ede, M. (2023)	Ede, M. (2023). One shot (business case for success): The recipe for top entrepreneurs & business leaders in the 21st century. <i>Maple Publishers</i> . Retrieved from Wikipedia	Made

#### 5. Conclusions

While it is proved beyond doubt that there are some entrepreneurs born with entrepreneurial traits as can be observed from comprehensive literature by Schumpeter (1934) and Shaun (2008), there is overwhelming literature that entrepreneurs are made, not born, and is supported by the belief that entrepreneurial skills can be learned and developed through experience, education, and deliberate practice. Peter Drucker, in his book *Innovation and Entrepreneurship* (1985), argues that entrepreneurship is a discipline that anyone can master with the right mindset and tools.

Drucker emphasizes that through systematic innovation, careful planning, and practical learning, individuals can acquire the skills necessary to start and sustain successful businesses. This perspective suggests that entrepreneurial ability is not an innate quality but a set of skills that can be nurtured over time. Malcolm Gladwell’s *Outliers: The Story of Success* (2008) reinforces the idea that entrepreneurs are made by highlighting how external factors like culture, upbringing, and opportunity contribute to entrepreneurial success. Gladwell suggests that success is often the result of hard work, deliberate practice, and environmental influences rather than innate talent. Entrepreneurs, according to Gladwell, achieve success by leveraging the right opportunities, working diligently to hone their skills, and learning from their experiences. This view supports the notion that entrepreneurship can be cultivated through sustained effort and the right conditions.

Saras Sarasvathy’s *Effectuation: The Elements of Entrepreneurial Enterprise* (2001) provides a framework for how entrepreneurs make decisions and create opportunities through learned processes. Sarasvathy introduces the concept of effectuation, where entrepreneurs use available resources, past experiences, and flexible strategies to build their ventures. This theory emphasizes that entrepreneurial decision-making is a skill that can be developed through practice and learning, further supporting the argument that entrepreneurs are shaped by their experiences and choices rather than being born with inherent entrepreneurial abilities. Sarasvathy’s work highlights the role of education, adaptability, and learning in the entrepreneurial journey.

Contemporary research continues to support the idea that entrepreneurship is a learned skill. More recent works like Michelle Ede’s *One Shot* (2023) emphasize that traits such as resilience, creativity, and leadership are developed through experience, failure, and perseverance. These insights collectively suggest that while certain personality traits may aid entrepreneurship, the core skills required for entrepreneurial success—such as risk management, innovation, and leadership—are acquired through dedicated effort and practical experience, reinforcing the idea that entrepreneurs are made, not born. In summation, it is evident that entrepreneurs are made through a combination of education, experience, and deliberate practice rather than being born with innate abilities.



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