Chapter 38
On Entrepreneurial Giftedness
Larisa V. Shavinina

Abstract Being a successful entrepreneur and founding a very profitable company or group of companies represents the pinnacle of accomplishments possible in business. Successful entrepreneurship is associated with a high degree of practical intelligence, creative, and innovative abilities, as well as managerial and business talent. Nonetheless, scholars have not yet studied gifted entrepreneurs. Although entrepreneurship is exceptionally important for the prosperity of any society, one should acknowledge that the phenomenon of entrepreneurial giftedness is terra incognita from a research viewpoint. The chapter introduces the concept of entrepreneurial giftedness, explains its nature mainly via analyzing the early manifestations of entrepreneurial giftedness, discussing its developmental trajectories, and considering micro-social factors that facilitate the emergence of gifted entrepreneurs. It thus fills an apparent niche in research on high abilities.

Keywords Entrepreneurial giftedness · Entrepreneurship · Entrepreneurial talent · Entrepreneurial ability · Business talent · Practical intelligence · Innovation · creativity

Introduction: Where Did All Great Entrepreneurs Come From?

When he was six, a boy “managed to buy a six-pack of Cokes for twenty-five cents; then he waddled around... selling the sodas at five cents each, for a nickel profit. Back in Omaha, he bought soda pop from his grandfather’s grocery and sold it door-to-door on summer nights while other children played in the street” (Lowenstein, 1996; p. 10). The boy became a famous businessman and the second richest person in the world. His name is Warren Buffett. This quote from his biography clearly indicates the beginning of the developmental trajectory of entrepreneurial giftedness. Such a developmental path is common for all gifted entrepreneurs (Branson, 2002; Dell, 1999).

Entrepreneurial giftedness refers to talented individuals who have succeeded in business by creating new ventures (fulfilled entrepreneurial giftedness) with at least a minimal financial reward or who demonstrated an exceptional potential ability to succeed (prospective entrepreneurial giftedness). A gifted entrepreneur is an individual who successfully carries out new business ventures. He or she always starts with an idea and finishes with real products, services, or processes. As well, he or she usually learns quickly and often operates in the absence of formal education (Shavinina, 2007b). As research on entrepreneurial giftedness is in its initial stage and we do not know a lot about this phenomenon, it seems reasonable to use the concepts “entrepreneurial giftedness,” “entrepreneurial talent,” and “entrepreneurial ability” interchangeably. In short, this chapter is about an unexplored yet exciting topic within the field of giftedness: entrepreneurial giftedness.

As Herbert Simon (2002), the Nobel Prize winner in economics correctly pointed out serious systematic research on entrepreneurship is just beginning. Three main directions of research can be identified in the body of literature on entrepreneurship. The first is about the role of venture capital in entrepreneurship
(i.e., how to get it to start new ventures) and of other social institutions (e.g., local universities, as well as related issues; Hamel, 1999; Huffman & Quigley, 2002; Shavinina, 2004). A few years ago researchers even started to talk about mentor capitalists who help entrepreneurs with everything from recruiting top talent to attracting their first million in seed money. By playing many different roles—sculptor, psychologist, diplomat, king maker, talent magnet, process engineer, and rainmaker—mentor capitalists seed Silicon Valley in California with expertise and knowledge, augmenting or even substituting for classes in entrepreneurship at local universities (Leonard & Swap, 2000).

Huffman & Quigley (2002) explored the role of universities in attracting high-tech entrepreneurship in the Silicon Valley and found the importance of academic institutions in attracting human capital to the local areas and in stimulating entrepreneurial talent in the region. They concluded that governments should generously invest in high-quality educational institutions because the return on the augmented human capital stock in regions will be substantial.

The second direction in research on entrepreneurship studies entrepreneurs’ skills such as problem-solving skills, domain-specific knowledge, or the role of education in general, as well as personality traits. Krishnamurthy (1998), for instance, found that successful entrepreneurs are not interested in predicting the future; they are interested in shaping it. “Shaping the future” means paying close attention to what is possible and feasible, because the feasibility of an idea is highly sensitive to the time when it is proposed. Krishnamurthy (1998) also found that, in building a team, entrepreneurs look for a variety of people with general and special talents. They place great emphasis on “loyalty,” by which they typically mean loyalty to a set of ideas, goals, and a path, not to a person.

Ferrante (2005) found, confirming previous studies on the topic, that education is an important part of entrepreneurial human capital. Education is the main factor that can sustain small firms’ competitiveness in a globalizing economy and thus help entrepreneurs to survive. Fraser & Greene (2006) studied the effects of experience on entrepreneurial optimism and uncertainty. They found that entrepreneurs are usually more optimistic than employees, and both optimism and uncertainty diminish with experience.

The third research direction in the study of entrepreneurship focuses on analyzing the link between entrepreneurship, innovation, and economy. That is, the entrepreneur is correctly viewed as an innovator (Shavinina, 2004). According to Drucker (1998), for example, entrepreneurs appear to not have a certain type of personality in common, but a commitment to the systematic practice of innovation. He understands innovation as “the means by which the entrepreneur either creates new wealth-producing resources or endows existing resources with enhanced potential for creating wealth” (Drucker, 1998, p. 149). Entrepreneurship and innovation are closely related and both fuel economic competitiveness around the world. This is why the development of entrepreneurial giftedness should be a key component of innovation education (see Shavinina’s chapter on innovation education, this volume).

On the other hand, Henrekson (2005, 2006) found that entrepreneurship is largely ignored or treated in a highly simplified way in many economic theories (e.g., in endogenous growth theory). In spite of the widely recognized fact that entrepreneurial talent is important for economic growth, innovation, and job creation, the author’s in-depth examination of how the supply of productive entrepreneurship is affected by tax and welfare arrangements that prevail in some mature welfare states (e.g., Sweden) yields pessimistic results. He shows that key welfare state institutions tend to reduce economic incentives for entrepreneurship. A number of measures can be implemented to strengthen entrepreneurial incentives within extensive welfare states, but an entrepreneurial culture and a welfare state are very remotely related. As a consequence, the respective cultures are unlikely to be promoted by a similar set of institutions. It is not hence surprising that from the point of view of some early economists the entrepreneur is simultaneously one of the most intriguing and elusive characters in the cast that constitutes the subject of economic analysis (Baumol, 1965, p. 64, as referenced in Ferrante, 2005).

Therefore, even a short look at the existing literature on entrepreneurship demonstrates that researchers working in this field have not yet studied entrepreneurial giftedness systematically. It should be emphasized that the above-mentioned investigations of entrepreneurs’ skills are not equal to entrepreneurial giftedness. On the other hand, giftedness researchers also have not yet made entrepreneurial giftedness a