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Entrepreneurial Leadership and Venture Building Across Cultures: A Comparison between Singapore and Italy

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Introduction

Historically, the concept of leadership has changed over the centuries and several intellectuals have explained its characteristics and potential. It is therefore evident that leadership and entrepreneurship, more relevant than ever in the globalized world, were already discussed and conceived in the past. Nowadays, the figure of the entrepreneur has become increasingly fundamental, acquiring importance as a driver of startup success. The research conducted investigated how the styles and traits of individual entrepreneurs may be influenced by the ecosystem to which they belong, in particular comparing Singaporean and Italian entrepreneurs.

The motivations that led me to investigate this topic are of a different nature. The interest in entrepreneurship was influenced by attending the Entrepreneurial Finance course conducted by Professor Guido Mantovani at Ca' Foscari University in Venice, where I was able to increase my knowledge of the sources of finance suitable for the development of entrepreneurial initiatives.

In addition, the opportunity to conduct thesis research at the Nanyang Technological University of Singapore encouraged me to search for a Singaporean professor willing to support me in this endeavor. After a long search, I was able to get in touch with Professor Tan Joo Seng and participate in the Sustainable Leadership & Strategy Innovation course conducted by him, the aim of which was to acquire leadership skills and knowledge, focusing on sustainable entrepreneurial leadership. In agreement with both professors, it was decided to carry out research that had never been done before.

The purpose of the thesis is to compare startup founders in Singapore and Italy in terms of the founders' leadership styles and traits and how they build their ventures. Observing whether the reference ecosystem influences the personal characteristics of the entrepreneurs.

In order to achieve the results, 70 entrepreneurs were selected, equally divided between Singaporeans and Italians, who were involved in a quantitative and qualitative analysis. The research of the entrepreneurs was carried out initially in Singapore, where during the thesis research period at the host University I had the opportunity to meet local people and experience the ecosystem, culture and characteristics that distinguish Singapore. After returning to Italy, I conducted the research on Italian entrepreneurs. The identification of entrepreneurs from both cultures was not easy. It took several months

because entrepreneurs are generally very busy and it was therefore difficult to find people willing to participate.

The selected entrepreneurs participated in three online questionnaires: 1 The IPIP-NEO (International Personality Item Pool Representation of the NEO PI-R™); 2 Heart, Smarts, Guts, and Luck - Entrepreneurial Aptitude Test (E.A.T.); 3 Built for Growth - How builder personality shapes your business, your team, and your ability to win. They also participated in an oral interview where the questions were divided into three parts: before starting the venture; at the time of starting the business; and as he or she grew the venture.

The thesis is structured in five chapters: in the first one, an introduction to leadership is provided through a historical overview, focusing also on the entrepreneur and the financial difficulties he or she faces. The second chapter analyses the typical characteristics of startups, how an idea is born, the ability to exploit opportunities, the financial phases and the involvement of different actors during the growth phases of the venture. The third chapter focuses on explaining the research conducted, explaining how data on Italian and Singaporean entrepreneurs was collected and analyzing the questionnaires and interviews used to obtain the data. The fourth chapter focuses on analyzing the results obtained from the questionnaires and interviews carried out with the different entrepreneurs, comparing the differences and similarities between Italian and Singaporean entrepreneurs and showing how the ecosystem is completely different between the two countries. In the fifth chapter, finally, we proceed with the implications, limitations and suggestions for future research, exposing the most relevant elements of the research conducted and providing a personal reflection.

Through this research, it was possible to analyze how the ecosystem has influenced the styles and traits of Singaporean and Italian entrepreneurs. They indeed developed different behavioral characteristics showing the strengths and weaknesses of different entrepreneurs from distinct geographical areas. This exploratory research has opened the possibility for future research in an area that certainly needs more investigation.

1 Leadership and Entrepreneurship

1.1 Theoretical Overview and Literature Review

1.1.1 *Evolution of the concept of leadership: from ancient society to the industrial revolution*

The concept of leader has evolved throughout the centuries in relation with the socio-political and economical context of the period. From the birth of society, leaders have been guiding their respective cohort of people. The principles of leadership go back nearly as far as the emergence of civilization, which shaped its leaders as much as it was shaped by them. Written principles of leadership can be found in Egypt in the Instruction of Ptahhotep (2300 B.C.E.). Confucius and Lao-tzu of the sixth century B.C.E. discussed the responsibilities of leaders and how leaders should conduct themselves. Confucius said that leaders must set a moral example. Lao-tzu declared that leaders must participate in and share ownership of development. (Bass & Stogdill, 1990).

Also during ancient Greek times, as demonstrated by Bass (1990), early scholars such as Plato and Aristotele showed an academic interest in the characteristics of good leaders. Even with the evolution of society, and the emergence of more complex form of government, scholars studied the characteristics of good leaders. An example is *The Prince* by Machiavelli (1513). This political treatise is still widely quoted as a guide to effective leadership of sorts and the relationships between a leader and a follower. Machiavelli stated in his thesis that "there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things" ¹.

With the global industrial revolution, the academic attention on the topic of leadership started to be adapted to the emergence of a new role in the community: the entrepreneur. Especially after the second industrial revolution, academics focused on the connection between industrial organization, entrepreneurial leadership and the division of labour. Initially, corporate leadership research focused on Taylor's (1911) scientific management

¹ Machiavelli, N. (1532). *Il principe*.

techniques, which argued that organizational efficiency improvements derived from mechanical improvements in task efficiency. In the context of autocratic organizational structures, early entrepreneurs such as Henry Ford and Thomas Edison achieved success using Taylor's methodologies.

With the booming economy of the beginning of the 20th century, and the expansion of the first private companies, the scholars started to center their studies around internal procedures. The publications of Fayol (1919) and Weber (1924) about the comprehension of leadership through organizational structure were fundamentals. Fayol anticipated numerous management practices. He presented the management tools as a way of compensating for a manager's eventual lack of skill. Fayol also argued that for leaders to be effective, they have to compensate their weaknesses by gathering a group of advisers who can fill in the areas to which their skills are lacking. Weber was convinced that bureaucracy was the most efficient way to set up and manage an organization, and fundamental for larger companies to achieve maximum productivity with many employees and tasks. In an ideal bureaucracy, everyone is treated equally, and work responsibilities are clearly divided by each teams' areas of expertise.

In the years that followed, the economic context was subject to an abrupt change. The collapse of the U.S. stock market in 1929, the great depression and the subsequent economic recovery resulted in the disruption of the relationship between employee and employer. The authoritarian regime that used to subjugate employees was no more accepted by workers' unions. In this background, works such as Barnard (1938) and Mayo (1933) noted that human relations and personal attention to workers were an important element of leadership in stimulating productivity and increasing efficiency.

Barnard argued that collaboration by employees are essential to the survival of the organization and they should be inducted into something they value in order to obtain their loyalty (Barnard, 1938).

Mayo argued that supervisors needed training to understand the personal problems of workers. He affirmed that the new supervisor required to be more people-oriented and able to handle personal situations (Mayo, 1933). Mayo's conclusions influenced others as

Argyris, who developed theories about how organizations learned and developed, and McGregor (Theory X and Theory Y) with its implications for leadership and organization.

During the last half of the 20th-century, technologies developed rapidly. The technological revolution disrupted the organizational environment that was predominant in economic production. The role of the entrepreneur started to change. With the booming economy of the periods following the end of WWII, entrepreneurs started to emerge from various social classes, independently of the family's status or inheritance. For this reason, entrepreneurial activity is associated with innovation, creativity, and driver of change. An entrepreneur is often a natural-born leader and entrepreneurship is linked with the fundamentals of leadership.

Schumpeter is believed to be the first scholar to introduce the world to the concept of entrepreneurship. "Schumpeter's entrepreneur" is still a permanent part of the contemporary economic theory.

Schumpeter presents the following definition of entrepreneurship in his first works: "The function of entrepreneurs is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on" (Schumpeter, 1942).

Schumpeter argued that entrepreneurs through the introduction of new products, the creation of new markets, the design of new ways of productions, or organizing businesses are the main agents of change in the market.

This helps to explain why research on entrepreneurship from its beginnings has ramified since 1934 into multiple spheres, creating a highly fragmented scientific field.

In the 1940s many historians were inspired by the Schumpeterian concept of entrepreneurship as an agent of economic change. In 1948 in the United States, a group led by Arthur Cole organized the Center for Research on Entrepreneurial History, based at Harvard. Cole encouraged a wide range of approaches to "entrepreneurial history,"

including neoclassical economic approaches and work that focused on the evolution of industries and organizations.

In the 1960s there was a change among historians of American economics and entrepreneurship that led them to move away from "entrepreneurial history" and its eclecticism. This was also due to a decline in financial support for the Center, which closed its doors in 1958. Younger economic historians inspired by Chandler (1962) were increasingly attracted to organizational and managerial studies.

1.1.2 The evolution of leadership theories

Leadership theories have developed significantly in recent years and have increasingly shifted the attention to the exercise of this function within complex organizations oriented towards economic and productive goals and, therefore, enterprises. More specifically, classical sociological studies initially studied leadership mainly with reference to political systems and society in general, while psychological studies focused mainly on the functioning of groups (Lewin, 1947). On the other hand, a series of studies from the 1960s are to be attributed the merit of having focused attention on leadership in the business context, evaluating mainly the consistency of different management styles with specific situations.

The main leadership theories that have followed from 1960 to the present can be traced back to 4 macro-categories:

- Trait theories,
- Behavioral theories,
- Contingency theories,
- The new leadership theories.

According to the **theories of traits**, leaders possess certain personality traits that make them capable of inspiring the loyalty of their followers and thanks to which they distinguish themselves. Many early leadership researches aimed to strengthen the personal traits of those who become leaders and followers and to identify the distinctive traits of true leaders. The research conducted in this area seems to start from the assumption that one is born a leader, one does not become a leader; this remains,

however, an assumption, since there is no empirical evidence in the literature that certain personality traits can distinguish true leaders from the masses. Many authors have devoted themselves to the research and study of the distinctive traits of leaders. One of the first to explore these elements was Ralph Stodgill (1948) who highlighted numerous traits that differentiate a leader from the followers. These included a propensity for interpersonal relationships, technical skills, administrative capacity, leadership effectiveness, and self-confidence. Stodgill (1948) was followed by Mann (1959) and Lord (1986) among the most relevant; the scientific production on the topic is, however, very wide. Edwin Ghiselli (1971) identified a series of particularly influential characteristics for the effectiveness of leadership, including the ability to supervise, the ability to decide, self-confidence, and the spirit of initiative. Gary Yukl (2002) then distinguished three distinctive characteristics of each leader: values, skills, and traits.

Concluding the exposition on the theories of the traits that characterize a leader, it is correct to mention the study that Carl G. Jung (1971) conducted on "psychological types". This study postulates that every human being belongs to a certain psychological "category" and implements a specific behavior that, generally, descends and is consistent with the "type" of belonging. The knowledge of these "categories" or "types" can facilitate communication and, therefore, interpersonal relationships.

The theories of traits can be criticized as it neglects the external environment, ignoring the context and the particular situation in which the leader operates, focusing all its attention on the behavioral/characteristic traits that a leader assumes and must have.

The theory of traits is very interesting because the characteristics considered innate of the entrepreneur leader are relevant, such as charisma, personality, need to emerge, and to lead as if it were a divine aspiration.

The research currently being conducted no longer assumes that leaders are by birth, but according to the new perspective the personal traits of entrepreneurship can be developed in those who aspire to become leaders.

For the theories of traits, one is born a leader. For **behavioral theories**, however, the style of leadership is influenced by the behavior of the group that the leader is required to lead.

Behavioral theories observe the leader both based on his or her behavior and the effects it has on the group in terms of satisfaction and results achieved. Therefore, the most appropriate leadership style depends on the behavior of the group into which the leader has fallen.

The main proponents of these theories include White and Lippitt (1943) and McGregor (1960). The firsts identified three styles of leadership: authoritarian, democratic, and permissive, while the second, is famous for the theory X and Y, analyzed how the characteristics of the individuals with whom the leader interfaces influence the leadership style that the leader should adopt. In the specific, McGregor (1960) believes that an authoritarian style of leadership is appropriate in the presence of passive, lazy and irresponsible individuals, while democratic leadership is more appropriate in the case of individuals who do not have a passive nature and who do not have a hostile attitude towards management.

In behavioral theories, as well as in the theory of traits, the emphasis is mainly on personal factors: those of the group in the first, those of the leader in the second. Moreover, both these theories are based on the assumption that there is only one style of leadership that is valid: each author tries to understand what that style is.

Behavioral theories have influenced leadership studies, moving from a character-based to a behavioral approach, and thus trying to answer the question: "What does a good leader do?". This type of approach establishes that " efficient leader " is not born, but becomes, learning through observation of the skills to be acquired and developed.

Behavioral theories are, therefore, dispelling the myth of the "born leader" in favor of a "built leader", through the learning of behaviors. In summary, the theory is based on the assumption that a leader is not born but becomes and that he or she becomes a leader by watching others do what they do.

This theory, based mainly on the studies of McGregor (1960), Blake and Mouton (1964), opens the door to the concept of leadership development, contrasting with the simple character traits aimed at distinguishing people who have the traits to be potential leaders from those who have no chance.

This theory is only at one extreme of the various visions of leadership and does not consider leadership as a process of relationships.

Contingency theories, on the other hand, are based on the idea that there is no unique and better leadership style than others in every situation. Instead, some styles are more suitable in certain contexts or situations and less suitable in others. Various factors can influence the choice of one style of leadership rather than another, such as the peculiarities of the employees, the environmental context, the culture of the organization, and the nature of the tasks. Therefore, it is necessary to choose the style of leadership that is best suited to the business environment from time to time.

Contingency theories, therefore, environmental factors are considered fundamental. Some examples of these theories are:

Fiedler's contingency model (1965); The Vroom and Yetton model (1973); The path-goal theory (House & Mitchell, 1974); The Hersey and Blanchard model (1982).

Contingency theories focuses on the characteristics of the members. In all models the ability of the leader to understand the context and adapt their leadership consequently is presumed. Moreover, in contrast to the theories that emerged in later years, contingency theory never takes into account the relationship between leader and group members, a fundamental element in entrepreneurial leadership since the leader must be able to involve the collaborators and transmit his or her vision.

The last macro-category is about **new leadership theories**. These include Transformational leadership. The term "transformational leadership" first appeared in Downton's work in 1973. This approach has developed since the 1980s and places particular emphasis on emotional and charismatic aspects. Specifically, transformational leadership is a process that changes and transforms individuals. It is concerned with emotions, values, morals, quality, and long-term goals and includes in its evaluation process the motivations of followers, the satisfaction of their needs, considering them to be truly human beings. The use of transformational leadership implies a particular form of influence that drives followers to achieve much more than would normally be expected of them. Furthermore, it is a process that often includes charismatic and visionary

(imaginative) leadership. Finally, transformational leadership is centered on the commitment and skills of the organization's components and the strategies and ways in which they can be valued through leadership influence.

A more recent branch of research has been concerned with defining the processes by which the links between the leader and his followers are articulated. These theories aim to define how leaders manage to involve and unite their followers in the search for a common result.

Transactional leadership theory, according to the writings of Downton (1973), considers leaders as "negotiating agents," who negotiate and sometimes compromise to "maximize their relative position," try to gain more and more decision-making power within a group.

According to Bass and Stogdill (1990), the one who is defined as a transactional leader should possess certain fundamental characteristics. First, he or she must be able to evaluate good performance and whether or not a goal has been achieved, in order to distribute rewards. These must serve as a reward for those who stand out, but must also be a stimulus for all others. This type of leader must also have the ability to "manage by exception", i.e. understand the signs of negative performance in order to anticipate it and, if this is not possible, take action to enforce performance standards.

Transformation for excellence is what the leader does when he or she succeeds in transforming his or her followers into new leaders. Among the different profiles of transformational leadership, the 4 "I" model by Bernard Bass (1990) has established itself: Individualised Consideration, Intellectual Stimulation, Inspirational Motivation, Idealised Influence.

In 1985 Bass, re-proposing the work of Burns (1978) and House (1974) provides a more extensive redefinition of transformational leadership. The author expands the work of Burns (1978) by placing more emphasis on the needs of followers than on those of leaders and describing transactional leadership and transformational leadership as a single continuum.

Bass (1985) also expands the work of House and Mitchell (1974), placing more emphasis on emotional elements, suggesting that charisma is a necessary but not sufficient element for transformational leadership. Bass argues that transformational leadership motivates followers to do much more than one would expect from them.

A number of studies have revealed that the role of leaders has changed significantly from the time of antiquity to our time.

Thence, if at the beginning of the 20th century the success of entrepreneurial organizations was achieved thanks to the dominance of personal leadership concept, in the middle of the 20th century, the concept of behavioral and contingency leadership became widespread, at the end of the 20th century and to the present time, for successful organizations, the implementation of transactional and transformational leadership concepts is typical (Britchenko, Smerichevskyi, & Kryvovyazyuk, 2018).

The latest research of 21st century focuses on entrepreneurial leadership, in fact, it is in the very early stages of conceptual and theoretical development.

All the theoretical and conceptual overlaps between entrepreneurship and leadership led scholars to merge them into a new paradigm of **entrepreneurial leadership**. “The synergy associated with entrepreneurial leadership not only assists improving research and practice in both disciplines but it also presents novel properties that are not obviously apparent in either of the separate components”²

Entrepreneurial leadership has been described as a form of leadership behaviour that is distinctive from other types of leadership practices that are required in highly challenging and competitive environments. (Gupta, Mac Millan, & Surie, 2004).

Entrepreneurial leadership has emerged as something unique, taking into consideration the specificities of the exercise of leadership in new, small and not large companies and the high-speed environment of competition and change in which all organizations find themselves. (Harrison & Claire M., 2005).

An important part of being an entrepreneurial leader consists of recognizing new opportunities and securing resources for exploitation of the opportunities (Renko, El Tarabishy, Carsrud, & Brännback, 2013).

² Bagheri, A., Akmaliah, Z., & Lope Pihie, L. (2011). *Entrepreneurial leadership: towards a model for learning and development*.

Entrepreneurial leadership is a process that develops along the phases of the startup life cycle. Therefore, when we look at the growth and financing phases of a startup, we have to take into consideration that leadership is also changing and that different conditions and features are typical for the entrepreneurial leadership in each respective phase.

1.2 The Entrepreneur in a startup

In the business environment, there is no univocal meaning of the term startup. Initially, the term was coined for high-tech companies and it coincided with the dot com bubble of the early 2000's. Startups were generally active on the world wide web or in the developing digital world. It was only later that the term was also extended to new innovative/disrupting companies. Today, most sectors are also affected by the birth of small, agile, innovative businesses normally called startups.

A startup is, normally, a small reality that is born from audacious effort of an entrepreneur (or a group of them) who decide to focus their time and capital to make their idea come true. Often such realities come to life thanks to the direct financing of their founders (or from their friends/family). And so, in principle, today any new company in its first two/three years of life is generically defined as a startup.

The startup phase is therefore understood as that of the birth of the company. However, the same phase can be described as the one in which the product/service is developed and sold to the market. This involves creating a marketing strategy, a go to market strategy and trying to reach as many customers as possible.

During this period, financing generally comes from "specialized" investors such as business angels or venture capitalists. The various financing phases will be described deeply in the next paragraphs.

From an entrepreneurial point of view the term startup identifies the period during which a business is launched. These are usually new businesses, in which stable organizational processes have not yet been consolidated and although there is a business of reference it has not yet been exclusively defined.

In order to fully interpret the figure and role of the entrepreneur within the economic system, it is necessary to reflect on two key concepts of business and entrepreneurship: risk and profit. By exercising economic activity, the entrepreneur puts the invested capital at risk, in order to obtain an adequate compensation for this, called profit.

The figure of the entrepreneur within the startup is of vital importance and in fact the various financiers tend to increasingly consider the characteristics of the entrepreneur in the financing phases of the startup. In fact, the entrepreneur is at the center of every decision and it is up to him or her to direct production, determine the structural basis of the company and the direction of its activities and choose his or her collaborators to carry out his or her tasks. These powers derive from the significant risk he has to take. The entrepreneur is obliged to pay a fixed fee to capitalists and workers with the risk of not being able to cover the costs and therefore endangering the capital invested.

As time goes by, the figure of the entrepreneur as a leader is gaining more and more interest. As observed in the theoretical overview, the evolution of leadership has changed significantly with the passage of time, resulting in the entrepreneur being considered as a leader capable of involving and influencing people. In the latest theories developed, such as transformational leadership and entrepreneurial leadership, it can be observed how the entrepreneur must be able to change and transform individuals by adapting to continuous competitive changes having a clear vision of the business idea and being able to transmit it to his collaborators.

In order to start a business it is not only necessary to have innovative projects, but mainly to hire people who are capable of carrying out the entrepreneurial project. It can be argued that the success of a business depends to a large extent on the skills of the entrepreneur and the employees that follow him/her.

The success of a startup is characterized by the combination of the entrepreneur's skills, product or service innovation and a good competitive strategy.

The entrepreneur must be able to create a successful formula and adapt it to new market and technological conditions, having as main purpose the durable growth of the company's value.

Many were the failures in the first years of life due to new entrepreneurs not able to manage a business activity, many were the business plans rejected by venture capitalists because the aspiring entrepreneurs were not considered "reliable". For an enterprise in the initial phase, without a history, the figure of the entrepreneur becomes the focus of any evaluation of the investment project because it can be argued that for an investor the only certainty lies in the personal history of the entrepreneur. In fact, the figure of the entrepreneur is fundamental also in the evaluation by the financiers because the startups in the initial phase of life have little information because it is not yet known if with the passage of time the product will be accepted by the market and because the production capacities of the company are not yet well known. The entrepreneur is therefore the only guarantee because he is the only one who has a vision of the system and must be able to face and solve problems and to involve people in the idea of the product or service.

1.3 Financial side of the development of a startup

From the financial perspective, the financial equilibrium of the startup has to be sought from the initial phase in order to guarantee the company's richness and the continuation of the entrepreneurial project.

New companies are generally characterized by the achievement of negative economic results because of the failure, to achieve the sales' volume which is necessary to cover the company's fixed costs; the reason this occurs is the company has not yet acquired its market target as it is not yet known to the potential customers. The aim of the company is to reach the break-even to ensure the survival of the business. Initial negative cash flows force the company to find sources of financing from outside.

In general, the financial requirement in the initial phase of the business is originated for investments that are finalized to the completion of the development of the project, the preparation of the production capacity, and investments in working capital.

Normally, the investments aimed at the conception and development of the project are not significant, but concern research and development, staff selection, and marketing studies.

Investments to acquire production capacity requires different resources as they are necessary to purchase plants, machinery, and equipment. While investments in working capital vary according to the duration of the operating cycle and sales, production and procurement policies adopted and adoptable.

From an evolutionary point of view of the financial needs of a new company should be noted that the periodic cash flow is worse until the moment of sales begin, and it take a positive sign afterwards. The cumulative cash flow, which is equal to the sum of the periodic cash flows, is negative and can also take on considerable dimensions. Even after the company has passed the break-even point, the total return on investment can take a long time depending on the rate of growth of turnover, profitability, and the duration of the working capital cycle.

No optimal financial structure exists for the new company, but several temporary structures are more or less appropriate. Financial choices must be oriented towards finding a continuous and changing balance among the sources of financing. It is essential to take into account certain guidelines, first of all, the compatibility between operational risk and financial risk. The mix between debt and equity has to be measured concerning the strategic profile of the company.

In the very first phase of a business, it is important to maintain a high degree of financial elasticity, creating inventories of credit in the event of deviations from the financial plans, which is easily verifiable, given the absence of a company's past as a guiding element in the planning process, particularly in high-growth sectors strongly dependent on variables outside the sphere of control of the founder or management.

The presence of equity would favor the company in the search for debt capital, increasing its possibilities of indebtedness. Equity demands a lot more than debt capital, in terms of control and remuneration, but it is more flexible in terms of maturities and does not involve periodic expenditures. In summary, it can be argued that while it is not recommended to start a business exclusively with risk capital in the early stages of the life cycle, since a source of financing is crucial. In order to sustain the growth process in a healthy way, the start-up company needs to use resources on a stable basis and therefore in such situations, the creation of value through debt loses quite a lot of its relevance.

The principle of leverage establishes that an increase in debt increases the value of a company. Usually, in start-up companies the cost of capital exceeds the rate of return on invested capital, as the company has not yet reached the optimal condition to maximize its profitability. In the presence of losses, the tax advantage of the debt may disappear and in such situations the leverage effect links to the debt and only amplifies the losses.

The strong presence of equity is not only an obligatory choice, because of the difficulty in accessing bank financing, caused mainly by insufficient guarantees, low liquidity, as well as the existence of significant information asymmetry between investors and entrepreneurs (Cosh, Cumming, & Hughes, 2009), but in consideration of the negative economic results that startups usually achieve.

Once the strategic validity of the entrepreneurial project has been established, the new company, in addition to any risk capital contributed by its founding partners, such as the personal savings of the entrepreneur, friends and relatives, can find resources from outside through various sources such as Business Angel, Venture Capital, Crowdfunding, etc.

One of the most suitable channels for financing start-ups is venture capital, i.e. the risk capital is made available to innovative companies by institutional investors. Investors are specialized by stage or value of the investment, target sector or geographical area. Consequently, the entrepreneur or aspiring entrepreneur must direct the choice towards the potential partner that presents preferences and investment characteristics which are compatible with their financial needs. The entrepreneur must then assess whether the venture capitalist has experience in similar investments, and it has competing companies in its portfolio. Whether it has a successful reputation in the market and what network of relationships it can provide. Obtaining financing from venture capitalists is very difficult.

The landscape of entrepreneurial finance has changed over the years and many new players have entered the arena, such as crowdfunding, accelerators, incubators, and family offices.

These new players have emerged because of the difficulties faced by entrepreneurs and early-stage new ventures in raising funds and thanks to new technological opportunities.

Crowdfunding is generally characterized by small investments from different individuals. Multiple types of crowdfunding exist; people, who are investing, are generally interested in the product and they also believe in the capacity of the entrepreneur to run the business.

Thanks to these investors, entrepreneurial firms tend to remain private much longer than how it was in the past (Cumming, Deloof, Manigart, & Wright, 2019), and these actors have changed the way to evaluate a startup since it is not as elaborated as the one conducted from venture capital or private equity who are investing more money.

The numerous crowdfunding techniques are only a possibility in the panorama of financing startups; concerning the very early stages of the entrepreneurial project, those in which the technical validity of the new product/service is still to be demonstrated, there is also the activity of the Business Angel and the Incubators, the latter consisting of private investors or local public entities and trade associations.

Startups are subject to a high degree of uncertainty about technical results (process or product/service innovation), market, and payback time. These are the reasons the entrepreneurial idea finds on the evolutionary course of various obstacles that can undermine the possibility of implementation, including those of financial nature.

1.4 Financial constraints

The scarce financial culture of the founders often means that the new enterprise is created by favoring the forms of financing easier to reach, rather than the most suitable ones.

It is indeed extremely difficult for the new company to obtain debt capital that the entrepreneur focuses more on finding financial resources than on the economic convenience and temporal compatibility of the financing with the investment.

Many entrepreneurs are not familiar with the range of existing financial instruments, although for startups there is generally little possibility of arbitrage between different technical forms of financing. The financial characteristics of a startup contribute to uncertainty about the technical and market results, making it also difficult to predict future cash flows. This phenomenon can be partly mitigated through an effective planning

process, which is also useful to demonstrate to possible financiers the feasibility and profitability of the project and to give the new entrepreneur greater credibility with the financial system. The planning activity should start with a feasibility analysis of the initiative including the examination of the key variables and the economic viability of the project. As part of this preliminary feasibility analysis, it is normal to consider the financial variable as neutral. It is important to consider alternative scenarios and project them over a sufficiently long timeframe until an optimal competitive status is achieved. In the planning phase itself, however, it is appropriate to highlight the financial needs and possible ways of covering them, keeping in mind the peculiarities of startup companies.

Generally, a business initiated by a person "known" to the financial market usually encounters fewer difficulties in raising funds than a business initiated by a person that the capital market has not already had the opportunity to evaluate in the performance of entrepreneurial activities.

As a factor of underlying credit rationing, there is the concept of information asymmetries between lenders and companies. Information about the value of the company and the returns on new investment projects would be known to the entrepreneur, but may not be accessible to external financiers. This information gap depends on limitations of access to business information, a common "closure" attitude among entrepreneurs, and also the low quality of accounting data.

Attribute the value of the company takes time and effort. The evaluation process of the firm is complicated due to the diversity of factors involved (Brealey, Myers, & Allen, 2020).

In the initial phase, startups have difficulties in accessing sources of financing, as a result of the choice of intermediaries and the structural characteristics of the financial system. Credit rationing occurs when part of the demand for loans is not satisfied by credit institutions.

As a factor underlying credit rationing, the theory introduces the concept of information asymmetries between lenders and companies. According to this approach, information about the value of the enterprise and the returns on new investment projects would be known to the entrepreneur but may not be accessible to external lenders. This

information gap would depend on limitations of access to company information, but also the low quality of accounting data.

The granting of credit based on forecast data involves ex-ante analysis and ex-post control which in turn generates largely fixed costs, which can be particularly onerous when the credit lines requests are not significant. This has repercussions on the choice of projects financed by the banks, which will only find it convenient to bear these costs if the relationship with the new entrepreneur has long-term prospects. One way of minimizing these costs is to build a closer and more permanent bank-enterprise relationship, in which the bank provides the client with a wide range of financial services. In addition, to increasing the quality and quantity of client information, it allows the costs of generating this information to be spread over a larger number of types of financial offers.

Financial institutions, in general, are not interested in financing startups because they consider such companies more of a gamble than an investment and therefore prefer to intervene mainly in supporting more developed realities. The market usually requires higher rates from nascent companies than those required from already established companies. Some positive signs suggest that the mentioned logic of credit risk management may be in the process of being exceeded is also a result of a series of regulatory and cultural changes. In a context of greater competition and decreasing margins on traditional activities, some credit institutions have realized that the financing of companies that are preparing to operate in rapidly developing sectors can provide interesting benefits, especially in terms of risk diversification, customer "loyalty" and return on loans, but concerning the higher risk incurred the bank may ask for higher rates. Assistance to new businesses also allows banks to expand their offer and expertise in response to the more sophisticated financial needs of such businesses. Thus to earn commissions from the sale of higher value-added services.

A definitive and permanent point has not yet been found and there are still many signs of progress which needs to be made. The credit system should initially be able to consider equipping itself not only on the side of logic and instruments of use but also on the side of collection and intermediation to move from the financing of capital to the financing of the idea-project. The new companies with rapid growth rates and the need to invest in

intangible assets require both innovative financial instruments and to be able to be appreciated for their future income prospects, rather than for their assets. This implies, on the one hand, a change in the logic and instruments for the granting of credit facilities, a widening of the range of financial instruments on offer, an internal or outsourced availability of structuring and placement capacity, preparation, regulation and asset-liability management allowing for adequate funding instruments to meet project financing. On the other hand, a greater flow of information from companies would also be necessary to allow banks to adequately assess the real potential of the client entrusted.

The market and landscape for entrepreneurial finance have changed over the last years. Several new players have emerged, and there has been a noticeable presence of other players that have traditionally not had a major role in the market. Some of these new players value not only financial goals but interested in non-financial goals as well.

The new players have not only brought a variety of new investment goals but have also introduced new investment approaches, valuation methods or measures, and business models of entrepreneurial financing. As, non-financial goals have become more important, new valuation models and measures have been developed taking into account non-financial goals in the selection of investment targets (Block, Colombo, Cumming, & Vismara, New players in entrepreneurial finance and why they are there, 2017).

2 Startup characteristics

2.1 The Creation of a Business, how an Entrepreneurial idea is born

At the basis of every entrepreneurial experience there is always the propulsion to develop an idea potentially successful that stimulates energies and resources investment. In fact, entrepreneurs are considered dreamers capable of transforming their idea into a marketable product. Most startups are born out of study paths, work experiences, experiences abroad or simply from market opportunities not yet exploited. Anyway, besides possible inputs from other peoples and cultures, the initial assessment core is fundamental for the initiative as it determines, at least in part, the success or failure of a prosperous business career. In fact, it is essential for practical purposes that three guidelines are followed: innovation, motivation, feasibility.

The business idea has to be perceived as innovative regardless of whether it is original and unique or an idea that represents a relaunch of an already existing business. It shall emerge with elements of innovation and, at the same time, of rupture with the past, thus able to attract the attention and interest of the public. Innovation can be of different types, such as product innovation, process innovation, organisational innovation and many more.

Motivation is the psychological stimulus of every challenge that leads to coordinate resources and to make sacrifices in order to achieve a long-term goal. There might be many motivations that encourage entrepreneurs to overcome difficulties, such as economic remuneration, professional achievement, projects of environmental interest, scientific and technological progress, social consensus. The entrepreneur faces several difficulties during his startup life cycle, therefore it is fundamental that the motivation of the entrepreneur stimulate him in searching for adequate and creative solutions to problems.

Before starting a project that may be hazardous, the entrepreneur needs to make a careful and objective initial assessment of the project feasibility. Any successful idea, before its

realization, will necessarily have to deal with the conditioning present situation in the market, in the legislation in force and in the technical-scientific context of reference.

The role of the entrepreneur is therefore fundamental, since with his evaluations and skills he must be able to overcome every obstacle.

According to empirical evidence, especially for high-tech companies, one of the most important success factors is the presence of a team of founders with good previous work experience and having people with specific functional knowledge. In particular, the personal skills of the entrepreneur stand out in new markets where only few people have consolidated knowledge or a good reputation. The charismatic traits are considered strengths of the company as they are not subject to imitation by competitors. At the same time, the dependence on the personal characteristics of the entrepreneur himself can create problems related to external financing.

If, for example, there were a certain information asymmetry between financier and entrepreneur, the lender would certainly find it difficult to observe the actual commitment of the entrepreneur in the post-financing phase.

2.2 Entrepreneurial Opportunities

A business idea has reflect itself in a market opportunity, creative ideas and originality alone do not guarantee appreciable financial results (Olson & Bosserman, 1984). An entrepreneur therefore has indeed to have a good idea, but also be able to identify an unsatisfied need and propose a functioning solution.

Based on research so far there are two perspectives opportunities on entrepreneurial leadership: Discovery Perspective and Creation Perspective.

Discovery perspective views opportunities as natural occurrences in the world that exist prior to being discovered by alert, skillful or fortunate entrepreneurs who then take actions to exploit them.

In the Creation perspective, opportunities should be thought of in the context of entrepreneurs seeking to create their ventures in a world which fundamentally depends on entrepreneurial imagination and actions for its development. Opportunities are not discovered before exploitation, but rather enacted in creative and social processes.

The Discovery perspective can be traced back to the Austrian economic tradition. Israel Kirzner's attempt to merge Mises' notion of the entrepreneur as the driving force of the economy with Hayek's ideas about knowledge distribution and spontaneous coordination. The perspective has been theoretically developed and empirically tested by numerous scholars. The discovery perspective has two hence of continue, active and passive discovery of opportunities. Active search processes in the form of scanning or entrepreneurs systematically updating their knowledge about the environment in pursuit of pre-existing opportunities.

Shane and Venkataraman stated that "Entrepreneurial opportunities are those situations in which new goods, service, raw materials, and organization methods can be introduced and sold at greater than their cost of production. Although recognition of opportunities is a subjective process, the opportunities themselves are objective phenomena that are not known to all parties at all times"³.

In the discovery perspective there are two basic sources of entrepreneurial opportunities: technology inventions and change in political, social, regulatory and macroeconomic (Schumpeter, 1961).

Sources of Entrepreneurial opportunities come from 7 broad sources of change:

1. Unexpected occurrences
2. Incongruities
3. Process need
4. Changes in industry structures or markets
5. Demographic Changes
6. Changes in perception
7. New Knowledge 8 (Drucker 1985).

Hayek saw opportunities as the result of the uneven distribution of knowledge in society. (Hayek, 1945).

Kirzner regarded alert discovery of arbitrage opportunities as the quintessential element of entrepreneurship (Kirzner, 1973).

Opportunities are inefficiencies or "situations overlooked until now because of error" (Kirzner, 1979).

³ Shane, S., & Venkataraman, S. (2000). *The promise of entrepreneurship as a field of research*. *Academy of Management Review*.

Opportunities exist objectively in the form of underused resources, different forms of structural change, and uneven distribution of knowledge which leads to unnoticed market inefficiencies.

Even if opportunities exist autonomously, they are not equally visible to everyone. People have different access to relevant information about opportunities. Noticing certain opportunities does not require expertise. Dependent on individuals' spatiotemporal location, relevant prior knowledge, and position in and between social networks. The entrepreneur, in fact, should be able to take advantage of opportunities, otherwise these will be exploited by others. The entrepreneur's ability lies in seizing them.

Entrepreneurs may differ in their entrepreneurial human capital, levels of alertness, and cognitive abilities to notice and evaluate opportunities given the same information.

The discovery perspective comprises:

- Active search
- Passive search
- Fortuitous discovery.

Once the opportunity has been discovered and deemed worthwhile, the entrepreneur undertakes a series of exploitation activities. E.g. raising financial and other resources, protecting information about the opportunity from competitors, and designing appropriate organizations and business models.

Entrepreneurs will often design strategies to deal with these uncertainties by introducing slack, identifying niche markets, forming strategic alliances, etc.

Crafting a solid business plan helps the venture by evaluating conjectures about future events, focusing attention on bottlenecks and additional resource requirements, clarifying goals and objectives, and facilitating communication and increasing legitimacy in interaction with external stakeholders.

The creation perspective is thought to originate from radical subjectivists who extend the Austrian notion of subjectivism from alertness and personal values to explicitly include imagination and creative expectations about the future. Emphasis is on creativity and the entrepreneur as a history maker.

To the radical subjectivists, knowledge of the future cannot exist because the future is yet to be created. Entrepreneurial action is making history instead of merely responding to it.

This perspective is most clearly promoted by Sarasvathy who views entrepreneurial opportunities as creatively developed in the everyday activities of individuals and groups (Sarasvathy, 2004).

Sarasvathy's notion of effectuation emphasizes the social dimensions of entrepreneurial action.

Starting with personal ambitions, limited resources and an open view to the future, the content, identity and direction of the opportunity are allowed to emerge as a result of implicit "negotiation" with different stakeholders such as suppliers, partners and customers.

"Opportunities are a result of the efforts of a particular entrepreneurs striving to construct corridors from their personal experiences to stable economic and sociological institutions that comprise organizations and markets in the world" (Sarasvathy, 2004).

The creation view has been compared with the resource-based view of the firm because it emphasizes what can be done with what is currently under control, rather than what should be done in order to reach a given position.

The "resources" available to a prospective entrepreneur are highly personal and consist of imagination, identity knowledge and personal networks as well as the ability to interpret the potential in one's cultural context.

Entrepreneurs develop their ventures in constant interaction with their local environment.

The uncertain environment is turned into an advantage, since entrepreneurs treat serendipitous events and contingencies as opportunities to adapt and reconstruct their goals along the way.

This explains how early interactions with customers, partners or financiers can radically reshape the opportunity created.

An important aspect of opportunity creation is that entrepreneurship is not an individual endeavor. When entrepreneurs leverage contingencies and enact their local environment, they more or less actively enlist the support and contributions of different stakeholders. In this sense, the development of the venture is determined by a coalition that jointly defines what constitutes relevant goals, risks, markets and values. In uncertain and rapidly changing situations, there is limited room for traditional planning or maximizing behavior. A feasible strategy is instead to foster "generative relationships" which provide the settings and collaborative milieus in which future opportunities may be developed.

“To the extent that we can control the future, we do not need to predict it”⁴

Entrepreneurs typically believe that they can affect future events more than bankers can. By departing from local resources and contingencies, and gradually developing the venture through social process of stakeholder involvement, the venture and its environment are, in a very real way, enacted. Social relationships and identity building are therefore not just an internal matter of steering the venture. Over time more and more customers, suppliers, partners, and regulators are involved in the venture process, which in turn leads to shared identities and commitments on higher levels. By being the first doing something, the entrepreneurs sets the way for potential followers and actually creates the opportunity in the form of markets, standards, business models, etc.

2.3 Finance phases

Alongside the formulation of a solid business idea and the ability of the entrepreneur to seize opportunities, it becomes of fundamental importance to ensure the availability of the financial resources necessary to support the entire project. For startups there is financial gap, connected to the characteristics of these newborn companies and it is important that the aspiring entrepreneur acquires full awareness of the financial obstacles that he is forced to face and useful instruments to overcome this gap. In addition to the critical nature of the function of finding capital for startups, it is also important to consider the importance of ensuring a financial balance that is sustainable over time, due to the specific characteristics of the company and its sector, as well as providing an adequate structure for management decisions. It should not be forgotten that creating new businesses is an initiative capable of stimulating the socio-economic development of local communities and is therefore often strongly encouraged by national and local authorities, which provide funding and facilities very useful to integrate the needs of new entrepreneurs and to support their expansion projects.

⁴ Sarasvathy, S. D. (2001). *Causation and Effectuation: Toward a Theoretical Shift from Economic Inevitability to Entrepreneurial Contingency*. The Academy of Management Review.

The growth phases of a startup are supported by funding considered necessary for growth and survival. The funding cycle, according to Novoa (2018) in an article on Startupxplore, is broadly divided into two phases: early-stage financing, which includes pre-seed capital and seed capital, and the growth stage, which includes Series A, Series B and Series C.

- Pre-seed capital: it is the initial phase, in which no capital is available, but only and exclusively an idea that requires recognition to enter the market. Usually it is a very complicated phase, since the only sources of financing come from "fools, friends and family". The technical validity of the product/service that is financed is still to be demonstrated and rarely the investor has to deal with an already formed entrepreneur. Generally, no adequately structured business plan exists and such operations are carried out, in most cases, by operators who are not highly specialized in the various industrial sectors in question. The necessary skills are therefore not only managerial, but also technical and scientific. However, this is the phase in which many incubators and business angels have positioned themselves in recent decades.

- Seed capital: is a very risky phase, characterized by a high demand for capital necessary to launch the idea previously exposed to capture a portion of the market of potential customers. Also in this instance, the problems are essentially of a technical nature, while the characteristics of the operators do not differ substantially from those of the previous case. Compared to pre-seed, however, the experimentation phase has been overcome and the product has already been developed, although at prototype level, and often the phases related to possible patents and engineering have been completed. Therefore, the prerequisites for starting a business already exist, as formally the company often already exists, the management has already been set up, and product tests and appropriate market research have been started. In this phase, the financial resources useful to support the development of the productive activity and the various company functions are also required. As the European Accelerators Summit (2016) underlines again, at this stage investors are few and highly specialized: they are business angels or investment funds and accelerators that have large amounts to invest. New sources of investment have also emerged in recent years. One of these is Crowdfunding, managed by online platforms that allow anyone to present their innovative project.

- Series A: it is the phase that marks the point of separation from early-stage, characterized by growing revenues and the first appearance of consistent profits. Novoa

(2018) argues that it is still a very risky stage for investors who, in this case, identify mainly in venture capital firms. The share they own is between 15 and 30% and their goal is to obtain as much capital as possible in order to scale up their market.

- Series B: it is the phase that is established in those successful startups with consolidated experience. In fact, the market has a solid base, investments are larger and the business model works efficiently (Novoa, 2018). In this phase, accelerators Corporate Business Incubators appear, which are in the process of looking for the best investment opportunities for the companies they work for and create partnerships for future acquisitions.

- Series C: it is the last step before the public offering of securities (IPO), following subscription to a regulated market, or before acquisition by a private equity company.

In addition to a temporal distinction, funding is also subject to another type of distribution; in fact, it can be carried out internally or externally. The internal financing consists in the contribution of economic resources by the partners or the owner. It can take the form of payment in capital account or financing of the partners. External financing, on the other hand, represents resources contributed over time by parties who are not part of the company and to which we refer in the description of the financing stages previously mentioned.

The types of financing, moreover, are divided into:

- debt capital: short, medium and long term debt with third parties, with repayment obligation and remuneration based on a contractually established interest rate.

- Risk capital: stable resource in the company, therefore subject to its risk and restricted to it for an unlimited period. There is no obligation to repay for investors.

Among the external lenders with risk capital, the figures of Business Angels and incubators in a first phase and Venture capitalists in a more mature business phase emerge.

2.4 Involment of different actors during the growth

Startups require external financing during their entire existence in order to survive and grow. Every growing company has different needs and objectives depending on the stage of development in which it is situated. There are, therefore, different funding and people

willing to provide it depending on the sector, size and level of interest that the startup and the entrepreneur can attract among potential investors.

2.4.1 Business Angel

Historically, this term was used in the early 1900s in the United States to describe wealthy investors who provided large sums of money for theatrical productions. They were therefore considered to be theatre professionals, angels who brought great benefits.

Today, “Business Angels” are companies with a high net value that usually provide smaller amounts of funding, from €25,000 to €500,000, in a seed or pre-seed phase of a startup. Often, in an increasingly common way, they are also accompanied by venture capitalists, entities that, as we will specify later, are in a more advanced phase of the business. Angels satisfy the financial needs of companies in the early stages of their life, invest money in return for a participation in the company's capital, are inclined to risk and participate in the management of the company itself. In addition, the intervention of Business Angels is appropriate to meet the skills needs, as well as the financial needs of the company in the early stages, in order to contribute to the economic success of the project.

The business angel supports the entrepreneur in two approaches:

1. the Financial Business Angel: invests risk capital in companies, but he is not involved in management activities (only marginally for supervision and control assignments);
2. the Industrial Business Angel: provides financial resources, actively participates in the management activity with his know-how and professional and managerial skills, bringing improvements to the company.

His main interest, however, remains to monetize, within a period of 3-5 years, a capital gain by selling his shares of the company.

Business Angels usually are able to contribute more intensively to the business than other types of investors, as a contribution of capital is often associated with a contribution in terms of knowledge of the sector and networks of relationships and contacts, which are very useful to new entrepreneurs. The participation of business angels does not therefore consist of a loan, with the resulting return on the capital injected, but rather is structured

in the same way as an investment. The investor buys shares in the company in exchange for a contribution of money. The investor shares the risks and rewards. The growth in equity capital also accelerates and adds credibility and generates trust between clients, suppliers, staff and other lenders. The investment takes the form of an equity capital injection into the startup system and focuses on participations in private, unlisted and usually, but not exclusively, limited liability companies. The importance of Business Angels has increased considerably in recent years, in fact, there has been the formation and growth of the Angels unions, a group of private investors who invest in startups in unison.

The main strengths of a BA are:

- Overcoming information asymmetries

This figure intervenes when there is no other source of financing available; thanks to his previous specialization and in-depth knowledge of the sector and its operators he is able to make a complete assessment of the entrepreneur's skills, in this way overcoming asymmetries due to only partial sharing of important information concerning the thought business;

- Risk assumption

Since the business angel invests its own assets without any obligation of remuneration towards third parties, it is therefore ready to invest in risky projects with high variability and uncertainty and is aware that it is responsible only for itself. His characteristics make him well introduced in the business, and he makes it possible to reduce the risk of opportunistic behavior on the counterparty's side;

- The managerial spirit

Business Angel do not only invest to monetize but also to satisfy their psychological and professional motivations: such as, for example, the desire to demonstrate certain entrepreneurial or managerial characteristics, in order to be able to take risks in uncertain but high potential businesses, or the possibility of creating new bonds of trust with project promoters;

- Investment dimension

Given the fact that the capital derives from the assets of the person acting as BA, the propensity is to invest a small amount: here the trust and appreciation that comes from both sides plays a fundamental role;

- Geographical location

Business Angels are informal investors justified also by the fact that they have a limited range of action (150-200 km) from their residence. The investment is made on a local basis by focusing heavily on the knowledge that is possessed; in this way the costs of proposal analysis and post-investment control are greatly reduced and operational support for the company's business is facilitated. In the last period however, with the development of BA networks, the growth and convenience of transport, the organization of national and international events based on this theme, are increasing the boundaries of these informal investors.

The advantages that Business Angels provide compared to a formal investor primarily involve the fact that they do not require guarantees and bear the business risk like other shareholders. However, as business angels aim to monetize by taking a risk, there is a risk sharing with the entrepreneur. It can be defined as the initiator of a preparatory path to the intervention of those operators who are more active in the phases following the initial phase of the business life cycle.

Although business angels have several advantages, on the other hand they also have disadvantages such as reduced capital availability and decision-making power in the new company, in fact the entrepreneur will no longer be able to make decisions alone but will have to be responsible also of the Business Angel risking sometimes that there are divergences in terms of strategy and objectives.

“Angel investment as a financing form differs from traditional financing options in terms of the search process, securities, and capital and interest expectations. The assessment

conducted by an angel investor goes deeper than the assessments of traditional financing providers”⁵.

The first meeting with investors usually takes place 6–12 months before an investment decision, and during this time the investor monitors the feasibility of the idea, the company's development and increases his or her knowledge of the company and its operating environment. The idea itself is not a secret and its value without the right team is non-existent. In other words, if an idea is so good that it can be implemented by anyone, it will be unlikely to be suitable as an investment, as it has undoubtedly been invented by someone else (Etula, 2015).

The typical business angel investment method generally goes through some phases that can be more or less emphasized. During this process several people have to interact with each other. Often the entrepreneur is confronted for the first time with the reality of the market and the economic logic of the investors. The stages of the process are:

- Initial screening

This is the first moment when the entrepreneur and his idea come into physical contact with Business Angels. The investor makes a preliminary analysis that will determine his future interest in the initiative. The entrepreneur must be able to present the project in a complete but concise way stimulating the Business Angel's curiosity.

- Evaluation and selection

The affinity between the subjects and the validity of the business model represent the drivers that introduce the moment of evaluation. In this phase the main document is represented by the business plan, which must provide a qualitative and quantitative description of the project, the people and the reference market.

- Due diligence

⁵ Etula, S. (2015). *SWEAT NETWORKS EQUITY SAMI ETULA GUIDE TO FINDING AN ANGEL INVESTMENT #AngelGuide*. FiBAN – Finnish Business Angels Network.

This phase represents a central moment of business analysis. It can be defined as the set of activities carried out by the investor to adequately enhance the entrepreneurial initiative and its potential, especially identifying those risks that could lead to the failure of the investment.

- Investment terms and negotiations

This phase focuses on two essential elements: the determination of the economic value of the company and the definition of the agreements that will govern the future cooperation between Business Angel and the entrepreneur. The valuation of the company consists in attributing a value to the capital of a company and, consequently, to the rights attributable to the owners of that capital. It is therefore a valuation process, which can be executed using different techniques, leading to the definition, at a given moment, of the value of the assets invested in the company by the partners. The definition of the agreements that will regulate the exchanges between Business Angel and the entrepreneur have the objective of clearly and unequivocally establishing the relationships of strength within the company.

- Monitoring

Post-investment monitoring depends on the interaction between BA and entrepreneur, the active or passive intervention adopted by the investor and the need for specific managerial skills for project management.

- Exit

One of the motivations justifying the participation of Business Angels in the support of innovative entrepreneurial projects concerns the ability to monetize a significant capital gain when leaving the company's share capital. The exit of the business angel can occur with: the sale of the shareholding to another company (trade sale); the sale of the shareholding to another financial investor, usually the venture capitalist; the repurchase of the shareholding owned by the business angel by the entrepreneur (sell back); the IPO.

Finally, angel clubs or business angel clubs are another form of association; in these clubs, however, groups of investors meet in order to share their knowledge and confront each other directly. Their aim is to ensure that there is an exchange of expertise and

information between members and therefore improve investment activity also through syndication or co-investment operations. It can be assumed that networks of angels can help to fill the gap between supply and demand; in fact, they connect business angels and entrepreneurs, organize forums and meetings with operators and can assist in the development and drafting of a business plan. The latter is the tool with which the entrepreneur can evaluate his work from a prospective point of view, outlining the details of the project to demonstrate its feasibility and verify its economic and financial results. The Business Plan has both an internal and external function; internally, it helps the entrepreneur to clarify his or her idea and stimulates him or her, externally it presents, describes and communicates the project to third parties such as collaborators, current or future partners, financiers. The Business Plan plays a fundamental role, it must be a positive document that demonstrates a substantial remuneration over time in order to convey confidence to the outside world.

2.4.2 Venture Capital

Venture capital is defined in the private equity sector, as a form of financing operated by professional investors, where the target company receives funds in exchange for risk capital. Many authors distinguish private equity funds from venture capital funds. The first invest and acquire property rights in established companies with regular revenues and well-defined clients and markets, while in venture capital they target young and very risky companies with great long-term growth prospects.

EVCA (European Venture Capital Association) defines the venture capitalist as "an intermediary that collects funds from a group of investors, such as banks, pension funds, insurance companies and foundations, and invests it in the share capital of new and highly innovative companies".

Generally, a Venture Capital is a limited time economic initiative that lasts generally between 5 and 8 years. The fund has money raised from banks, pension funds, insurance companies and foundations that it must return before "maturity" (at the time subscribed by the fund investors at the initial capital injection), with the highest possible return. The return has to be as high as possible in order to adequately remunerate investors and

increase their "credibility" in order to find new funds and start a new investment cycle. As it is a high-risk investment, the expected return on Venture Capital is around 30%-35%.

A venture capital fund may have several participations inside itself:

- private
- public
- mixed

Venture capital funds operate as financial intermediaries between various entities and entrepreneurs: they raise a certain amount of money, reinvesting it through the acquisition of shares in new companies. The first stage in the life cycle of a venture capital fund is to raise the capital to be reinvested. In venture capital there are corporate structures with limited liability, involving two main types of actors: the general partner, who manages the fund, and the limited partners, who subscribe the shares (Sensoy, Wang, & Weisbach, 2013). It is not excluded that a general partner may also be an investor in the fund managed.

Institutional investors will pay a certain amount of money to the venture capital fund, depending on the experience gained in the sector and its reputation: the track-record of the fund is fundamental in the process of acquiring the resources (Balboa, Martt, & Tresierra, 2015). The venture capital offer depends essentially on the willingness of the investors associated with the fund to provide liquidity to emerging companies, a willingness conditioned by the expected internal rate of return on the investment.

Once the fund has reached its funding target, it can start investing. As soon as the fund becomes aware of the investment opportunities on the market, it will move on to the screening phase, in order to evaluate only the most promising deals; after the negotiation phase with the entrepreneurs about the amount and form of the investment, the transaction can be concluded.

The funds received by venture capitalists are managed for a limited period of time, and it will be up to them to ensure an appropriate return to their lenders. This type of investment is very illiquid and the returns to investors, possibly from capital gains or dividends, depend on the growth of the company you have invested in. The performance of a venture capital fund can only be observed many years after the initial investment because companies are valued at their cost until the exit from the investment occurs. Venture capitalists are not interested in maintaining permanent positions within the companies in which they invest; they usually liquidate the investment over a few years (Cumming D. J., 2008). The returns for venture capitalists will therefore depend on the outcome of the exit, i.e. when the acquired units are sold to the next owner.

Typical channels used by investors to transfer their shares are:

- The sale of the shares to another industrial company

The sale of the shareholding to another company is one of the most popular channels. The purchase offer may be made spontaneously, or it is carefully constructed, looking for potential interested companies, by the investor in agreement with the entrepreneur. From a technical point of view, in particular, the sale of the shareholding through trade-sale can take place either as a result of a private negotiation or, a practice that is increasingly widespread in the most advanced markets, through an auction process. This channel opens up a development perspective for the company, since the buyer may be another entrepreneurial group interested in developing its business area by achieving operational and strategic synergies. One of the most relevant disadvantages of trade-sale can be the opposition of the management, which is afraid of losing its independence following the change in the company's top management.

- The sale of securities to another institutional investor

In some cases the disinvestment process can be achieved through the "passing of the baton" from one investor to another. This happens especially when the company is not yet ready to be placed in the market, but needs further capital and knowledge to continue its growth process.

- The repurchase of shares by the original entrepreneurial group

The entrepreneur can buy back the share originally sold to the institutional venture capital investor. This eventuality can be contractually foreseen from the beginning of the intervention; the most frequent cases of repurchase are related to development operations and concern minority shareholdings.

- The listing on the stock exchange

In most cases the listing on a regulated market represents the most sought-after way of disposal of shareholdings. This approach allows the operator to place a minority stake in the company's capital, while the entrepreneur retains control of the company. Moreover, having an institutional investor as a partner means having already completed an important organizational and managerial process and therefore limiting the costs associated with listing.

Venture capital differs from the traditional field of corporate finance for several characteristics and, for this reason, requires a specific analysis (Wright, 1998). The peculiarity that distinguishes the world of venture capital is, first of all, the high diversifiable risk of the investment (Cumming D. J., 2005). Startups, especially in the early stages of life, require capital even though they do not have a defined product and/or market, but often rely only on concepts that are not yet marketable; the set of difficulties faced by a startup makes its success strongly dependent on the ability and perseverance of the entrepreneurial team.

Much of the riskiness that characterizes venture capital investments is due to the information asymmetry underlying the relationship between venture capitalists and entrepreneurs, leading to the worst consequence where worthy projects may not receive the right financing. The more venture capitalists are able to eliminate these problems, the more the industry will be able to function optimally and avoid market failures. Reducing information asymmetry also remains important when assessing the company: if external investors have little information available to assess the company, the expected returns will be adversely affected. Companies in which investments are made do not have a solid performance history, as is the case for listed companies for example, and therefore it is difficult to assess their actual value.

While, for example, banks are used to monitor only the financial status of the companies to which they lend money, venture capitalists monitor investment strategy and decisions, assisting and advising entrepreneurs (Gompers & Lerner, 1998), often directly on the board of directors of the company.

Venture capitalists will be able, through their actions, to add more value in those companies where the information asymmetry is particularly high. Thanks to their active participation in certain project activities, awareness of what is happening within the company increases and the costs of information research are reduced, benefiting the profitability of the investment (Çetindamar, 2003). Moreover, the presence of the investor reduces the entrepreneur's inclination towards moral hazard, stimulating, on the contrary, mutual trust between the parties, a pre-condition necessary to develop a long-term relationship. In addition, the investor will be able to intervene directly, influencing the entrepreneurs' actions if the project does not proceed as it should.

Therefore, the alliance with a venture capitalist can provide the company with access to technical, social and commercial resources which under normal conditions would have taken years to accumulate.

2.4.3 New players in entrepreneurial finance

The landscape for entrepreneurial finance has changed over the last few years, as many new players such as crowdfunding, incubators and accelerators have entered the arena, and several new entrepreneurial financing instruments have been introduced. These new players and instruments have emerged, among others, because of the difficulties faced by entrepreneurs and early-stage new ventures in raising funds. Other reasons can be the increased technological opportunities, changing requirements in firms' product markets, globalization, and regulatory changes (Block, Colombo, Cumming, & Vismara, 2017).

2.4.3.1 Incubators

In addition to the previously examined figures of business angels and venture capitalists, incubators and business accelerators contribute to the development and encouragement of new business proposals.

According to the National Business Incubator Association, a business incubator is defined as follows: “Business incubation is a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. These services are usually developed or orchestrated by incubator management and offered both in the business incubator and through its network of contacts. A business incubator’s main goal is to produce successful firms that will leave the program financially viable and freestanding. These incubator graduates have the potential to create jobs, revitalize neighborhoods, commercialize new technologies, and strengthen local and national economies”⁶.

In recent years, incubators have been considered a mechanism to foster economic and technological development in many countries. Many regional agencies, governments and other public institutions have used incubators as a tool to reduce the probability of failure and to accelerate the process of business startups. More specifically, these are programs or initiatives of different nature (profit, non-profit), promoted by public or private bodies aimed at supporting the innovative imprint, in which it acquires the minority shareholding, providing an ideal environment for the pre-seed and seed phases. The main purpose of business incubators is to promote economic development and job creation; they gather high potential business ideas, support their growth and competitive development and facilitate their interaction with subsequent potential investors of financial resources and knowledge.

Within a given time frame (two or three years) and on condition that the company maintains the possession of specific requirements, both structural and consultancy services with high added value are offered: physical spaces, facilities and logistic structures for the organization of its activity, entrepreneurial training, administrative

⁶ <https://inbia.org>

services, marketing and personnel and financing services, legal advice on monitoring financing, networking with other companies, and finally assistance in drawing up the business plan (Gualandri & Valeria, 2011).

The first incubators to attract the interest of literature were the public ones. These are structures managed by institutional/public bodies with the aim of promoting economic development on a territorial scale, and which basically make use of public resources. The main objective of public incubators is to reduce the costs of creating a new business by offering a series of services from the provision of space, infrastructure, instrumentation, to more elaborate services, such as access to technological and managerial skills and knowledge, assistance in the development of a business plan, etc. Their main source of income is the fee for the services they offer and public funds which are provided through local, national and community programs. Financed with non-repayable state (or regional) capital, public incubators are non-profit structures that are often created with the specific task of creating new jobs in areas of high unemployment. It is generally the local or state administrations that promote the development of this type of incubator. The companies that are incubated in these structures are often linked to the area where they were created, since the long-term objective is to fight unemployment at local level.

In Europe the first examples of public incubators are the BICs (Business Innovation Centers): their origin dates back to 1984, when the first BICs were created on the initiative of the European Commission. The incubation activity of BICs consists in offering a set of basic services to businesses, including the provision of space, infrastructure, communication channels, information on funding opportunities, visibility, etc.

Other examples of public incubators are offered by University Business Incubators (UBI). Institutional decision-makers seem to agree on the important role of science and technology as a vehicle to revitalize national and local economies and have started to ask universities, with increasing intensity, to make available part of their resources for economic and technological development. The main institutional mission of universities remains research and education; however, it is recognized that universities can contribute substantially to the development of local economies through applied research leading to patentable discoveries and innovations, academic spin-offs and technology

transfer. In order to encourage and support the enhancement and exploitation of their wealth of skills and knowledge, some universities have directly created incubator facilities. University incubators are born from universities eager to play a direct role in the generation and diffusion of entrepreneurship based on scientific and technological knowledge.

After a period of initial euphoria for public incubation facilities, some doubts emerged about their effectiveness and their use as a tool for economic development (Autio & Magnus, 1998).

Incubators have existed since the 1950s, but the Internet has generated new opportunities related to online services and technologies. The information technology revolution that characterized the second half of the 1990s changed some basic conditions in the incubator industry. These market changes have made modifications to the incubation concept and favored the emergence of new incubation structures (private incubators). These are not an evolution of the former, in terms of the degree of effectiveness with which they operate; rather, they are configured as a different category of operators able to offer different services, responding to new market needs.

Private incubators can therefore significantly reduce the time a start-up requires to be listed on the market or to be acquired by other companies. Among the main services offered by these incubators there are: support to the development of the business model, support to the operational management through an experienced staff, efficient research of the personnel required for the new business, network of relationships with strategic players, access to technological and managerial skills.

Incubators are talented developers, fundamental in helping young entrepreneurs who launch their ideas into the business world. In fact, they not only assess their economic feasibility, but also allow the new company to develop its growth in the best possible way and to promptly face the obstacles typical of its early stages, bringing them closer to their potential financiers. For these reasons, the collaboration between incubator and company in the early stages of the life cycle has a positive effect on the market performance and internal growth of the company.

2.4.3.2 Accelerators

Accelerators support startups in overcoming problems especially related to growth and survival. The seed accelerator phenomenon was born between the late 1990s and the first decade of 2000. After the failure of internet investments in 2000 as a result of the Dot-com speculative bubble, there was a reluctance to invest, generating the negative effect that many new companies were unable to get enough money to launch their business. This gap stimulated the emergence of a new type of investment company in the world of startups, known as accelerators. Accelerators are a rapidly growing phenomenon. The first startup accelerator originated in Cambridge in 2005 under the name Y Combinator, and then moved and established in Silicon Valley.

Susan Cohen, Professor of Entrepreneurship at the University of Richmond and a renowned scholar of startup accelerators, provides a complete definition of the concept: “Broadly speaking, they help ventures define and build their initial products, identify promising customer segments, and secure resources, including capital and employees. More specifically, accelerator programs are limited-duration programs—lasting roughly three months—that help cohorts of ventures with the new venture process. They usually provide a small amount of seed capital, plus working space. They also offer a plethora of networking, educational and mentorship opportunities, with both peer ventures and mentors, who might be successful entrepreneurs, program graduates, venture capitalists, angel investors, or even corporate executives. Finally, most programs end with a grand event, usually a “demo day” where ventures pitch to a large audience of qualified investors (Cohen & Hochberg, 2014).

Miller and Bound in "Startup Factories" (2011), investigate the concept of the accelerator, describing it as a new way of incubating technological startups. Their report identified five essential properties that must be present in programs to be classified as accelerators:

1. *An application process that is open to all, yet highly competitive.*

To be classified as an accelerator, the selection process must be open and highly competitive. The selection process often focuses on questions mostly designed to reveal the team behind a startup, rather than the uniqueness of the idea. Programs are highly selective and usually take a lot of consideration of the judgement of experts, qualified as

mentors, to choose the team to enter the program. As for the number of startups allowed to run the program, there is a limit number in each cohort that an accelerator is able to support, often based on the available offices, the number of mentors involved and the operational staff needed to manage the program.

2. *Provision of pre-seed investment, usually in exchange for equity.*

Another important element is the provision of a pre-seed investment, normally given in exchange for a percentage of equity. The investment provided varies from one accelerator to another, the calculation is based on the assumption of how much each startup co-founder will cost during the program period, plus additional expenses. Usually all programs provide a minimum of \$10,000 and a maximum investment of \$50,000. Also, it is not unusual for many programs to provide an additional investment to spend on professional web services. This is in exchange for a 5% to 10% stake in the company.

3. *A focus on small teams not individual founders.*

The third point concerns the focus of the acceleration programs, which must be on small teams rather than individuals. A crucial point in the selection of startups to be admitted is to convince the majority of judges that they are the right team to execute the proposed idea. Except for special and justified circumstances, accelerators will not accept individuals, because as pointed out by Y Combinator "A startup is too much work for one person", but at the same time, it is also rare that teams with more than four components are chosen, this is due to the fact that they would require more investment to cover the costs as mentioned above.

4. *Time-limited support comprising programmed events and intensive mentoring.*

In the fourth point the time horizon of the program itself is emphasized. Acceleration programs provide support for a defined period of time, usually between three and six months. During these weeks, all accelerator staff are focused on support through the scheduling of events to support startups. Each week there is an intensive mentoring session useful to receive feedback from experts and regulate the activity aimed at climbing the market. Accelerators try to create that "boost" effect in the development of start-ups. Accelerations of an object are the net result of all the forces acting common to all acceleration programs. This is the culmination of the program and the goal of frenetic

preparation. They are designed for angel investors and venture capitalists to show them what has been developed during the programs. It can also be an opportunity for companies to launch their product or service to the outside world, the media presence on these days is very common. These events allow participating teams to access a group of high quality investors, which would be very difficult to achieve without the acceleration program.

5. *Cohorts or 'classes' of startups rather than individual companies.*

Finally, boot must be supported in batch or cohort classes. The main advantage of cohort management is to create an atmosphere of mutual support between each selected team on common and rare issues, such as providing advice on how to manage a public speech or technical support, for example how to use software to optimize common processes. Collaboration is a key element of the program. This can take the form of technical co-founders who help each other to solve problems and provide early pitch responses to avoid making embarrassing mistakes in front of vital presentations made for investors or clients. Encouraging startups to support each other also reduces the workload of mentors and accelerator management teams, allowing them to focus on achieving external expertise.

Confirming the positive contribution made by the accelerators is the strong increase in them and the related startups participating in them. Accelerators have become a ritual of passage for thousands of entrepreneurs in Europe and around the world. They are a valuable tool to enhance and overcome the various difficulties faced by startups. The accelerators therefore make it possible to create a recognizable brand identity on the market by expanding the network of knowledge, attracting new clients, employees and investors. Within the accelerators it is possible to have a comparison with other startups in similar stages of evolution, encouraging entrepreneurs to confront and learn from the mistakes of similar realities. In addition, participating in the program allows visibility for possible investors.

2.4.3.3 Differences between accelerators and Incubators

The simplest possible sentence capable of capturing the difference between accelerators and incubators is a quote by Sepulveda who states that “Business incubators mentor companies through childhood while business accelerators guide them through adolescence into adulthood”.⁷

“Incubators and accelerators both prepare companies for growth. I.e. both incubators and accelerators help firms grow by providing guidance and mentorship, but in slightly different ways and, and more importantly at different stages in the life of the business. In order to get this straight, let’s draw an analogy and say that the life of a business is like the life of a human being. There are roughly three major stages of life: childhood, adolescence and adulthood.

Like a father to a child, an incubator provides shelter where the child can feel safe and learn how to walk and talk by offering office space, business skills training, and access to financing and professional networks. The incubator nurtures the business throughout the startup phase (childhood) and provides all the necessary tools and advice for the business to stand on its own feet.”⁸

To summarize the differences between accelerators and incubators, through the work of Susan G. Cohen, (Cohen & Hochberg, 2014), several differentiating factors are identified: Duration, Cohorts, Incentives, Educational Programs, Mentorship & Network Development. The differences between accelerators and incubators can be grouped through four important dimensions:

A. Duration

The duration is limited in accelerators, usually three months, is the feature that most clearly defines the acceleration programs. Research on incubators suggests that

⁷ Sepulveda, F. (2012). *The Difference Between a Business Accelerator and a Business Incubator?*

⁸ Sepulveda, F. (2012). *The Difference Between a Business Accelerator and a Business Incubator?*

companies leave an incubation program after a period of between one and five years (Amezcuca, 2010). Established deadlines and strict graduation dates reduce the amount of co-dependence between ventures and accelerators and force companies to deal with the selection mechanisms operating in the market. Participating in an acceleration program does not necessarily mean keeping startups (or the idea of startups) alive; instead, it can accelerate the business cycle leading to faster growth or faster failure. Faster failure has an advantage if these entrepreneurs move to another higher value opportunity: they can help to develop different businesses in the global economy. The limited duration of acceleration programs focuses the attention of founders. Founders work at an often unsustainable rhythm in three-month programs; working even seven days a week, doing little more than work and sleep. Of course, they could not sustain this pace if the programs were longer.

B. Cohorts

Another subproduct of structured, time-limited accelerator programs is that companies enter and leave in groups, known as "cohorts" or "batches". While the founders of a business in an incubator can develop relationships with other incubator founders, the experience of starting an acceleration program at the same time fosters strong, community-based identity ties between the founders in the same accelerator cohort. The batching selection process also focuses on accelerator marketing and focuses on key dates. In addition, the open application process attracts companies from a large pool, including global ones. The best accelerator programs only accept 1% of applicants.

C. Incentives

Many accelerators are privately owned and ask for a share in the companies participating in the programs. Incubators, on the other hand, are mostly public, managed by managers and generally have no investment funds (Allen & McCluskey, 1991). As a result, the incentives provided by accelerators are often more in line with the needs of start-ups than those provided by incubator managers. In addition, some accelerator owners have extensive experience as entrepreneurs or angel investors and offer the experience the

founders need by helping them with a myriad of tasks, from client development to fundraising and staff recruitment. Accelerators usually seek fast growth that leads to a positive "exit", while the best result for an incubator may be slower growth, which delays the exit from the program by prolonging the company's "tenant" status. Enterprises in incubators are like "tenants", while those affiliated with accelerators are called portfolio companies, consistent with the fact that most accelerators take shares in participating companies.

D. Educational Programs

Intensive mentoring and education are the pillars of acceleration programs and often the main reason why companies participate in them. Research on incubators (Hackett & Dilts, 2004) suggests that incubators offer professional services for a fee, such as accounting and legal services. However, the training provided by accelerators seems to be more extensive and often includes seminars on a wide range of entrepreneurship topics, including economic unity, search engine optimization and negotiation terms. These seminars are generally provided by both program directors and guests who often provide one-to-one guidance after their talks.

E. Mentorship & Network Development

Mentorship is often mentioned as a valuable aspect of accelerator programs, but it varies substantially between programs. In some of them, meetings with up to 75 different mentors are organized during their first month. Others can make introductions on a necessary basis or simply manage a list of pre-selected mentors. Meeting four or five mentors a day for almost a month offers a unique opportunity for companies to build their own social network and to learn about alternative strategies. In general, the development of the network is mentioned as a very important aspect that pushes enterprises to participate in the accelerators.

2.4.3.4 Crowdfunding

Crowdfunding is an alternative source of financing to traditional methods, which has evolved strongly in recent years. A definition of "what crowdfunding is" has been provided by the Framework for European Crowdfunding:

"Crowdfunding can be defined as a collective effort of many individuals who network and pool their resources to support efforts initiated by other people or organizations. This is usually done via or with the help of the Internet. Individual projects and businesses are financed with small contributions from a large number of individuals, allowing innovators, entrepreneurs and business owners to utilize their social networks to raise capital".⁹

Crowdfunding, as said, is a funding mechanism through a crowd of supporters, depending on the purpose and the way this instrument is implemented there are different classifications. The common denominator of the various types is that supporters receive benefits, monetary and non-monetary, in exchange for their financial support.

1) The *Reward model* is the most widespread and used by the main crowdfunding platforms. This method involves the definition of different types of rewards, offered by project promoters to supporters, based on different levels of amount that funders are willing to allocate. The value of rewards is often lower than the donation made because the objective for a contributor is not to receive rewards but to support a project in which he/she believes.

2) The *Donation* type requires supporters to support campaigns without necessarily having to receive anything in return; these are mainly social campaigns, charitable causes and non-profit activities. The aims with which they are carried out are mostly philanthropic or linked to solidarity.

3) *Equity crowdfunding* is certainly the most complex type of the four because it involves the acquisition of company shares. It consists in raising risk capital for a company through

⁹ Buysere, K. D., Gajda, O., Kleverlaan, R., & Marom, D. (2012). *A Framework for European Crowdfunding*.

the internet. Investors, in exchange for their own contribution of financial resources, receive a share in the company's capital by becoming effective proposing partners by obtaining shares as a reward, thus becoming part of the share capital of the company in which they have placed their trust.

4) Finally, the *Lending* model basically consists of a "loan between private individuals" bypassing the traditional intermediaries. The match between the two types of subjects, i.e. those who need money and those who are willing to lend it, takes place through the crowdfunding lending platforms, where they can sometimes directly "negotiate" and establish loan amounts and rates (fixed or variable) that satisfy both parties.

In recent years, this form of financing is ousting the main types of financing (banks, venture capital, business angels), becoming a valid alternative and sometimes a competitor of the latter or even a source of integration with the previous ones. In recent years there have been rapid changes in financial market strategies, and this has led to interventions primarily in pricing policies and strategic partnerships. For example, several portals have strongly encouraged the use of academies or tutorships aimed at users; in response to this, traditional financial systems are recently improving and increasing the range of services and technologies available to users.

This form of bottom-up financing allows anyone to conduct an initial test of the validity of their business idea or to test products and obtain the necessary financial resources without financial intermediaries. (Mollick, 2014)

Thanks to crowdfunding, people with ideas can have an initial push to get started, giving importance also to those who have not been taken into account by the traditional channels of access to credit (Vassallo, 2014).

However, caution must be taken as a crowdfunding campaign may not achieve its financing objective, which means that the planned investment cannot take place, or in the case of all or nothing platforms, the capital raised must be returned to investors. Furthermore, considering the high visibility of crowdfunding campaigns the negative result could create difficulties in accessing other segments of the capital market (Bonini & Capizzi, 2019).

The idea of crowdfunding therefore stems from the opportunity to solicit the public, instead of specialized and sophisticated investors, by dividing the investment into many units of very low unit value. For the private investor the target to reach is not a problem, since his investment is very small. Usually if the target is not reached the private investor does not pay anything, so he does not have serious risks related to the effective start of the project. In addition, the private investor has no fixed return expectations: he usually only assesses whether or not the investment is a good deal.

2.4.4 Differences between Crowdfunding, Business angel and Venture capital

As regards the differences between business angel venture capital and equity crowdfunding, these may concern:

- The investment size: considerably higher for venture capital than for Business Angel and equity crowdfunding;
- The motivations that drive to invest: Crowdfunders and Business Angels are also driven by emotional involvement and interest in the entrepreneurial project, and not only by monetary return. Venture Capitalists, on the other hand, only aim to realize profits.
- Active participation in the business following the investment: Venture Capitalist and Business Angels, once the investment has been made, actively participate in the business management activity, bringing technical and managerial skills. Crowdfunders, on the other hand, may not have any expertise in this area, especially in the management of the business.
- The type of contracts stipulated with the financed company: in the case of Business Angel and Venture Capitalist these are contracts and financial instruments customized according to the type of entrepreneur. In equity crowdfunding, on the other hand, the investment is made through a web platform and therefore these are standardized contracts, aimed at an indistinct audience of potential investors.
- Due diligence: it is a fundamental activity for Venture Capital in the process of selecting the companies to be invested. With crowdfunding equity this does not happen, except in a limited way by the platforms, so Crowdfunders are subject to a higher operational risk; this is also true in relation to the fact that the business plan and in particular the estimates contained in it may not be truthful as it does not have any

"certification", unlike what happens with professional investors such as Business Angel and Venture Capital.

- The way-out: venture capital requires a well-developed equity market as Venture Capital very much appreciate the possibility of an exit through IPO which tends to guarantee a higher capital gain than other forms of way-out. Companies financed through equity crowdfunding are still premature and too small, so the chances of exiting the investment with a stock exchange listing are very small.

2.5 Entrepreneurial Characteristics

The birth of a startup is connected to the creative desire of an individual who considers it a vehicle or a way of realizing his interests. The embryonic phase in the process of genesis of new entrepreneurship rotates around the entrepreneur and his strengths and weaknesses will influence the strengths and weaknesses of the future enterprise. In fact, his personal characteristics, his value system, his motivations, his abilities will influence the distinctive attributes of the new economic activity and will have effects on the immediate and future conditions of existence of the enterprise.

The first step of any new business creation process consists in the elaboration of a new business concept, an expression of the "creative intention of the entrepreneur" and the characteristics of his basic business idea. The "creative will" is in turn closely linked to the entrepreneur's behavior and his motivational, cultural and social characteristics, the so-called individual variables. The study of individual variables is linked to research into the psychological and personality profiles of entrepreneurs, their background and the knowledge and financial resources they are able to use to launch the new economic initiative.

From a critical review of the literature on entrepreneurship, it emerged that the most detailed issues were those related both to the character aspects of the potential entrepreneur (such as self-confidence, propensity to risk and innovation, laboriousness and intuition) and to his needs (independence, self-realization, autonomy of personal satisfaction, etc.).

For example, the tendency to risk seems to be a significant feature of a person's ability to carry out entrepreneurial activity, as they have to operate in situations characterized by a high degree of risk, uncertainty and ambiguity. Moreover, entrepreneurial activity is by its very nature characterized by a risk (not only of an economic and/or financial nature) which also has repercussions on the physical, psychological and social environment of the latter and which, therefore, must be well evaluated and analyzed.

The satisfaction of psychological needs is an important interpretative key to the entrepreneur's creative intention. The need for realization or need of achievement seems to be a particularly influential factor. Only people with a strong need for achievement tend to look for tasks that involve the assumption of risk, even high risk, and that require decision-making autonomy, such as the performance of typical entrepreneurial functions.

The need for achievement is at the origin of the entrepreneurial ambition that, as such, leads the entrepreneur to search for ambitious and always better results, even in the presence of economic, financial, technical and organizational difficulties such as those that characterize the process of starting a new business.

However, personal and psychological characteristics are not the only variables that can influence the figure of the potential entrepreneur and his creative will. Other variables can also be traced back to his or her background, his or her previous work, school, family and social experiences (Kinias, 2019). The family, work and school environments from which the potential entrepreneur comes are, in fact, able to influence his psychological traits and the related motivations, values and distinctive skills. There is a correlation between psychological and motivational traits and the entrepreneur's "biographical" and family traits.

Together with the family background, the school and academic background has been also studied in depth. Although there are some differences between countries, it is clear that the school and academic system plays a fundamental role in training the professional skills and competences of the future founder of a company. This is especially valid for high-tech companies where there is a positive correlation between the level of training and the success of the company.

School education and previous work experience affect the entrepreneur's skills. Previous work experience usually gives the new entrepreneur a greater understanding of the area in which he intends to operate and therefore a greater perception of the feasibility of the initiative itself. During the work experience, there is a learning process that allows the new entrepreneur to acquire management skills and technical knowledge that are very useful for the management of the business, but even more important in the phase of identification and definition of the entrepreneurial project and business idea.

A right mix of personal and character variables and its knowledge and skills represents the primary source of the vocation and creative will of the promoting subject.

In fact, it is fundamental to take into account all these entrepreneurial variables because, as mentioned in the previous paragraphs, the context of startup financing is changing and with it also the evaluation methods. Crowdfunding in recent years has become a very important alternative form for startups. In contrast to angel investors and venture capitalists, who have a high level of evaluation skills, small investors who characterize crowdfunding generally have less experience, therefore they observe more the signals and traits of the entrepreneur trying to evaluate the undetectable characteristics of the startup. Startups with more board members, higher levels of education and better networks are more likely to attract investment and to have a higher number of investors (Ahlers, Cumming, Guenther, & Schweizer, 2012).

3 Research Method

3.1 Nature of the study

In January 2020 I had the opportunity to study at Nanyang Technological University in Singapore, where together with Professor Tan Joo Seng I conducted my thesis research. During this semester I attended several courses, including Sustainable Leadership & Strategy Innovation by Professor Tan.

The course aimed to enable students to acquire leadership skills and knowledge with sustainable entrepreneurial leadership at the core. It puts the entrepreneur at the heart of entrepreneurship, and entrepreneurial leadership decision-making at the heart of strategy innovation. This course provided a theoretical understanding and practical application of entrepreneurial leadership. It was designed to provide critical leadership skills and knowledge to meet the challenges of entrepreneurial leadership in the 21st century.

The course also included group works to collect data on different Singaporean entrepreneurs to identify their traits, styles, motivations, attitudes, and how they were driven to make decisions.

With Professor Tan Joo Seng from Nanyang Technological University in Singapore and Professor Guido Massimiliano Mantovani from Ca' Foscari University in Venice, we decided to conduct a study that had never been done before.

No one has so far compared the two countries by looking at the profiles of Italian and Singaporean entrepreneurs.

The research is based on the course just mentioned and it involves the comparison between Italian and Singaporean entrepreneurs in terms of styles and traits and how they build their business.

The aim is to understand personal profiles, which kind of founders profile they have.

So the basic question is:

What kind of profiles do entrepreneurs in Singapore and Italy have? Similar or different?

How the entrepreneur built the business, start the business, the motivation? The attitude?
The decision?

To figure out if there are common characteristics attributable to successful entrepreneurs, data of them were collected.

The analysis takes into consideration of 35 Italian entrepreneurs and 35 Singaporeans.

It is relatively simple to do business in Singapore because it is quite easy to start a business, investors are well protected by law, and products or services are easily exported. In Italy, on the other hand, the number of innovative startups is increasing significantly.

The case studies come from different resources:

- Entrepreneurs complete an online leadership assessment composed of 3 different questionnaires:

- The IPIP-NEO (International Personality Item Pool Representation of the NEO PI-R™)
- Heart, Smarts, Guts, and Luck – Entrepreneurial Aptitude Test (E.A.T.)
- Built for Growth – How builder personality shapes your business, Your team, and your ability to win

- Startup founders participate in face-to-face interviews with questions that seek to cover the different phases of the company's lifecycle.

As for the choice of entrepreneurs, no matter what kind of industry it is, it can be a food industry, manufacturing, electronics etc.

Even the evolutionary phase of the startup doesn't matter, it can be an incubator, early stage, late stage, or growth stages of a startup. The entrepreneur can be male or female, young or old. We can choose any entrepreneurs.

As Schumpeter argued, there are no people who are entrepreneurs for life and there are no businessmen who have not been entrepreneurs at least once. The entrepreneur is not certain to remain an entrepreneur in the future, it depends on his willingness to act and his ability.

Therefore the choice to interview different entrepreneurs stems from the fact that even if they fail or have a startup at an advanced stage they can for example constitute a new business. The styles and characteristics of entrepreneurs remain at different stages of growth.

3.2 Research Design

The research design describes the structure of the methodology adopted to conduct the study and it represents a set of choices which orient the direction the research will follow. A proper design requires the selection of the specific philosophy, approach, methodological choice, nature, strategy and time horizon, before deciding the data collection techniques and procedures.

At this point, once the economic framework has been defined, the project aims to develop new knowledge about the traits and styles of Italian and Singaporean entrepreneurs. The basic nature of the knowledge that will be created during the research shows evident peculiarities related to an interpretivist philosophy. In fact, in this respect, the project requires the interpretation and comprehension of natural human differences in terms of culture, background and perspective.

Moreover, the methodology structure of the project highly relies on the appropriate choice of the approach adopted to conduct the research. In a context characterized by a limited literature on the characteristics of Italian and Singaporean entrepreneurs, an inductive logic allows to generate untested conclusions.

Following this approach, it is possible to execute a process of generalization which delineates the characters of the next generation of entrepreneurs.

The specific and focused investigation of a limited number of entrepreneurs and the consequent analysis of the data gathered become necessary steps of a process which culminates with the formulation of a conceptual framework delineating entrepreneurs' behavior in Italy and Singapore.

Therefore, the nature of this approach is data driven, it prioritizes the collection and analysis of data since potential themes arise from those processes, constantly taking the risk that no data patterns and theory will emerge. Nevertheless, the induction logic tends

to be particularly concerned with the context which surrounds the sources of data taken into consideration. For this reason, the study of a limited sample of entrepreneurs might be more appropriate in order to investigate deeply, using qualitative data and various collection methods, the different styles and traits about different entrepreneurs. Sample considered limited if compared to all Italian and Singaporean entrepreneurs who have different backgrounds and experiences.

Given the interpretative nature of the project, a qualitative research represents a suitable methodological choice in order to identify themes and patterns within subjective and socially constructed meanings expressed about the phenomenon being studied (Denzin & Lincoln, 2005). However, in this context, a multiple methods research has been developed to overcome the issue connected with using only one method, in this way drawing from richer techniques of data collection, analysis and interpretation (Bryman, 2006).

In particular, the appropriate methodology in this case refers to a partially integrated mixed methods research, since the combination of the two methodologies do not occur at every stage of the primary research, but only in choice of data collection techniques. In this step, in fact, a sequential explanatory research design allows the project to exploit the questionnaire to elaborate a first skimming of the data before adopting a profound qualitative method regarding the consequent collection and analysis of data. Therefore, the mixing occurs only at a stage of the process, exploiting quantitative data for descriptive purposes and avoiding any statistical elaboration technique in the interpretation of data. In these terms, the inductive logic designed to conceive theoretical patterns around consumers' behavior leads to a prioritization of the qualitative method. In this respect, the adoption of the so called embedded mixed methods research represents the characteristic necessary to describe a situation where the quantitative methodology is utilized at the service of the qualitative approach (Creswell & Plano Clark, 2007).

In particular, the interpretative strategy will be exploited, in this case, in order to investigate the results emerged from the questionnaires through an elaborate qualitative research aimed at a detailed comprehension and formulation of the conceptual framework.

Moving on, the research design shows inevitably a nature led by the purpose of the project which influences the structure through which the study is conducted. In this case, the research project is characterized by its exploratory nature, which allows to deepen the characteristics of entrepreneurs through open questions directly addressed to them. This approach seems to be appropriate since there is no comparison between Italian and Singaporean entrepreneurs, and the intention here is to explore and identify potential themes. The literature collected within the first sections of the project aims to provide an illustration of the developments that have already taken place in the entrepreneurial sector and a description of the actors and services that are emerging in the sector. However, the collection of primary data primarily occurs through the conduction of structured in-depth interviews, in this way highly relying on the contribution of every single participant. In addition, the initial questionnaires, which are necessary for a first skimming of the characteristics of the entrepreneurs considered, are also structured in such a way that respondents can contribute and help to understand the personality and attitude of entrepreneurs and to outline a possible trend on the topic of interest. An exploratory study has the advantage of keeping the project structure flexible and adaptable to change, and these are key features to discover and identify interesting results (Naipaul, 1990).

Once defined the nature, a fundamental step in the construction of the research design refers to the choice of the research strategy which states the plan of action to follow in order to reach the final goal.

The Case study Theory, in this case, represents a valid alternative since it is normally used to explore a research topic or phenomenon within its context, or within a number of real-life contexts.

The case study strategy is relevant to gain a rich understanding of the research context and ongoing processes.

Generally, using a case study strategy is likely to require multiple data sources to be used and triangulated. Triangulation refers to the use of different data collection techniques within a single study. As in our case where we collected qualitative data by conducting semi-structured interviews and quantitative data using questionnaires.

As far as the time horizon of the project is concerned, cross-sectional studies are the appropriate choice for a research design aimed at investigating the characteristics of entrepreneurs at a particular time. In fact, the project intends to describe the styles and traits of entrepreneurs developed in different environmental contexts in an era characterized by digital transformations and the increasing appearance of new actors and services that are remodeling the market.

The intention, in this context, is to observe whether there are similarities or differences between Italian and Singaporean entrepreneurs, the motivations that drive them to start and build a business, their attitudes and how they are driven to make decisions.

Consequently, the process of gaining and negotiating access with the participants is another critical step to plan in order to clarify the structure of the research project. In particular, the categories considered include Italian and Singaporean entrepreneurs.

The type of access adopted refers to access mediated by Internet, through which I was able to get in touch with Singaporean and Italian entrepreneurs. The information technologies adopted, represented a rapid and simple method of connection, obtaining virtual access to their perceptions through questionnaires and face-to-face interviews.

3.2.1 Sampling

At this stage, a fundamental point of discussion refers to the choice of the appropriate sampling technique for the research design implemented. In this respect, non-probability sampling represents a suitable approach comprehending a range of selection techniques which are driven by an element of subjective judgement, rather than by a random choice from a sampling frame. Moreover, this represents the most practical selection targeted to focus on a small number of cases with specific characteristics and purposes in order to deeply explore the theme of interest and gain theoretical insights. In addition, non-probability sampling is not subject to regulations regarding the size of the sample.

The sampling technique which will be exploited in these terms is the purposive sampling which requires a subjective judgement in the selection of the cases necessary to answer the research questions. The methodology represents a suitable choice according to a research design which aims to deeply investigate particularly informative cases within a limited sample (Neuman, 2005).

The selection of Italian and Singaporean entrepreneurs took place in a different way. Singaporean entrepreneurs were selected by students who participated in MSC's Sustainable Leadership & Strategy Innovation course at Nanyang Technological University by Professor Tan Joo Seng in March 2020, where I was attending the course and doing Thesis Research.

They were selected based on the direct knowledge of the students on the course by selecting students from previous years and their family friends who started their own businesses, so they could have direct connection with a person who was willing to fill in the questionnaires and answer the questions in the oral interview.

On the other hand, the selection of Italian entrepreneurs, required more energy as I initially tried to select the entrepreneurs through the crowdfunding platforms or using Orbis website seeking to write emails and through LinkedIn to contact them directly.

Due to the limited participation of these people, it was decided to contact the entrepreneurs on the basis of direct knowledge or with the help of friends and acquaintances who were willing to help me in this project.

In particular, the cases selected belong to a specific homogeneous subgroup, who each of the selected individuals has founded or run a business independently of the type of business, allowing deep exploration of the participants perception about the theme and enhancing the importance of minor differences.

As mentioned above, this research project is aimed at Italian and Singaporean entrepreneurs who, in this case, represent the study population and a specific category of subjects to be analyzed to identify differences in the characteristics and traits from different cultures. The entrepreneurs represent the specific model considered to study the differences and similarities. In particular, the selected sample contains all the participants targeted by the questionnaire and interviews, as well as the methodologies of data collection.

3.3 Data collection methods

3.3.1 The IPIP-NEO (International Personality Item Pool Representation of the NEO PI-R™)

The theory of the Big Five, by Robert R. McCrae and Paul T. Costa, is a taxonomy of personality traits. The theoretical model on which this test is based, is the attempt to unify different theories on personality. Over the years, in fact, there has been a development of various theories on personality that has not allowed any of them to establish themselves on the others. This theory is proposed as an attempt of mediation and unification between different points of view. It identifies five fundamental dimensions for the description and evaluation of personality. These five dimensions are at an intermediate level of generality with respect to models that refer to a few extremely general dimensions (such as Eysenck's EPI) and compared with models that provide for a greater number of dimensions of more specific scope but less generalizable (such as Cattell's 16 PF).

This theory was born from the combination of two different fields: the factorial approach proposed by Hans Eysenck, which identifies the dimensions characterizing individual differences through factorial statistical analysis; and the trait theory developed by Raymond Cattell, whose studies have considered the vocabulary of everyday language as a reservoir of descriptors of individual differences.

The NEO Personality Inventory is the evaluation instrument validated by Costa and McCrae and is considered one of the most important models for the evaluation of personality according to the Five Factors theory.

Personality can be described efficiently with five relatively independent dimensions: Extraversion, Agreeableness, Conscientiousness, Neuroticism and Openness to experience.

In the 1970s, Paul Costa and Robert McCrae were studying changes in personality related to age. Costa and McCrae began by looking for the broad traits of Neuroticism (N) and Extraversion (E), but analysis led them to another trait, Openness to Experiences (O). In

fact, the original version published in 1978 included only these 3 factors, hence the name NEO Personality Inventory.

Subsequently, Costa and McCrae recognized two additional factors: Agreeableness (A) and Conscientiousness (C). In 1985 they published the first manual for the NEO that included all five factors, known as the personality traits of the Big Five, and then later published two updated versions in 1992 and 2005.

Research conducted since the publication of the NEO-PI has shown that the concepts corresponding to the traits found in the NEO inventories are applicable to individuals belonging to different cultures. In the organizational field there are a lot of evidences that relate personality traits to work success. Obviously in these cases it must be kept in mind that the personality is one of the components that are evaluated to predict success. Therefore, it would be wrong to associate work success with personality variables alone; there are also other psychological variables that need to be taken into account for accurate prediction in addition to experience and knowledge.

The personality can therefore be effectively described with five relatively independent dimensions. In this way it is possible to synthesize a large set of data into something that can be interpreted in five dimensions (Saucier, Goldberg, & Hampson, 2000).

The NEO-PI has a structure that includes the Five Factors but each Factor is in turn structured in six facets. The tool allows, therefore, to accurately identify the personological characteristics that are declined in the person on a total of 30 scales.

Extroversion. It indicates how sociable the person is and how much propensity he or she has to be among others in a social and interactive way; they are usually people who speak, extroverted, active and sometimes assertive. Extroversion was the strongest predictor of leadership emergence and leadership effectiveness. But it was a better predictor of emergence than effectiveness (Judge, Ilies, Bono, & Gerhardt).

Conscientiousness. It is the dimension of self-control both on the emotional side, intended as management of impulses and disruptive desires, and on the cognitive side of planning, mental organization of their activities and behaviors aimed at the set objectives.

Conscientiousness, also intended as a person's tendency to work hard and be organized, has been the second strongest predictor of leadership. "Conscientiousness was more strongly related to leader emergence than to leadership effectiveness; the organizing activities of conscientious individuals (e.g., note taking, facilitating processes) may allow such individuals to quickly emerge as leaders"¹⁰

Openness to experience. It refers to openness to the world and experience; how imaginative the person is, how much imagination, attraction to art, music, aesthetics and beauty in general; intellectual curiosity, contact with one's own emotional world. Openness to experience was the third strongest predictor of leadership. In particular in the corporate environment, Openness has been as strongly linked to leadership as Extraversion (Judge, Ilies, Bono, & Gerhardt).

Agreeableness. It is a scale that goes on the interpersonal side like the Extroversion. It investigates how benevolent and well disposed the person is towards others, also in terms of help and trust that the good done and altruism are repaid. Agreeableness was the less significant to leadership of the traits. "Because agreeable individuals tend to be passive and compliant, it makes sense they would be less likely to emerge as leaders"¹¹. Leaders who possess this trait seem more inclined to succeed than those who possess other traits (Judge, Ilies, Bono, & Gerhardt).

Neuroticism. Indicates how the person has a tendency to be anxious and easily suffer experiences of inadequacy, discouragement and dissatisfaction associated with a difficulty in controlling and managing such experiences. Neuroticism was not a great leader predictor, in fact, this trait is difficult to interpret if one wants to look at the propensity of leadership.

Being the NEO-PI a tool of easy application it is useful in our case to analyze the personal traits of Italian and Singaporean entrepreneurs. Moreover, as demonstrated in previous

¹⁰ Judge, T. A., Ilies, R., Bono, J., & Gerhardt, M. (n.d.). *Personality and Leadership: A Qualitative and Quantitative Review.*

¹¹ Judge, T. A., Ilies, R., Bono, J., & Gerhardt, M. (n.d.). *Personality and Leadership: A Qualitative and Quantitative Review.*

researches, these 5 big factors seem not to emerge in some countries, especially in the East. In the next chapter we will compare the results that emerged from the questionnaires of the different entrepreneurs trying to observe if the different culture can influence personal characteristics.

3.3.2 Heart, Smarts, Guts, and Luck – Entrepreneurial Aptitude Test

(E.A.T.)

Anthony K. Tjan, Richard J. Harrington, Tsun-Yan Hsieh three great entrepreneurs and leaders have decided to share in the book "Heart, Smarts, Guts, and Luck: What It Takes to Be an Entrepreneur and Build a Great Business" the qualities that generally emerge in people who succeed in achieving their goals.

The authors, after researching and interviewing entrepreneurs from all over the world, discovered that every entrepreneur has a combination of the four traits: heart, smarts, guts and luck.

The book also includes the Entrepreneurial Aptitude Test (E.A.T.), a useful tool to understand the specific personal profile.

The entrepreneur aptitude test is a sort of psychometric test of entrepreneurship. There is a trade off questions, there is no one right or wrong answer. The test just look the consistency and a pattern of your answers to determine how much of your self-awareness, how much of your decision making is driven by heart, smarts, guts or luck.

There is no one singular recipe for success, no one singular recipe for inspiration or entrepreneurship instead everyone needs a baseline of all four. The interesting thing and tying back to self-awareness is understanding which one or two of these traits biases us day and day out. We all tend to be biased by one or two traits.

Although there is no single combination of traits that determine success, the questionnaire can be useful to understand what are the personal traits to achieve full potential recognition and when these traits are more or less useful during the life cycle of a business.

In order to be successful in the long term, it is useful to understand which HSGT traits dominate our personality and decision-making process.

Every entrepreneur has each of the four qualities, but the HSGL mix changes from person to person.

For example, research so far shows that the Heart trait dominates in entrepreneurs.

Being aware of what you are best at and when you may need to raise or lower the level of the other traits is what distinguishes the best entrepreneurs from those who are very good at it.

Heart

“61% of founders are heart driven”¹². Starting from the heart and passion is a key point for long-term success.

“Three things characterize the Heart-driven individual:

Purpose (and the passion that comes with it):

You cannot plan to have Heart, a company’s foundation lies in its authentic purpose. The great Heart-driven entrepreneurs drive their decision-making and leadership style from a central purpose. For them, as a colleague correctly describes, purpose comes before product and profit.

Sacrifice and agape:

The maternal-like sacrifice that comes with creating and building a business – this is what the Greeks called agape. Most of us are familiar with the first two types of love described in ancient Greek times – philia is fraternal love as in Philadelphia and eros speaks to lust and eroticism. But agape speaks to the love of sacrifice that is evident amongst Heart-driven individuals.

Nuance:

The third dimension of Heart lies in nuance. The subtleties and thousand points of light that emanate and coalesce to ultimately differentiate a business from its competitors are never obvious but yet so clearly felt. It is only with Heart that one can realize the full

¹² Heart, Smarts, Guts, and Luck: www.hsgl.com

potential and power of nuance. There are stages in a business life-cycle or function where sweating the details is actually worth it.”¹³

In 70% of business that have had a successful initial public offering or sale of a company they did not start with a formal business plan. Two third of founders are heart dominant (Heart, Smarts, Guts, and Luck, s.d.).

The founders with such characteristics are driven by passion and the desire to achieve their goals. With their ideals they are able to inspire people and create energy. The heart drives them to overcome difficulties, to endure over time and encourage them to work hard. If guided by the heart, hard work becomes tolerable or even enjoyable.

The goal must be something other than mere profit. Having a purpose means offering a product or service that reflects the core values and helps people to participate in the cause.

But one must be aware not to think too big.

Smarts

Next to HEART, “a Smarts dominant person comes in handy as a rational, fact driven force who begins steering the business by delegating and setting goals, forging a system of accountability, articulating strategy, and emphasizing top-notch performance” (Tjan & Harrington, 2012).

Smarts is something so much more than book smarts and IQ. Real smarts in entrepreneurship are those that get pattern recognition. The ability to absorb and classify patterns through experience, the mistakes the experienced ways already proven result in recognizing the best behavior to follow and that over time become consolidated habits that apply to the realization of a successful business.

Smarts becomes more important as the business grows. Usually an entrepreneur with this characteristic connects ideas before others. Where others see chaos a smart entrepreneur

¹³ Heart, Smarts, Guts, and Luck: www.hsgl.com

uses the logic, experience and perception he has to find a solution and project the business into the future. The goal of such individuals is to expand the business by offering innovative and applicable plans.

Guts

Guts entrepreneurs are those who are not afraid to take risks, they are able to overcome difficulties. They have a willingness to take risks and often enjoy being in uncertain situations; they do not doubt in making difficult decisions and generally come out of situations stronger than before.

Guts people are those who actually have more duns than to dues on their list. They are actually execution oriented.

Guts manifest itself in two ways, in the sprint and in the marathon. Over time guts manifest itself as perseverance, endurance, the marathon. The thickness of skin that resilience the fortitude to get over speed bumps that inevitably come in not just entrepreneurial journeys but life's journeys and highest level of those that are guts dominant are those who can actually evolve from great success, it is perhaps the hardest thing to do with success.

Luck

Luck is an elusive quality. Luck trait is something much more than probability and statistics. As a society the lucky is mislabel and misperceived, those we call lucky we think it is a byproduct of chance but those that we often call lucky are a byproduct of a disposition of an attitude. The lucky attitude really driven by three things: humility, intellectual curiosity and optimism. You need to have the humility to believe that there are forces greater than you out there that are helping you realize what it is you want to do. The intellectual curiosity to experience new things to try new methods and ultimately optimism, the energy that allows you to realize that.

The test is useful to understand your strengths and weaknesses. What are the biases that influence our decisions every day, if for example we are more driven by a heart passion, the analytics of smarts or just guts that need for action.

Depending on our profile we have different speed bumps in entrepreneurial journey. A heart driven person is likely to have more challenges scaling up, and a smart driven person will likely have more issues trying to start a new company.

The test also helps us understand which employees we need to surround ourselves with. We tend to surround ourselves with people that we like but often those are people that are like us as opposed to diversity of excellence. We need people who compliment us in our profiles.

It is therefore important to have a self-awareness and a knowledge of other profiles useful to complete ours. In order to achieve efficiency and completeness of the different profiles that lead to success.

3.3.3 Built for Growth – How builder personality shapes your business, Your team, and your ability to win

The book "BUILT FOR GROWTH: How Builder Personality Shapes Your Business, Your Team, and Your Ability to Win" by Chris Kuenne and John Danner focuses on the personality of the entrepreneur as the personality of the founder influences different aspects of corporate culture. The entrepreneur is the main growth factor, and his personality plays a key role in understanding the strategies that drive or limit growth. Entrepreneurs by understanding their personality have more chances to create a team that can reinforce their strengths and overcome their weaknesses.

The book uses a patented research methodology called Personality-Clustering that analyzed the behavior of different consumers from different parts of the world, focusing on entrepreneurs who have established successful businesses. Trying to understand the reasons that drive them to make decisions how they manage their employees and how they organize their businesses.

They discovered that there are four Builder Personality types, each with different characteristics and gaps: Drivers, Explorers, Crusaders and Captains.

Drivers

Entrepreneurship is practically rooted in the identity of these people. These people feel the need for self-validation through commercial enterprises or social initiatives. Generally they are individuals who believe in themselves and in their products, tend to anticipate market trends and are constantly looking for commercial success. Thanks to their strong entrepreneurship, they are individuals who find it difficult to be employed by others and therefore to work for others and in fact generally try to found their own business. These entrepreneurs are willing to do everything to achieve their goal and success, many times they avoid to follow the rules and bureaucracy as it may limit their potential.

These individuals have a very intense style of leadership that tends to keep their employees monitored and risk pushing away those who are not equally goal-oriented.

Explorers

They are curious people, fascinated by the problem or enigma. They are driven by the idea of converting their solution into a marketable product. Their solutions can focus on the process or the product or both. They are not necessarily driven by creating a new business from nothing, but they believe that starting a new business might be the most effective way to commercialize their ideas. They do not reject the idea of being independent entrepreneurs within existing realities. The Explorer entrepreneur, even if he owns a large company, it is not rare that he goes to work directly with designers and engineers to solve problems. Such people tend to keep everything under control, even in an excessive way, favouring a practical management style.

Crusaders

They focus on the idea of making the world a better place, they are very mission oriented and motivated primarily by a long-term vision, solving problems that matter to markets and societies. For them, in fact, setting up a company is a commercial means that helps to change the world. Generally they constitute companies with a very specific long-term mission. Such entrepreneurs are very inspiring to their employees and encourage them to create their own mission or share their vision. They have a strong empathy with others

and are dreamers who strongly believe in their business. In contrast to Explorers, their decision-making process is very intuitive and they follow what they believe is appropriate.

They are people who tend to avoid conflicts and have difficulty supervising the operational details to achieve their goal.

Captains

Such individuals start from the "we" rather than the "I". Captains believe a lot in their collaborators. They are intent on building a corporate culture in which the potential of employees emerges, where respect and trust for others are the foundation. They are ready to delegate tasks to give confidence and then lead from behind to achieve the company vision. Captains are decisive when needed, in fact they have a clear idea of where they intend to arrive even when they delegate tasks. They are willing to listen to the ideas of others and set clear goals, involving employees to feel part of the project.

The fact of delegating and being in the background can be problematic in fast-moving markets where there is a need to be reactive to changing client behavior.

For an entrepreneur it is important to understand the characteristics of his personality as it can help to make decisions about the formation of the team, filling its gaps and strengthening its merits. Successful startups are based on the entrepreneur and a good team. Knowing personal characteristics is also useful for team members as knowing the founder's strengths and weaknesses helps them understand how he behaves and makes decisions. And this can help them understand how to adapt to work effectively.

Previous studies have shown, for example, that investors focused on seeing a product made or interested in an early cashout prefer companies led by Crusader or Captain. Such investors may overshadow the company's culture.

Unlike these, investors interested in seeing an entrepreneur with a strong team that believes and works with them are generally more interested in investing in companies led by Captain or Crusaders. Such investors generally share the mission of the company they are investing in.

3.4 Interviews

We decided to divide the interviews into 3 different stages. First, we wanted to know what the entrepreneurs do before starting the venture in order to see if the background can somehow influence business decisions. Then we decided to analyze the entrepreneurs at the time of starting the business as it may be interesting to observe the factors, the beliefs, and the behaviors that have pushed the entrepreneurs to start a business. In conclusion, we focused our questions on the growth of the venture to understand if entrepreneurial traits and styles have changed as the business grows and if the beliefs and decisions that were made in the early stages of the business have changed as the business grows.

The following questions are the ones asked the entrepreneurs:

The entrepreneur before starting a venture

1. What's is your education background?
2. What previous work experience do you have before starting the venture?
3. Did you have any role models when growing up?
4. Did you do entrepreneurial things as a youth?
5. When did you know you wanted to be an entrepreneur?

The Entrepreneur at the time of starting the business

1. What was your primary motivation for starting a business? What were the factors that led you to start the venture?
2. What were your goals at the time you started the venture?
3. What sort of beliefs did you have (eg. About employees, partners, banks, etc)?
4. Did you establish a lifestyle business, a rapid growth business, or what? Did your growth orientation change over time?
5. What sort of resources (not just financial) did you have when you started the venture? What sort of network did you have? Were there any special creative things you did to come up with the needed resources?
6. How concerned were you with control when starting the venture? Explore the entrepreneur's need for control (of the venture, of people, of decision making?)
7. Did you write a business plan?
8. Did you feel prepared to start the venture at the time you started it?

9. How long was a typical work day and work week when you first started your venture?

The entrepreneur as he or she grew the venture

1. How have your goals and values changed since starting the venture?
2. Did your risk orientation change as the venture grew?
3. Did the typical work week change as the venture grew?
4. Did the assumptions you made when you first started the business prove to be wrong?
5. What key mistakes did you make along the way?
6. Were there some critical times when the business nearly failed?

4 Results of the study

4.1 Introduction

Every entrepreneur has their own distinctive style of leadership and work ethics. Furthermore, the personality, background, values, experience, and other factors is what makes an Entrepreneur unique in their own way.

In this chapter, we try to summarise what we have understood about the Italian and Singaporean entrepreneurs that were interviewed about their work style through the three tests we have carried out: Built for Growth; Hearts, Guts, Smarts, Luck (HGSL); and the International Personality Item Pool Representation of the NEO PI-R (IPIP-NEO).

Our analyses of the tests try to compare the data resulting from the questionnaires and the qualitative data resulting from the oral interviews and these have preceded our understanding of the Italian and Singaporean entrepreneurs' response to challenges, especially in the initial phase, typical of companies that have grown in different contexts. Before proceeding, however, it must be noted that Italian and Singaporean entrepreneurs come from completely different ecosystems. The entrepreneurial and cultural environment and the way of thinking of Italian and Singaporean entrepreneurs differ considerably from each other and this is also influenced by the environment in which they grew up.

In our research we have not assessed nor mentioned the culture directly. Our interest was not focused on culture, in fact the cultural aspect is only in the background and not in the foreground.

Culture is a very complex variable. The Singaporean culture is not easy to define. Italy has a very long history while Singapore is still a young country. Singapore became an independent country only in 1965. On the other hand, Italy has a much longer civilization. Therefore, comparing an ancient culture with a very young culture would not be an interesting comparison for a cultural variable.

4.2 Respondent Profile

As mentioned above, the interviewees in Singapore and Italy differ significantly from each other. The cultural context of reference influences the type of tasks and activities carried out by entrepreneurs in different countries. Therefore, some jobs that might seem obvious to a person from a certain country might be atypical for people from different cultures. It is therefore normal that there is a heterogeneity of work carried out by different entrepreneurs.

However, as previously discussed, the aim of the thesis is to compare Italian and Singaporean entrepreneurs in terms of their leadership traits and styles, and how they build their businesses. The cultural aspect is, therefore, relegated to the background as it can influence the type of activity, albeit we are interested in the characteristics that distinguish them and what motivates them to make certain decisions.

Thus, we are looking at the actors taken into consideration in order to understand the entrepreneurs and their sectors.

In the first examination of the activities carried out by entrepreneurs in the different states analysed, we have seen that there is an extraordinary diversity. Many of the respondents, whether Italian or Singaporean, have started or are owners of a family businesses.

Many Singaporeans have considered a business related to alimentation. In fact, there are several in the world of gastronomy that have entered the industry. Among the entrepreneurs, there is also a producer of sugar cane and beer, and many are owners of one or more restaurants with different characteristics, such as the Indonesian restaurant or those focusing on take-away food.

Similarly, some of the Italian interviewees are also involved the world of alimentation. For example, two of the entrepreneurs that were interviewed, own one or more restaurants, while another entrepreneur is a candy producer. In the same way, the interview with the leading entrepreneur in rice production in Italy (Riso Gallo) is also interesting. For this reason, it is important to underline that there are more Singaporean entrepreneurs in this sector, probably due to the cultural and food diversity of the country, which also favours a differentiation in the type of products offered from different cultures.

Another important remark is that among the Italian entrepreneurs, many of the respondents work in the construction sector, including a startup that builds green buildings and several entrepreneurs who own construction, sales and rental companies. These figures are not found among the Singaporean entrepreneurs that were interviewed.

Similarities that are found in both categories of the Italian and Singaporean entrepreneurs, are involved in photography and textiles.

Differences in job profiles include Singaporean entrepreneurs in the car leasing business, consultancy companies, diving centers, education, board games, virtual reality technology, cultural and gender differences, etc.

While among the Italian figures that were interviewed, we have found entrepreneurs involved in health care, volunteering, non-performing loans, production of machinery and plastic products, logistics, marble, hotels, wine, etc.

As observed, they work in different sectors. These differences can be dictated by the opportunities that the context of belonging offers and therefore the consequent propensity of these subjects to specialize in these sectors rather than in others, or, another motivation could be dictated by the simple fact that the limited number of entrepreneurs interviewed does not allow us to observe a whole. Therefore, it is probable that the persons interviewed are only a part of the multiple tasks present in different countries.

What can be noted, however, is that many of the tasks performed by Singaporean entrepreneurs are related to the technological and cultural field. This could be consistent with the characteristics of the state, in fact Singapore is "a reference point for high technology such as electronics, information technology, telecommunications and biotechnology, where the Singaporean government has invested significantly over the last twenty years".¹⁴

Furthermore, it is important not to ignore that as mentioned above, Singapore is a reality with a modern civilization characterized by a huge multicultural diversity which could

¹⁴ infoMercatiEsteri: https://www.infomercatiesteri.it/scheda_sintesi.php?id_paesi=137

explain why the presence of language courses and the online community trying to act as a bridge between cultural and sex differences.

The tasks performed by Italian entrepreneurs, unlike Singaporean ones, are mainly related to the tourism and real estate sector. In fact, as previously mentioned, many of the entrepreneurs work in the building sector; among the interviewed figures, we also find a hotels and tourist accommodations owner, a marble producer and related products such as bathrooms, kitchens, and the like. Also, to be emphasized are the figures involved in the health and wine sector.

The Italian figures interviewed stress the characteristics of the state, in fact in Italy the tourism sector covers a substantial part of the Italian economy. Together with this, the health and wine sector also excels in the Italian economy.

4.3 Survey Results

Below are the summary of the results of the Singaporean and Italian entrepreneurs' questionnaires.

Singaporean Entrepreneurs

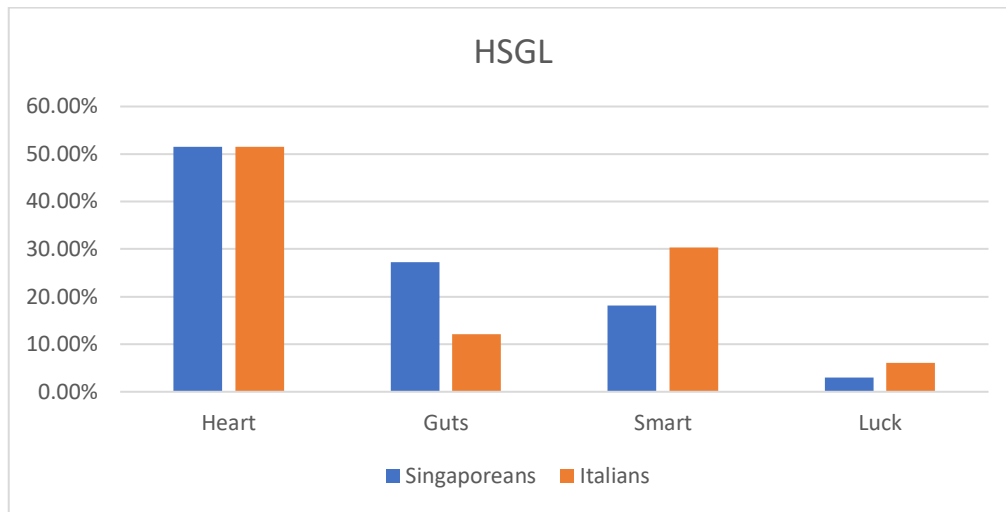
Entrepreneur	HSGL	Built for growth	NEO-PI				
			Extraversion	Agreeableness	Conscientiousness	Neuroticism	Open to Experience
Bahar Riand Passa	Guts- and Smarts	Driver	Low	Avarage	Avarage	Low	Avarage
Fong Wai Keong	Guts and Smarts	Captain	Low	Avarage	Avarage	Low	High
Felix Ren	Smarts	Driver	Avarage	Avarage	Avarage	Low	Avarage
Ron Malaravan	Guts and Smarts	Driver	Avarage	Low	Avarage	Low	Low
Qin YunQuan	Heart	Crusader	Low	High	Avarage	Avarage	Low
Goh CP	Gusts	Crusader	Avarage	Avarage	Avarage	Avarage	Low
Sean Ong	Guts and Luck	Crusader	High	High	Avarage	Low	High
Casey Gao	Heart	Captain	High	High	Avarage	Low	Avarage
Eric Lam	Luck	Driver	Low	Low	High	High	Avarage
Mr Willie Goh	Heart and Smarts	Captain	Avarage	Avarage	High	Low	Avarage
Elliot Tan	Smarts	Crusader	Avarage	Low	Low	Avarage	High
Scofield Li	Heart	Captain	Avarage	Low	Low	Avarage	Avarage
Lin Yi	Heart and Smarts	Crusader	Avarage	High	High	Avarage	Low
Tan Wei Shan	Heart	Crusader	Avarage	Low	Avarage	Avarage	Low
Vivian Lim	Smarts	Crusader	Avarage	Avarage	Avarage	Avarage	High
Yin Xinyi	Heart	Captain	Avarage	High	High	Low	Low
Alvian Haryono	Heart	Captain	Avarage	Avarage	Avarage	High	Low
Li Yi	Heart and Smarts	Crusader	High	Low	Avarage	Avarage	Low
Isabel Markwitz	Heart	Captain	High	Low	Low	Avarage	Low
Zat Low	Heart	Driver	High	Low	Avarage	Avarage	Avarage
E Lin Pow	Heart	Captain	High	Avarage	High	Low	Avarage
Hao Kang	Heart	Captain	High	Low	High	Low	
Yuki Wei	Smarts	Crusader	Low	Avarage	High	Low	Low
Rajasekhar	Gusts	Crusader	Low	High	High	High	Low
Sanjay Harjai	Heart and Smarts	Crusader	High	High	High	Avarage	Low
Wang	Smarts	Captain	Avarage	Low	High	Avarage	Low
Frank Su	Guts and Heart	Crusader	Avarage	Avarage	High	Low	Avarage
Eigen Tao	Gusts	Explorer	High	Avarage	High	Low	Low
Memo	Smarts	Crusader	Avarage	Low	Avarage	Avarage	Low
Shervin	Heart and Luck	Crusader	Avarage	Low	Low	High	Low
Casey	Heart and Smarts	Crusader	High	Avarage	Avarage	High	Avarage
James Wang	Guts	Driver	Avarage	Avarage	Low	Avarage	Low
Lavina Chong	Heart	Crusader	High	High	Avarage	Avarage	Avarage
Results	17 Heart; 9 Guts; 6 Smarts; 1 Luck	6 Driver; 10 Captain; 16 Crusader; 1 Explorer	6 Low; 16 Avarage; 11 High	12 Low; 13 Avarage; 8 High	5 Low; 16 Avarage; 12 High	13 Low; 15 Avarage; 5 High	17 Low; 11 Avarage; 4 High
%	51,5% Heart; 27,3% Gut; 18,2% Smart; 3% Luck.	18,2% Driver; 30,3% Captain; 48,5% Crusader; 3% Explorer.	18,2% Low; 48,5% Avarage; 33,3% High.	36,4% Low; 39,4% Avarage; 24,2% High.	15,1% Low; 48,5% Avarage; 36,4% High.	39,4% Low; 45,4% Avarage; 15,2% High.	51,6% Low; 33,3% Avarage; 12,1% High

Italian Entrepreneurs

Entrepreneur	HSGL	Built for growth	NEO-PI				
			Extraversion	Agreeableness	Conscientiousness	Neuroticism	Open to Experience
Alberto Visona	Smart and Heart	Crusader	Low	Low	Low	Low	Low
Alessandra Martin	Heart	Explorer	Avarage	Avarage	Avarage	Low	Avarage
Alessandro Lonardelli	Smart, Guts and Heart	Explorer	High	Low	High	Low	Avarage
Andrea Rizzini	Smart	Crusader	High	Avarage	Avarage	Low	Avarage
Andrea Rossi	Gut	Driver	Low	Avarage	Low	Low	Low
Edoardo Cazzaro	Luck	Crusader	Avarage	Avarage	Avarage	Avarage	Avarage
Emanuele Preve	Heart	Crusader	Avarage	Avarage	Avarage	Low	Avarage
Francesco Crescini	Luck and Smart	Crusader	High	Avarage	Avarage	Low	Avarage
Francesco Mercanti	Smart	Crusader	Avarage	Avarage	Avarage	Avarage	High
Gianluca Valdesalici	Smart	Crusader	Avarage	Avarage	High	High	Avarage
Gianluigi Cussotto	Heart	Crusader	High	High	Avarage	Low	Avarage
Giorgio Zampieri	Smart and Gut	Explorer	Low	Low	Avarage	High	Low
Giovanni Dalla Quercia	Gut	Crusader	High	Avarage	Avarage	Avarage	Avarage
Giuseppe Rohr	Heart	Crusader	High	High	Avarage	Low	Avarage
Guglielmo Magagna	Heart	Driver	High	Avarage	Avarage	Low	Avarage
Luca Biondan	Heart	Crusader	Avarage	Low	Avarage	Avarage	Avarage
Luca Governo	Gut	Crusader	High	High	Avarage	Low	Low
Luca Impecora	Smart, Heart and Luck	Crusader	High	Avarage	Avarage	Low	Avarage
Luca Rossetto	Heart	Crusader	High	Low	Avarage	Low	Avarage
Luigi Padovani	Heart and Smart	Crusader	Avarage	Avarage	Low	High	Avarage
Marco Cipriani	Heart	Crusader	Avarage	Low	Avarage	Avarage	Low
Marco Modena	Smart	Crusader	High	Low	Avarage	Avarage	Low
Marco Munari	Heart	Crusader	High	Low	Low	Avarage	Avarage
Matteo Giordani	Gut	Driver	Avarage	Low	Low	Avarage	Low
Matteo Martini	Heart and Smart	Crusader	High	Low	Avarage	Low	Low
Michelangelo Crescini	Smart and Heart	Crusader	Avarage	Avarage	Low	Avarage	High
Michele Barana	Heart	Crusader	High	Avarage	Avarage	Low	Avarage
Nicola Massella	Heart	Captain	Avarage	Avarage	Low	High	High
Nicola Schena	Smart and Heart	Crusader	High	Low	Avarage	Low	Low
Paolo Galli	Heart	Crusader	Avarage	Avarage	Avarage	Avarage	Avarage
Paolo Morana	Heart	Driver	High	High	Avarage	Avarage	Avarage
Rita Bergamini	Heart	Crusader	High	Avarage	Avarage	Low	Avarage
Roberto Corato	Heart	Crusader	Avarage	Avarage	Avarage	Low	Avarage
Results	17 Heart; 4 Guts; 10 Smarts; 2 Luck	3 Driver; 1 Captain; 25 Crusader; 3	3 Low; 13 Avarage; 17 High	11 Low; 18 Avarage; 4 High	7 Low; 24 Avarage; 2 High	17 Low; 12 Avarage; 4 High	9 Low; 21 Avarage; 3 High
%	51,5% Heart; 12,1% Gut; 30,3% Smart; 6,1% Luck.	9,1% Driver; 3% Captain; 75,8% Crusader; 9,1% Explorer.	9,1% Low; 39,4% Avarage; 51,5% High.	33,4% Low; 54,5% Avarage; 12,1% High.	21,2% Low; 72,7% Avarage; 6,1% High.	51,5% Low; 36,4% Avarage; 12,1% High.	27,3% Low; 63,6% Avarage; 9,1% High

4.3.1 Heart, Smart, Guts and Luck – Entrepreneurial Aptitude Test

(E.A.T)



Percentage of HSGL Questionnaire Results

Starting with the Heart Smart, Guts and Luck questionnaire, it can be observed that the results are very similar between the two countries. In fact, both Italian and Singaporean entrepreneurs show a prevalence of Heart character equal to 51.5% in both cases. The data start to differ in the other three values and as a result, 27.3% of Singaporean entrepreneurs have the Guts characteristic which corresponds to 12.1% in Italian entrepreneurs. Subsequently, in the second position, the Smart predominates, equal to 30.3% of the Italian respondents and 18.2% of Singaporean entrepreneurs. Ultimately, In the last position we found the Luck characteristic is equal to 3% of Singaporean entrepreneurs, and 6% of Italian entrepreneurs interviewed.

Two thirds of founders worldwide are heart dominant, therefore this dominance in both categories of entrepreneurs is in line with our expectations. Entrepreneurs with such characteristics are driven by passion and desire to achieve their goals.

The dominance of the Heart characteristic suggests that most entrepreneurs are driven by the idea of making the world a better place. They believe and love what they do, and generally have little interest in the economic aspect but are convinced that what they are doing is useful to the community. Entrepreneurs with these characteristics are able to

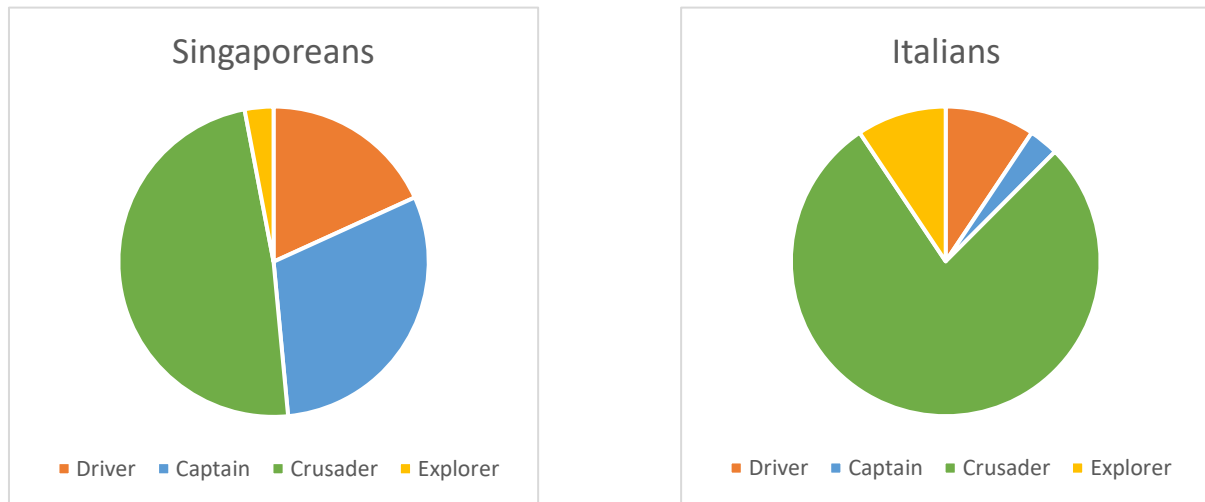
inspire people to create energy and overcome difficulties and to involve employees to believe in their project.

Accordingly, 70% of Singaporean Entrepreneurs are dominated by Guts and Heart, which has been shown that most successful entrepreneurs are dominated by Guts&Heart characteristics. Moreover, Entrepreneurs dominated by Guts&Heart are bold and not apprehensive in taking the first step and at the same time they are very perceptive and far-sighted.

Due to the results, it could be concluded that Singaporean entrepreneurs have a higher propensity for risk. Furthermore, Guts dominant entrepreneurs are not afraid to take risks and indeed, they seem to enjoy being in situations of uncertainty. However, the latter unlike the Italian entrepreneurs, would seem to be people who have no doubt in making difficult decisions. They are endowed with a great resistance and perseverance that drives them to endure over time and evolve successfully.

Italian entrepreneurs, on the other hand, seem more capable of delegating responsibilities and setting goals. People characterized by the Smart trait are capable of absorbing and classifying experiences. Through the methods and failures they have experienced, they recognise the best behaviours to follow, which over time become established practices. Italian entrepreneurs use logic, experience and perception where others see chaos. The latter appears to offer more innovative concepts than Singaporean entrepreneurs. Eventually, only a small part of both Singaporean and Italian entrepreneurs are dominated by a characteristic Luck. Luck perceived as a disposition of attitude, i.e. the ability of entrepreneurs to be humble curious and optimistic so that they can be in the right place at the right time.

4.3.2 *Built for Growth – How builder personality shapes your business, Your team, and your ability to win*



Percentage of Built for Growth Questionnaires Results

The Result of the analysis of the Built for Growth questionnaire, it can be noted that the results differ from each other. In both categories of Singaporean and Italian entrepreneurs the "Crusader" result predominates. This trait is especially significant for Italian entrepreneurs, in fact, 75.8% of them possess the "Crusader" trait, which is present in 48.5% of the Singaporean entrepreneurs.

However, the "Captain" trait differ significantly and as a result, a proportion of 10 to 1 between Singaporean and Italian entrepreneurs appear.

Furthermore, this trait has shown in 30.3% of Singaporean entrepreneurs interviewed while only 3% of Italian entrepreneurs exhibit it. In addition, 18.2% of Singaporean entrepreneurs exhibit the "Driver" characteristic, which occurs in 9.1% of the Italians. Lastly, the "Explorer" trait occurs only in 3% of Singaporeans and 9% of Italians.

Many of the "Crusader" entrepreneurs believe, that to be an entrepreneur it is important to be a dreamer capable of believing strongly in one's business. The results indicate that both categories of entrepreneurs, especially the Italians, shows strong empathy and inspiring their employees by encouraging them to create their mission or participate in

their vision. Above all, the Italian entrepreneurs tend to prevent conflicts and have a long-term mission to make the world a better place.

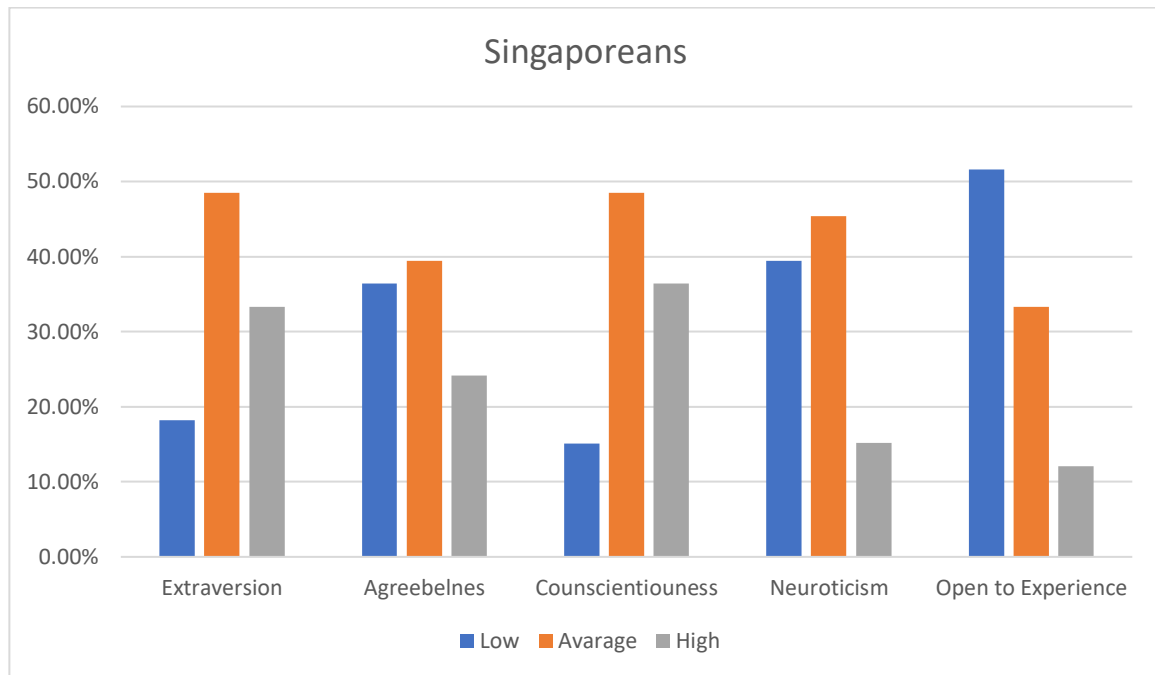
Contrarily, the relatively low percentage of "Explorer" in Singaporean entrepreneurs proves that they are more pragmatic. They appreciate the reality and they seem able to resolve problems and at the same time, they communicate their ideas from a practical perspective. The temperament of the leader is reflected in them; they are motivated to inspire people and create value for the community.

(Captain). The results show that Singaporean entrepreneurs believe in the potential of their employees, at the basis there are respect and trust for others. They are ready to delegate tasks, listen to the ideas of others, and encouraging employees to believe in the project.

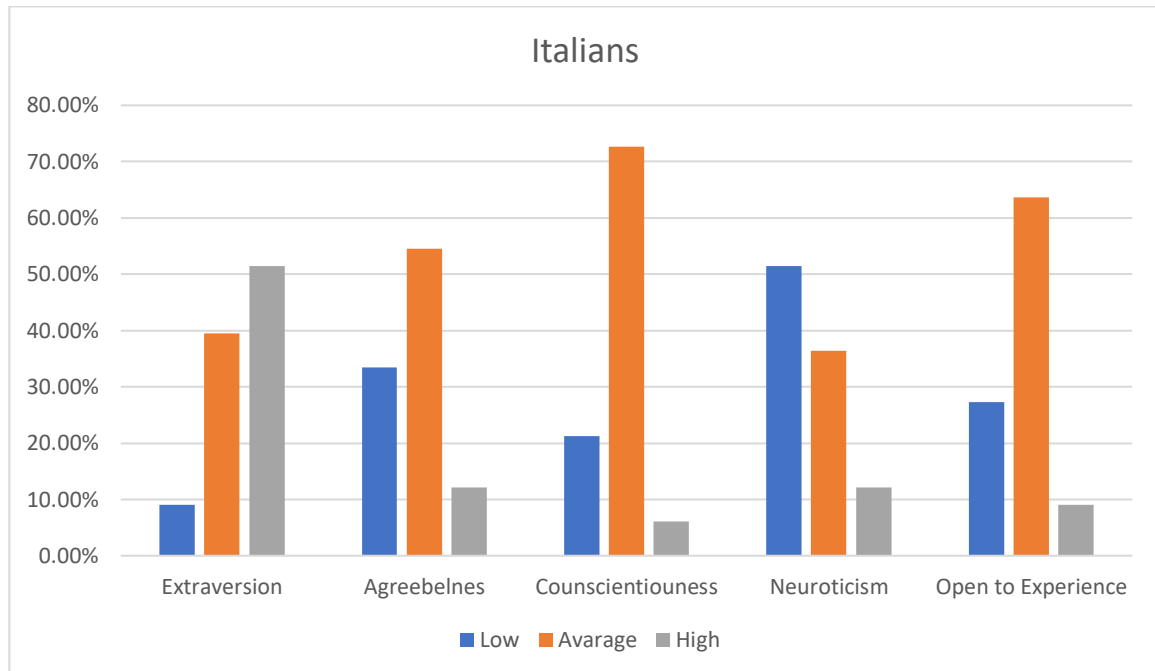
(Explorer). Italian entrepreneurs have the qualities of an "Explorer", who are motivated by the desire to convert an idea into a market product. They promote a practical management style and keep everything in control. They tend to have fun working directly with employees to solve a problem.

(Driver). Singaporean entrepreneurs have a very intense leadership style and they strongly believe in themselves and their products, in fact, they are individuals who generally try to anticipate market trends. Entrepreneurship seems more embedded in Singaporean entrepreneurs than the Italians. As a result, they feel the necessity to validate themselves through the establishment of a personal business.

4.3.3 The IPIP-NEO (International Personality Item Pool Representation of the NEO PI-R™)



Percentage IPIP-NEO Questionnaire Results



Percentage of IPIP-NEO Questionnaire Results

Observing the results of the NEO-PI questionnaire, it can be noted that there are many discrepancies and some similarities between Italian and Singaporean entrepreneurs.

In both categories of entrepreneurs the Extraversion characteristic tends to be high, especially in Italian entrepreneurs, where the results indicate a Low level of 9.1%, an Average level of 39.4% and a High level of 51.4%. While for the Singaporean entrepreneurs, the analysis reveals that 18.2% of them obtained a Low level, 48.5% Average level and 33.3% a High level. In most of the entrepreneurs interviewed, regardless of whether they were Italian or Singaporean, the level of Friendliness is high. With this, we understand that in order to achieve the success of a business it is necessary to use Friendliness to break the ice and make new contacts. Otherwise, the business would stand alone and with no substantial support. Analyzing another metric, Assertiveness, most entrepreneurs have obtained a high level in this attribute. The high level of Assertiveness indicates their desire to take control and be in the driver's seat. Furthermore, the fact that Italian entrepreneurs show a higher level of this character could imply that they are more extrovert and sociable than Singaporean entrepreneurs. Indeed, Italian entrepreneurs should be more active and assertive.

With regards to the Agreeableness characteristic, the two groups of entrepreneurs have shown very similar results. As a matter of fact, 36.4% of Singaporean entrepreneurs obtained a Low level, 39.4% average and 24.2% High. Italian entrepreneurs, on the other hand, obtained a Low level of 33.4%, 54.5% average and 12.1% High. The results differed slightly in the Average and High categories, which resulted more Italians in Average and therefore more Singaporeans in High.

Furthermore, the Agreeableness trait demonstrates how benevolent and well-disposed people are to others, even in terms of Help and Trust. Therefore, the results show that both categories, most especially Singaporean entrepreneurs, tend to trust and be altruistic. Moreover, these subcategories (trust and altruism) show high levels in the majority of all entrepreneurs. Ultimately, we can argue that when doing business with other partners it is necessary that they feel accepted and most especially their importance.

If we analyze the "Conscientiousness" characteristic, we can immediately notice that Singaporean entrepreneurs are at a higher level. In fact, 15.1% of Singaporean entrepreneurs that were interviewed have a Low level of Conscientiousness, while 48.5%

have an Average level and 36.4% in High Level. In regard to Italian entrepreneurs, 21.2% possess a Low level, 72.7% Average and only 6.1% in High Level. A level that tends to be below that of Singaporean entrepreneurs, but nevertheless an average level.

The questionnaire findings have shown that Singaporean entrepreneurs are people who are likely, more than the Italian entrepreneurs, to thrive and be organized. In addition, they tend to have more self-control on an emotional level and also on a level of mental organization. However, this does not mean that Italian entrepreneurs do not possess these characteristics, but the results show that they possess them inferiorly than the Singaporean entrepreneurs.

The Neuroticism characteristic is slightly lower for Italian entrepreneurs. The results show that 51.5% of them have low level of Neuroticism, 36.4% on Average level and 12.1% on High level. While for the Singaporean entrepreneurs, the results show that 15.1% have a Low level, 45.4% on Average level and 15.2% on High level. Assuming that Neuroticism is not a predictor of leadership, but it is a difficult characteristic to interpret if one wants to look at the propensity for leadership. It indicates how people have a tendency to be anxious, discouraged and dissatisfied. Looking at the different results obtained, they suggest that the mental state of each entrepreneur is conditioned not only by the person's history, but also by the situation they were in when filling in the questionnaire. Therefore, successful entrepreneurship is not necessarily related to the entrepreneur's state of mind at the time of completing the questionnaire.

The final characteristic analyzed is the Openness to Experience, which is higher in Italian entrepreneurs. The results show a Low level of Openness to Experience equal to 51.6% in Singaporean entrepreneurs, 33.3% Average and 12.1% High. While Italian entrepreneurs have a Low level of 27.3%, Average 63.6% and High of 9.1%. The results indicate that Italian entrepreneurs tend to be more open to the world and experiences than the Singaporean entrepreneurs. This characteristic is also intended as openness to imagination, intellectual curiosity and emotions. The low score shown by Singaporean entrepreneurs proves that they are more inclined to a practical way of thinking than an experimental one.

4.4 Implications of the Questionnaires

After a thorough study of the analysis of the results of the evaluation of entrepreneurs, we have realized that profiling is a great way to study personal traits. Looking at the results of the questionnaires of the Italian and Singaporean entrepreneurs, we can notice that there is indeed a difference between them, but at the same time they also have similarities in several aspects. It is interesting to observe the similarities in the features of various entrepreneurs from different cultures. By observing the similarities, we can understand the profiles and the diverse traits that distinguish entrepreneurs, and in some ways, we are able to appreciate what motivates them to make certain decisions. However, it is difficult to state that a specific combination of traits is determinant for success.

Moreover, the results of the survey are important, but they certainly do not define an entrepreneur's path to success. The myriad of combinations depicted through the results suggests that there is no specific combination of traits suitable for everyone to qualify someone as a successful entrepreneur. The differences need to be embraced, and it is exactly because of this variability in entrepreneurial traits that citizens around the world can benefit from the growing pool of innovative start-ups. In addition, traits alone do not define an entrepreneur. On the contrary, it is the way entrepreneurs have chosen to act, implementing their vision and thinking, that has helped them to pave the way to success.

4.5 Statistical Analysis Questionnaires

In the following section, we will try to analyze the data obtained from the online questionnaires through statistical analysis. However, it is important to point out that there is the possibility that the results lead to considerations that do not reflect perfectly the behavior and preference trends of the population, given the small size of the sample interviewed. The results would have been more interesting if we had a larger number of respondents.

Therefore, we decided to apply the Chi-square test for the Heart, Smart, Guts and Luck – Entrepreneurial Aptitude Test (E.A.T) and Built for Growth – How builder personality shapes Your business, Your team, and Your ability to win, questionnaires to observe

whether culture dependency can be observed in the results or whether they are causal in origin.

Since the IPIP-NEO (International Personality Item Pool Representation of the NEO PI-R™) questionnaire presents more outcomes, showing how entrepreneurs are characterized by the 5 traits – Extraversion, Agreeableness, Conscientiousness, Neuroticism, Openness to Experience – we decided to use a correlation matrix to observe how the different traits obtained are related to each other.

4.5.1 Chi-squared Tests

It has been decided to apply a hypothesis test, the Chi-square test, in the first analysis. It involved an application to the Heart, Smart, Guts and Luck – Entrepreneurial Aptitude Test (E.A.T) and Built for Growth – How builder personality shapes Your business, Your team, and Your ability to win questionnaires to determine whether to accept or reject the null hypothesis. We assumed in the null hypothesis that there were no differences between Italian and Singaporean entrepreneurs in our target population.

Starting from the Heart, Guts, Smart, and Luck questionnaire we assumed that there are no differences between Singaporean and Italian Entrepreneurs in the target population. 0.05 is our benchmark of the Chi-square test, so if the result will be less than 0,05 it means that it is significant and we have enough evidence to conclude that Italians and Singaporeans entrepreneurs in the target population are different. If it is greater than 0.05, as in our case, we do not have evidence to affirm that Italians and Singaporeans entrepreneurs are different in the target population. The result we obtained is 0,35 which is more than our target of 0.05 meaning we do not have enough evidence to state that Italian and Singaporeans entrepreneurs are different in the target population.

Just to be clear, we can note that there is a difference in the sample we analyzed. For example, if there were no differences between Italian and Singaporean entrepreneurs in the smart trait we would expect to see 8 Singaporeans with the smart trait but conversely, in our population, there were 6 individuals with this trait. The same is the case for Italian entrepreneurs; in fact, 10 are the entrepreneurs with the smart trait instead of 8 if there were no differences. Other differences are found in the Guts trait where 9 Singaporean entrepreneurs have this characteristic and 4 Italian entrepreneurs and in the luck trait

found in 1 Singaporean entrepreneur and 2 Italian entrepreneurs. Finally, a great similarity is found in the Heart trait, with 17 entrepreneurs in each group, Singaporeans and Italians.

So, there are differences in our sample. However, the question we have to face is whether or not there are enough differences to then make an inference on the target population which is going beyond the sample.

The answer is No because the Chi-square statistic is 0.35 so it is significantly bigger than 0.05. This is not enough evidence to conclude that Italians and Singaporeans entrepreneurs in the target population are different for this set of data.

Controversially, concerning the Built for Growth questionnaire, the result of the Chi-square test is different. In fact, 0,01 is the result that has been obtained; this outcome is really significant showing that the null hypothesis, which states that there are no differences in Singaporean and Italian Entrepreneurs in the target population, is rejected. The result proves that we have enough evidence to conclude that Italians and Singaporeans entrepreneurs in the target population are different.

Looking at what we obtained in the Built for Growth questionnaire we can observe that all the outcomes differ from each other and they are different from the mean.

The Singaporean entrepreneurs with the Driver trait are 6, controversially the Italians one are 3. A huge difference appears in the Captain characteristic where 10 are the Singaporean entrepreneurs and 1 the Italian entrepreneur; the trait Crusader appears in 16 Singaporean entrepreneurs and in 25 Italians. Finally, the Explorer characteristic is observed in 1 Singaporean Entrepreneur and in 3 Italian ones.

What can be noted is that the different traits of the built for growth questionnaire are really discordant. Different from the Heart, Guts, Smart, and Luck questionnaire where the null hypothesis is accepted in the Built for Growth test it is rejected due to the strong differences in the questionnaire results. So, if for the first questionnaire we can state that there are many similarities, in the second one we can observe some differences between the two cultures analyzed.

4.5.2 Matrix Correlation

As regards the IPIP-NEO (International Personality Item Pool Representation of the NEO PI-R™) questionnaire, it has been decided to conduct a factorial analysis with the aim of summarizing the information obtained from the correlation matrix of the various traits – Extraversion, Agreeableness, Conscientiousness, Neuroticism, Openness to Experience – obtained indeed from the IPIP-NEO questionnaire. The desire to explain the correlations between the different variables is the reason for performing factor analysis.

The decision to select all the traits resulting from the questionnaire and to analyze the results concerning Singaporean and Italian entrepreneurs separately was taken in order to examine whether the entrepreneurs' behavior is influenced by a different cultural background.

The aim is to determine the correlation coefficients between each pair of traits derived from the questionnaire. For example, the idea is to investigate whether an increase in one value of a certain trait increases or decreases another. When the correlation matrix contains high coefficients, this indicates that the variables considered are correlated with each other, or overlap in what they measure.

Factor analysis is a way of considering the existence of latent factors or factor constructs that explain the values in the correlation matrix between the variables.

The descriptive statistics that follow were obtained by analyzing the results of the IPIP-NEO questionnaires of 33 entrepreneurs for both categories, Singaporeans and Italians. The values of the mean, which corresponds to the intermediate value between the upper and lower extremes, and the values of the standard deviation, which is an indicator of the dispersion of a distribution of values, were obtained.

Descriptive Statistics

	Mean	Std. Deviation	N
Extraversion_SG	54.88	22.406	33
Agreeableness_SG	44.61	24.332	33
Conscientiousness_SG	55.18	24.518	33
Neuroticism_SG	37.94	22.337	33
Open to Experience_SG	36.00	24.969	33

Descriptive Statistics Singaporean Entrepreneurs

Descriptive Statistics

	Mean	Std. Deviation	N
Extraversion_IT	62.55	20.969	33
Agreeableness_IT	41.73	21.300	33
Conscientiousness_IT	42.55	20.628	33
Neuroticism_IT	37.03	20.866	33
Open to Experience_IT	43.45	19.798	33

Descriptive Statistics Italian Entrepreneurs

Following the correlation matrix of Singaporean Entrepreneurs

Correlations

		Extraversion_SG	Agreeableness_SG	Conscientiousness_SG	Neuroticism_SG	Open to Experience_SG
Extraversion_SG	Pearson Correlation	1	.170	.080	-.240	.243
	Sig. (2-tailed)		.344	.658	.178	.173
	N	33	33	33	33	33
Agreeableness_SG	Pearson Correlation	.170	1	.232	-.172	.212
	Sig. (2-tailed)	.344		.194	.338	.236
	N	33	33	33	33	33
Conscientiousness_SG	Pearson Correlation	.080	.232	1	-.276	-.132
	Sig. (2-tailed)	.658	.194		.120	.465
	N	33	33	33	33	33
Neuroticism_SG	Pearson Correlation	-.240	-.172	-.276	1	-.188
	Sig. (2-tailed)	.178	.338	.120		.294
	N	33	33	33	33	33
Open to Experience_SG	Pearson Correlation	.243	.212	-.132	-.188	1
	Sig. (2-tailed)	.173	.236	.465	.294	
	N	33	33	33	33	33

Correlation matrix Singaporean Entrepreneurs

The correlation matrix consists of the presentation of the correlation coefficients between all pairs. It is a triangular matrix, which means that it is sufficient to observe the upper or lower triangle of the table to understand which are the correlation values. It has two main characteristics: the first one is the symmetry with respect to the main diagonal; the second one is the main diagonal which is constituted by values all equal to 1 since the correlation of a variable with itself is, by definition, always equal to 1.

In the analysis of the correlation matrix of Singaporean entrepreneurs, it can be observed that there are no significant correlations as the correlation is significant at the 0.05 level

(2-tailed). What can be noted is that although there are no significant values, the value that comes closest to significance is the P-value of 0.12 evidenced, which indicates a slight negative correlation between Conscientiousness and Neuroticism. This relationship could demonstrate that Singaporean entrepreneurs who are emotionally stable, tend to work hard, and be organized are less inclined to be discouraged and anxious. Thus, for example, as the trait Conscientiousness increases, the trait Neuroticism decreases, and vice versa. The fact that this trait does not have a high level of significance prevents confirmation of this assumption, but nevertheless, there seems to be a trend of this type.

Correlations

		Extraversi on_IT	Agreeablen ess_IT	Conscietio usness_IT	Neuroticis m_IT	Open to Experienc e_IT
Extraversion_IT	Pearson Correlation	1	.219	.405*	-.205	.209
	Sig. (2-tailed)		.221	.019	.253	.243
	N	33	33	33	33	33
Agreeableness_IT	Pearson Correlation	.219	1	.336	-.046	.509**
	Sig. (2-tailed)	.221		.056	.797	.003
	N	33	33	33	33	33
Conscientiousness_IT	Pearson Correlation	.405*	.336	1	.002	.311
	Sig. (2-tailed)	.019	.056		.993	.078
	N	33	33	33	33	33
Neuroticism_IT	Pearson Correlation	-.205	-.046	.002	1	.140
	Sig. (2-tailed)	.253	.797	.993		.437
	N	33	33	33	33	33
Open to Experience_IT	Pearson Correlation	.209	.509**	.311	.140	1
	Sig. (2-tailed)	.243	.003	.078	.437	
	N	33	33	33	33	33

*. Correlation is significant at the 0.05 level (2-tailed).
 **. Correlation is significant at the 0.01 level (2-tailed).

Correlation matrix Italian Entrepreneurs

Moving on to the analysis of the correlation matrix of Italian entrepreneurs, we can observe in the matrix reported above that there are two significantly correlated values. In fact, there is a positive correlation between the trait Conscientiousness and Extraversion and a strong correlation between Open to Experience and Agreeableness.

The first correlation shows that Italian entrepreneurs who tend to be sociable and extroverted are also hard-working people who generally have self-control on the emotional side but also on the planning and mental organization side. It is interesting to observe that Extraversion and Conscientiousness are the first two predictors of the emergence and effectiveness of leadership.

The second strong correlation we find in the traits of Italian entrepreneurs resulting from the IPIP-NEO questionnaire is between Open to Experience and Agreeableness. This correlation reveals that Italian entrepreneurs who are open towards the world and experiences are also benevolent and well-disposed people in terms of trust. It is quite natural to think that a person open to experiences is also a person who is confident and ready to listen to others, and this is confirmed in the strong correlation resulting from the matrix.

4.6 Interviews analysis

Moving on to the analysis of the interviews, it is necessary to state that the following assumptions are merely personal. An attempt will be made to compare the responses of Singaporean and Italian entrepreneurs from a personal point of view since all the responses are different. In fact, as already stated, the background, experiences and motivations for making decisions are different for each subject.

Starting by examining the entrepreneurs before starting a venture. The immediate point is that practically all Singaporean entrepreneurs have attended a degree course and graduated before starting their business. Conversely, only two thirds of Italian entrepreneurs have obtained a degree before starting their business. Almost all entrepreneurs were previously employed before starting their own venture and in several cases they were involved in activities that were unrelated to what they currently do. Though there were few exceptions, but mainly for those who immediately joined the family business or for exceptional cases such as the death of parents that lead them to be young entrepreneurs.

The responses to the question "Did you have any role model when growing up?" were very similar. Several entrepreneurs stated that they did not have any role models, however several respondents affirmed that parents or grandparents had a lot of impact on their way of being and in decision making. Growing up in an entrepreneurial environment has influenced them over time and has increased their willingness to start their own business or to continue the one already started by their parents. Moreover, there are Singaporean and Italian entrepreneurs who have always known that they

wanted to start their own business. While for others, the desire of being an entrepreneur came after being an employee for several years.

Among the entrepreneurs interviewed, Luca Rossetto's observations are remarkable, he strongly believes that entrepreneurs are born and do not become entrepreneurs. In fact, he is compared to his brother, who is also the owner of a different company but who argues that, unlike him, he is not an entrepreneur but more of a trader and this is reflected in the results obtained. Accordingly, Entrepreneurs are born as such and with the passing of time, they have to be able to develop this characteristic but whoever has the size of an entrepreneur has always something inside of him that torments him, that pushes him to work, to think, to risk unlike all the others.

Moving on, to analyze the answers of the questions to entrepreneurs at the time of starting the business, it can be observed how the various answers differ from each other. There are various motivations for entrepreneurs to start their own business. There are several Singaporean entrepreneurs driven by the desire to earn money, to monetize and transform their idea into a product on the market, and the willingness to invest the money saved but also the desire to be independent. The reactions concerning the willingness of Singaporean entrepreneurs to have an economic return are recurrent, unlike Italian entrepreneurs who appear to be more inclined to take advantage of a market opportunity presented to them. In accordance with Singaporean entrepreneurs, Italian entrepreneurs are also driven by the idea of creating something of their own that is connected to their person and that can allow them to be independent from other people' ideas.

Although looking at the goals at the time when they started their business, the responses of Singaporean entrepreneurs are frequently associated with an intention to raise money or the desire to not lose a big amount of money. Additionally, goals also involves the desire to create a positive impact for the community or the willingness to become a successful entrepreneur. Lastly, the Italian entrepreneurs in accordance with Singaporean entrepreneurs have the ambition to create something new, to help others, and to have an economic return.

The Singaporean entrepreneurs when asked "What sort of beliefs did you have?". Almost everyone has shown interest in their employees, while many wanted to create a successful team and to make the workers feel at home, and others believed they could find obedient employees or even those who believe that nobody is indispensable. The Italian entrepreneurs also placed many beliefs in the team and employees, in fact, they are considered a fundamental element for success.

Generally, both categories of entrepreneurs affirmed that their growth orientation has changed with the passing of time, almost all entrepreneurs initiated a lifestyle business which then in some cases turned into a rapid growth business due to the successes and the type of market.

According to several entrepreneurs that among all the resources they had at the time when they started the business, it was the support of their family, friends and partners was one of the most important resources. Aside from the financial support, they have also contributed emotionally to help them believe in their project and continue with enthusiasm when difficulties arose. There were many Italian entrepreneurs who stated that the initial resources were very limited if not zero, at the early years of their company's life. Marina Salamon's contribution to the discussion was fascinating: "resources and network were very low but I have always believed to the fact that if you really want to learn something you study so; so I started spending a lot of time in factories and I was able to learn. Nothing is impossible if you go deep inside and study". Additionally, the majority of entrepreneurs in both categories claimed that they were not in full control of things when the startup was launched but over time it has proven to be fundamental to the survival and success of the business.

With regard to the business plan, most of the interviewees did not write a business plan at the time of the launch of the business. Michelangelo Crescini who has been an entrepreneur for about 40 years, stated that it was not very well known in the past, but with the passing of time it has not only proven to be vital a tool on how to plan a business, but also because the business plan is now useful for external subjects as financiers. In fact, many entrepreneurs have pointed out that at the time of the launch, a business plan had not been made but instead it was prepared for their new projects.

Alessandro Lonardelli explains that he only started to draw up a business plan when he founded the third hotel, which he had not even considered making one before. Alessandro claims that if he had not written a business plan he might not have succeeded in this adventure. He says that if you want your dreams to come true you need to study everything first, have a plan b and c if something goes wrong with the way you have planned it and prepare yourself to be ready to face all the difficulties that may arise. Consequently, almost all of the entrepreneurs interviewed of the latest generation or who are founding startups in recent years, are writing a business plan as Giorgio Zampieri affirms, who reported that he had to obtain authorization from the Bank of Italy to start his startup which required him to write a business plan. Finally, as Marina Salamon, who has received several offers to become a partner in many startups, stated that she believes that it is important to write a flexible business plan for the entrepreneur to be able to make changes as time goes by, because for the most part it is out of reality.

Most of the entrepreneurs of both profiles stated that they did not feel prepared when they started a business. An interesting response from Miss Goh's stating "In venture you do not to feel prepared. Not all venture can be successful at the first trial. You just have to know is this amount of cash outlay comfortable for you. Business sentiments will change. It's important to make important decision and be positive in anything that you do". And another interesting answer from James Wang's: "Because I was young and ignorant, I thought I was ready at the time, but now it may not seem".

A common feature of all the entrepreneurs is that they work as much as possible when they were establishing their businesses. Many have said that they had to work day and night during their first few years in the business, and there were times when having a break is an option. What has emerged is that in the initial moment, one needs to be focused, determined and most importantly, to devote themselves exclusively to the business. From the responses, however, it would appear that Singaporean entrepreneurs are more willing to sacrifice themselves and work as much as possible. Similarly, most of the Italians also seem to devote a lot of time.

Moving forward, it can be observed in "the entrepreneurs as they grew the venture" that practically all entrepreneurs, regardless of whether they were Italian or Singaporean,

grew as the business grew. In fact, many affirm that the objectives have changed because they have been conditioned by the growth of the company. Practically all entrepreneurs claim that their initial values have not changed but a series of events and factors have led them to reshape their goals to achieve and maintain their values.

Regarding the change in risk propensity, over time the answers are very different and personal. There are different opinions of entrepreneurs, some of them argue that their propensity to risk has not changed, while the answers of those who believe that their propensity to risk has changed diverge because there are those who argue that as they get older, they feel less inclined to risk because they have more things to lose and the same time, they have less energy and perhaps they would prefer to have some time to dedicate to themselves. On the contrary, those who believe that the fact that their business has grown with the passage of time pushes them to risk more because having more things to control encourages them to take risks and to assume new opportunities with new investments, but nevertheless they say that they are more able to control risks compared to the first moments.

Almost all Singaporean and Italian entrepreneurs confirm that their workload has changed as the business grew; entrepreneurs state that once the business started, they were able to reduce their working hours, although not significantly. In addition, with regard to the question of whether the assumptions made were wrong, the answers are in accordance with Singaporean and Italian entrepreneurs. Most of both categories of entrepreneurs claim that the assumptions initially made were wrong/different. Michele Barana's statement that "Today the business is changing really fast, so make an assumption then go ahead, test it on the market on the company see if they work to make it effective and change it along the way.

Once again, the responses of Italian and Singaporean entrepreneurs regarding key mistakes are in line with each other. Some of the answers provided are purely related to the type of business and market of single entrepreneurs who, for example, have made wrong purchases, have given confidence to the government, have invested little in social media or have been too enthusiastic about things that have proved to be of limited use over time. One of the key mistakes that were found several times in the replies is the fact

that they hired people who then did not qualify. Sometimes, for example, people were recruited who were less competent but cheaper in terms of money, which over time resulted a wrong move because they had to be fired as they were incapable of running the business. Other errors occurred in terms of the ideals and aptitude of the staff, employees were recruited who did not correspond to the ideals of the entrepreneurs and this was not profitable both in terms of work performed but also in terms of image for the company.

Finally, the answers to the question of whether there were times when the business nearly failed, are almost split in half among those who say that there were moments of great crisis, when it almost failed while those who say that there were difficult moments but that there was never a risk of failure. It should be noted, however, that the interviews with Italian entrepreneurs occurred slightly later in terms of time, when the global pandemic of Covid-19 was in an advanced state, in fact, in responses to Italian entrepreneurs, they said that what was happening was probably one of the most critical moments of all time but nevertheless they were positive and convinced to overcome this challenge as well.

Observing all the similarities in the responses of the entrepreneurs, we can state that the characteristics of the people who are motivated to run their own business are very similar to each other. Considering that only a minimal part are people who are ready to take a risk in starting their own business, it is possible to assume that the characteristics of these people are similar because the tendency to take risks in entrepreneurs is generally greater. For example, as observed in the responses, it can be observed that most of them have not prepared a real business plan before starting their business. This suggests that entrepreneurs are generally opportunistic in nature. The fact of not focusing too much on the business plan prevents the confusion that will lead entrepreneurs to be too prudent in making decisions for the company. It is also important to stress that success comes with hard work, as evidenced by the responses in which almost all entrepreneurs spend long exhausting hours in their businesses every day, especially in the early days of business development. It is also important that entrepreneurs are extrovert and able to tolerate pressure and stress due to the amount of work they face when creating their business. The family also plays a critical role in the development of the entrepreneur's personality

and this would be helped by growing up in an entrepreneurial family environment, but this should not be the main factor that leads to success. The entrepreneur must be able to seize the opportunities that arise. When starting a business, the entrepreneur's optimism about failure and the "it can be done" mentality is of fundamental importance when exploiting opportunities. Furthermore, it can be seen how fundamental it is to try to hire people in line with our expectations and ideals. One of the key mistakes of the entrepreneurs interviewed was to hire the wrong people. It should be noted that we must try not to hire a friend as an employee because personal feelings influence the decision-making process. Furthermore, attention must be paid to ensuring that the company's image is not influenced even if a person unsuitable for the job is hired.

In any case, it should be noted that the process undertaken by each entrepreneur has not been easy at all. There were many challenges that they had to overcome. Lastly, before starting one's own business, one must make an in-depth evaluation and be ready to sacrifice his life for a period of time as it is necessary to devote all efforts to the business.

4.7 Correlation between surveys and interviews

<p>Before starting a Venture</p>	<p><u>3E: Education, Economic development, Entrepreneurship.</u></p> <p>Singaporeans entrepreneurs are likely to be more educated and supported from the government than Italian one. So, they are less risk inclined and this is reflected in their minor "Openness to experiences" obtained in the NEO-PI compared to Italian's entrepreneurs.</p>	<p><u>Openness to experience: Family business environment</u></p> <p>Italians and Singaporeans entrepreneurs who had the opportunity to grow in a family business environment developed an "Openness to experience" and willingness to start their own business has shown in the NEO-PI.</p>		
<p>At the time of starting the Business</p>	<p><u>Singaporean: "Driver"</u> <u>Italian: "Crusader"</u></p> <p>Singaporeans entrepreneurs are motivated by commercial success in transforming their</p>	<p><u>Neuroticism: resilience</u></p> <p>Italian entrepreneurs must be more resilient by nature, and able to overcome</p>	<p><u>Openness to experience: Business plan</u></p> <p>Most entrepreneurs did not write a business plan in the early</p>	<p><u>Conscientiousness: Work hard</u></p> <p>Typical characteristics of the "Conscientiousness" trait of the NEO-PI</p>

	<p>idea in a marketable product and to obtain an economic profit. In fact, there are more Singaporean “Drivers” in the Built for growth questionnaire compared to Italian ones.</p> <p>Italian entrepreneurs strongly believe in their mission; they have the ambition to create something new and helping others. Indeed, there are more Italian “Crusader” in the Built for growth questionnaire compared to Singaporeans ones.</p>	<p>moments of crisis relying solely on themselves because they are less helped than Singaporean entrepreneurs. In the NEO-PI questionnaire, Italians candidates obtained a lower level of “Neuroticism” demonstrating that they are less discouraged and less anxious than Singaporeans.</p>	<p>stages of the venture and this appears to promote agility, open-mindedness, and adaptability to change of entrepreneurs who are not focused on merely following what has already been planned.</p>	<p>questionnaire are the ability to work hard to be determined, commitment diligence, self-controlled. This is reflected in the interviews with entrepreneurs of both categories but especially in Singaporeans, who state that they work uninterruptedly in the early phases of the venture.</p>
<p>As he or she grew the Venture</p>	<p><u>Openness to experience: adaptation of values and learning from mistakes</u></p> <p>Many entrepreneurs stated that their values did not mutate but that they adapted to the changing environment. Also, they were able to learn from their mistakes. This means that they are open, flexible and adaptable, showing an indirect correlation with the “Openness to experience” trait of the NEO-PI questionnaire.</p>	<p><u>Neuroticism: ability to overcome difficulties</u></p> <p>Italian entrepreneurs have had various moments when business nearly failed, but they affirm that they are positive and that they will overcome this challenge as well. This resilience can be related to the “Neuroticism” of the NEO-PI questionnaire which shows how Italians are less anxious and more able to overcome difficulties.</p>		

In this paragraph, the information collected in the oral interviews will be analyzed in combination with the results of the questionnaires. We will also try to analyze the answers from a wider cultural point of view, in order to have a more accurate idea of the

comparison between Italian and Singaporean entrepreneurs. Therefore, the analysis has been divided into the three blocks in which the interview was conducted orally: before the entrepreneur started a venture, at the time of starting the business, and finally as he or she grew the venture. This division is also motivated by the fact that some of the oral responses received are purely personal and therefore difficult to trace back to the questionnaires and to a broader cultural characteristic.

Looking at the responses of entrepreneurs before starting a business it is interesting to focus on the background, work experience, and role models.

Several studies, such as the one carried out in Italy by AlmaLaurea in conjunction with Unioncamere (Mariotti, 2020), have shown that only a small proportion of graduates (7.1% in the above-mentioned study) have attempted to start a business.

Many of the successful entrepreneurs, such as Steve Jobs and Bill Gates to mention a few, did not finish their studies before starting an entrepreneurial activity.

At first sight, it can be noted that these considerations do not seem to be in line with the responses obtained since the majority of the entrepreneurs interviewed seem to have completed university before starting their business.

The number of Singaporean entrepreneurs interviewed, compared to Italian entrepreneurs who had achieved a degree before starting their own business, is greater.

By examining the responses in more detail, however, it can be observed that almost all entrepreneurs gained at least one work experience before starting their venture.

This is in accordance with the fact that we are analyzing entrepreneurs that are usually graduated.

Although the Singapore government in recent years has been trying to involve young graduates to consider starting their own business, in Singapore it is difficult to convince a recent graduate to create their own business because they are aware of the difficulties involved in starting a venture. The aspiration of new graduates from all over the world seems to be working in a good multinational company. There are several unknown aspects about starting their own business; in fact, recent graduates generally prefer to work in a company initially because they have more certainties such as a guaranteed economic return.

Looking at the opportunity cost, it can be noted that the time and money invested in obtaining a degree decreases the risk inclination. Considering also the fact that graduates generally succeed in finding a better job than non-graduates, it is uncommon for a student who has invested several resources to complete his or her university studies to be willing to start his/her own business.

This appears to be confirmed by observing the results of the NEO-PI questionnaire. In fact, Italian entrepreneurs are more open to experience. The fact that there are more Singaporean graduates than Italian ones seems to be in line with the results obtained in the questionnaire. Graduates tend to focus on certain things only, reducing their open-mindedness and propensity to risk.

The openness to experience can also be related to the fact that in Italy the growth rate of the economy is lower than in Singapore. Education and economic development are related; therefore, the economic situation of nations is a background factor for openness to experience, confirming that there are more Singaporean graduates than Italians.

Connected with openness to experience it appears that growing up in a family business context helps people to develop an open mind and a willingness to start their own business. In fact, the individuals, both Singaporeans and Italians, who have had the opportunity to grow in an entrepreneurial context seem to have developed a greater propensity for risk and willingness to start their own business.

Moving on to the observation of the entrepreneurs' responses at the time they started the business, it can be pointed out that Singaporean entrepreneurs are mainly motivated by the fact that they transform their idea into a marketable product and their main goal is economic profit. These characteristics are typical of "Drivers" who are constantly looking for commercial success. In fact, in the Built for growth questionnaire, the Singaporean entrepreneurs who emerged with the characteristic driver are in greater number if compared with Italian entrepreneurs. With the latter, the characteristic Crusader emerged more than in the Singaporean ones. The "Crusaders" are dreamers who believe in their business, characterized by a driving empathy and who strongly believe in their mission. These characteristics can be traced back to what emerged in the oral interviews

where it appears that Italian entrepreneurs have the ambition to create something new and the goal of helping others.

In the analysis of the oral interviews, evidence emerges that Italian entrepreneurs, compared to Singaporean ones, appear to have fewer or even zero resources at the time of starting the business.

Looking at the cultural context, it can be noted that Singaporean entrepreneurs are supported in the early stages of business. There are both governmental and non-governmental agencies, supporting also in a financial way, unlike Italian entrepreneurs who do not have this kind of support and therefore have to survive on their own. It can therefore be argued that Italian entrepreneurs must be more resilient by nature, able to overcome crises by relying merely on themselves. This is reflected in the NEO-PI questionnaire where it emerges that Singaporean entrepreneurs have a higher level of "Neuroticism". The fact that Italian entrepreneurs in recent years faced several challenges, such as the high failure rate of startups, the economic crisis, covid-19, etc. makes them less discouraged and less anxious than Singaporean entrepreneurs.

Another trait of the NEO-PI is the Openness to experience which can be traced back to the responses concerning the absence of a business plan. Both categories of entrepreneurs, Italian and Singaporean, stress the fact that they did not write a business plan at the beginning of the startup. An entrepreneurial characteristic, regardless of where they belong, is the need to be agile because society constantly changes every day. Therefore, the business plan in an initial moment might induce a constraint that delays the change of strategy. Openness to experience is precisely a characteristic that affirms how much entrepreneurs are able to adapt and change: it is slightly higher in Italian entrepreneurs.

These similarities are also reflected in the questionnaire Heart, Guts, Smart, and Luck where it can be remarked that generally "Heart" dominant entrepreneurs do not start with a formal business plan. The Heart characteristic is dominant and equal to 51.5% in both categories.

Entrepreneurs with this trait are driven by passion and the desire to achieve their goals. They are generally able to endure over time and work hard.

The typical characteristics of Heart dominant can also be found in the responses of entrepreneurs stating that in the initial period of the venture they worked for unimaginable times. As mentioned previously, in the analysis of the interviews, it appears that Singaporean entrepreneurs are more determined and hardworking people.

This is in line with the results obtained in the NEO-PI where the "Conscientiousness" trait is higher in Singaporean entrepreneurs than in Italian entrepreneurs. Typical features of this trait are the ability to work hard and to be determined, commitment diligence, and self-control.

Moving on to the observation of the responses as he or she grew the venture, it can be pointed out that there is once again an indirect correlation between NEO-PI's Openness to Experience and the agility of entrepreneurs in learning and adapting to the changing of the external environment. Many entrepreneurs stated that their values remained the same, but that they had to adapt them to the change of the environment. Therefore, the ability to change means that they are open, flexible, and adaptable. If they were not open to experiences, they would not have been able to adapt their assumptions to external change.

The openness to experience is retrieved again while observing their ability to learn from mistakes made. Entrepreneurs of both categories affirm that during the growth phase of the business they made several mistakes especially in hiring employees who proved to be unsuitable. The entrepreneur faces a myriad of possible mistakes that can be made, he must be able to learn from them and move forward.

In the final analysis, confirming the previous statement, it can be observed that entrepreneurs, especially Italian ones, suffered several critical moments in which their business nearly failed. Italian entrepreneurs state that various difficulties have arisen due to uncertain external situations such as covid-19 which was occurring at the time of the interviews. However, the entrepreneurs say that they are optimistic and have faced several challenges in the past, so they will find a solution to overcome again in this case. This resilience confirms what was mentioned earlier that Italian entrepreneurs, as reflected in the NEO-PI questionnaire, are less anxious and more able to manage

challenging situations. Italian entrepreneurs obtained a lower level of Neuroticism in the NEO-PI questionnaire, demonstrating their ability to overcome difficulties.

4.8 Environment and Resources

As stated in the analysis of the questionnaires and interviews, it is evident that Singaporean entrepreneurs have been able to grow in a more favorable context than Italian entrepreneurs. The myriad of resources that favor the development of entrepreneurial activity in Singapore seems to have conditioned the characteristics of entrepreneurs.

Italian entrepreneurs, on the other hand, appear to be more resilient and open to experiences. The adverse cultural context and the various challenges faced by Italian entrepreneurs in recent years have contributed to making them less anxious and ready to exploit the new opportunities offered by the market.

The support received in the early stages of startup life is completely different between Singapore and Italy. In Singapore, there are governmental and non-governmental grants and programs that facilitate the growth of startups, while in Italy, entrepreneurs generally have to finance with their resources.

However, Singapore has been investing and creating initiatives to make the environment more attractive for several years already.

In fact, Singapore has been attempting for more than 10 years to involve high-level technology companies to establish their headquarters in Singapore, focusing their activities on product development in addition to marketing activities such as sales. In recent years, companies including Google and Facebook, as well as many startups, have set up operations in Singapore.

This strategy appears to be beneficial to the ecosystem, as it is attracting various talents and investments.

The Singapore government provides several grants and funding programs to support the growth of a business through the initial stages. In addition to government support, there are many angel investing networks, venture capital firms, private equity firms, startup incubators, and accelerator programs that help entrepreneurs raise capital.

The Minister of State for Trade and Industry launched Startup SG in 2017 to support startups.

“Startup SG is the umbrella branding unifying all the support schemes for startups in Singapore. Essentially a launch pad for entrepreneurs by providing them a platform to access local support initiatives as well as connect to the global entrepreneurial network, Startup SG is your go-to one-stop source for loans, grants, funding and capability-enhancement.”¹⁵

The following are some of the supports provided by the Singaporean government to give a clearer idea:

- “ Startup SG Founder: It provides mentorship and start-up capital grant to first-time entrepreneurs with innovative business ideas. (\$3 for every \$1 raised by the entrepreneur);
- Startup SG Tech: It is aimed at providing early-stage funding to companies for the commercialisation of proprietary technology;
- Startup SG Equity: This scheme – where the Singapore Government co-invests in a start-up along with third party investors – is aimed at encouraging and stimulating private-sector investments into innovative, Singapore-based technology start-ups with intellectual property and global market potential;
- Startup SG Accelerator: This scheme provides funding and non-financial support to incubators and accelerators working in strategic growth sectors to further enhance their programs and expertise in nurturing successful start-ups.”¹⁶

These are just some of the grants that the Singaporean government offers. However, it is interesting to observe the differences with the Italian government, which does not offer funds to startups, but only provides benefits such as free digital constitution, tax incentives for investment, exemption from Chamber of Commerce duties and stamp duties, etc. (Startup Innovative, s.d.)

¹⁵ 13 Startup Schemes and Grants in Singapore:
<https://www.singaporecompanyincorporation.sg/blog/13-startup-schemes-and-grants-in-singapore/>

¹⁶ 13 Startup Schemes and Grants in Singapore:
<https://www.singaporecompanyincorporation.sg/blog/13-startup-schemes-and-grants-in-singapore/>

Several factors, in addition to government grants, make Singapore a business-friendly environment for new entrepreneurs. Its robust economy, strategic geographical location, attractive tax policies, and efficient government make it a very interesting place to set up a new business.

Additionally, several policies established by its government have also made it a very favorable place to locate a business for foreign-owned enterprises. Singapore's central location in Southeast Asia makes it a strategic point for the continent's 3 billion people.

Furthermore, there are several advantages to establishing a business in Singapore. Taxes are low and it has one of the simplest and most rational fiscal systems in the world. It does not collect any tax on capital gains or dividends received by a company. In fact, it also has one of the lowest value-added tax rates in the world and has an extensive network of agreements to avoid double taxation. Moreover, it has one of the most efficient and unbureaucratic regulatory systems in the world and the requirements and procedures for incorporating a company are simple. Consequently, in some cases, it only takes less than a day to incorporate a new company.

Besides, the productive workforce speaks English and Singaporeans are known to be some of the most productive and well-trained workers in the world.

As a result, it is clear that Singapore has a more favorable environment for business development than Italy. Truly, one of the major difficulties for startups is finding sources to finance their activities. As demonstrated, in addition to the classic financing actors present in both countries, such as banks, business angels, crowdfunding, venture capital, private equity, etc., which are more numerous in Singapore, as well as being supported by the government; Singaporean entrepreneurs have a series of government and non-government programs and grants that support entrepreneurs both financially and in terms of consultancy in the initial phases of the life of the venture.

Lastly, these characteristics confirm what emerged in the questionnaires and interviews where it was revealed that the traits and characteristics of the entrepreneurs analyzed were conditioned by the context they lived in, showing how the favorable environment of Singapore influences the entrepreneurs, causing them to develop different characteristics from Italian entrepreneurs belonging to a more rigid environment.

5 Implications, limitations, conclusions

5.1 Implications

In this research, the broad nature of the topic has been examined yet it was decided to examine only a portion of it. Nonetheless, the valuable insights are the findings that permitted us to study two contexts that had never been compared before.

It was not quite possible to collect more data, because the sample sizes in Italy and Singapore are identical in terms of numbers of the surveys and interviews. In any case, the information and results obtained were sufficient to observe differences and similarities between Italian and Singaporean entrepreneurs.

Entrepreneurs and the development of new enterprises represent a fundamental element for economic development and for creating new occupations in near future.

The knowledge gap identified in the current literature is addressed through a process that highlighted and gave voice to entrepreneurs, which is represented as a valuable "asset" to the economy.

For this reason, it is quite interesting to observe the differences between two completely different ecosystems. On one hand, Singapore, where the Government is more interventionist and it has a more active role in creating an ecosystem, is renowned for attracting investments and the creation of new businesses. On the other hand, Italy where the ecosystem is completely different and individuals have developed a resilience capable of overcoming the various challenges presented in recent years.

It is therefore quite prominent that the Singaporean government is more interventionist, but the support and incentives provided at the macro level must then be analyzed at the micro-level, and the consequences of government's action has to be observed from a psychological point of view. Policymakers must therefore be curious about favoring and supporting, as this can be beneficial as well as damaging. It is absorbing to look at the consequences from a personal characteristics point of view of entrepreneurs as government intervention with a range of measures which may be helpful at first, but the risk is creating a mindset which is not positive for entrepreneurship's development.

In this respect, the research is structured in order to study the behaviors and traits of entrepreneurs in both Italian and Singaporean sample to the key variables identified, those leadership and personality variables are illustrated in the Chapter 4. Evoking relevant insights for the comprehension of similarities and differences in the behavior of various entrepreneurs is influenced by a different ecosystem, for instance, the lower neuroticism and greater openness to experience shown by Italian entrepreneurs or the greater conscientiousness exhibited by Singaporean entrepreneurs.

The study generally expresses the different challenges that entrepreneurs need to overcome, which are focusing on the different constraints and actors that intervene during the life cycle of a startup. Entrepreneurs have to be able to exploit the opportunities that the market offers. Hence, they need to have a brighter idea that can provide with a solution to an unsatisfied need.

There are many different characteristics that an entrepreneur might have. It is not enough to possess leadership skills to be successful, but several factors do play a crucial role. The person has to possess certain characteristics that enable him to assess the risks and the valuation of the venture. In fact, the entrepreneur faces many difficulties and one of the most complex is raising funds in the early stages of the startup, and there are many financing possibilities that an entrepreneur has to evaluate; moreover, there are several actors that are ready to intervene at both levels, financial as well as consulting level, during the growth of the startup.

In recent years, the entrepreneurial environment has changed significantly, and new actors have emerged to finance the venture. The figure of an entrepreneur plays an essential role in the startup as the initial phase of the startup depends on him. The strengths and weaknesses of the enterprise are connected to the entrepreneur and their personal attributes, motivations, and abilities which influence the economic activity and the conditions of existence of the startup.

Furthermore, new players who finance the venture, just like those who participate in crowdfunding campaigns which most commonly invest a smaller amount of capital than other actors, possess fewer evaluative skills and generally evaluate the venture in a rapid and superficial manner. They observe more of the signals and traits of the entrepreneur who is trying to evaluate the undetectable characteristics of the startup.

In addition, every entrepreneur has different leadership styles, and what makes them unique are their experiences, values, personalities, backgrounds and few other factors. Using the online questionnaires Built for Growth¹⁷; Hearts, Guts, Smarts, Luck (HGSL)¹⁸; and the International Personality Item Pool Representation of the NEO PI-R (IPIP-NEO)¹⁹; and an oral interview it was possible to analyze the traits and styles of single entrepreneurs by comparing the characteristics of Singaporean and Italian entrepreneurs, and trying to observe whether the traits and styles of entrepreneurs are influenced by the cultural and environmental context.

Singapore has been implementing a series of programs and initiatives for more than 10 years to attract investments and startups to its territory, and these measures have improved the ecosystem by attracting talents and investments. (13 Startup Schemes and Grants in Singapore, s.d.) On the other side of the coin, Italy's entrepreneurial environment has been expanding in recent years.

Finally, looking at the results of the questionnaires and interviews, it is evident that Singaporean entrepreneurs have been able to grow in a more favorable ecosystem than Italian entrepreneurs. Singaporean entrepreneurs can benefit from various government and non-government incentives that facilitate their growth, while Italian entrepreneurs generally have to finance themselves with their own resources. It was observed that Italian entrepreneurs, due to the adverse cultural context and the different difficulties faced, are more resilient by nature; and also due to the constant change in the external environment, they must be open, flexible and adaptable. Meanwhile, Singaporean entrepreneurs appeared more conscientious, more organized and mentally focused on achieving their goals. Singaporean entrepreneurial characteristics lead to two possible scenarios that need further investigation. The first one illustrates that their willingness to work hard and be organized without always having to adapt their behavior to changes in the external environment could be determined by environmental stability that enables stable goals and motivates entrepreneurs to work hard to achieve them. This ecosystem is beneficial for entrepreneurial activity as, for example, people who have difficulty

¹⁷ Built for Growth: <https://builtforgrowth.com/>

¹⁸ Heart, Smarts, Guts, and Luck: www.hsgl.com

¹⁹ Short Form for the IPIP-NEO: <http://www.personal.psu.edu/~j5j/IPIP/ipipneo120.htm>

finding a job or who have an uncommon propensity for risk and determination are aware that they can count on governmental and non-governmental incentives and support.

The second scenario that needs further investigation is to see whether Singaporean entrepreneurs, in the absence of these instruments and grants, would have become less organized, less hard working and less risk averse than they are now and even than Italian entrepreneurs. The propensity to take risks increases that entrepreneurs tend to take so.

5.2 Limitation of the Study

In this particular part, the foremost focus was on the limitations affecting the studying ability to generalize and formalize the data resulting from research analysis, investigating the several features and peculiarities characterizing, the sample was identified. In this respect, due to time constraints regarding the primary data collection and analysis part, the research has been able to address a limited number of study participants, which counts seventy questionnaires and interviews, they indeed were divided equally, between Singaporeans and Italians.

As a result, one limitation of this study is the smaller sample size of this study, with seventy questionnaires and interviews that were divided across two groups, Singaporeans and Italians. The limited generalizability of the research would therefore have an increased rehabilitee if more entrepreneurs had been interviewed, but the limited numbers of respondents are determined by the exploratory nature of the study of two different ecosystems. In fact, this is the first time that Singapore and Italy have been compared leading to future research utilizing this thesis.

Another limitation is that the culture of the different entrepreneurs has not been directly evaluated. Singapore and Italy are very different from one another. The environment in which they grew up influences the decisions and thoughts of the entrepreneurs.

The cultural aspect is only one of the several factors in the ecosystem. Due to the face, the cultural aspect was only considered in a secondary way. Since, the responses in the questionnaires and interviews were also influenced indirectly by their background. However, the questionnaires used do not include questions that assess the cultural aspect, but only the attitudinal aspect which is influenced by the entire ecosystem, and is also

directly influenced by the environmental aspect. Hence, it can be mentioned that the cultural aspect is only in the background.

Another limitation of this research is that there were no direct questions on how entrepreneurs financed their activities, so it is difficult to motivate the results obtained from the questionnaires and interviews from a financial point of view. It is well known that Singaporean entrepreneurs benefit from a favorable context and grants when comparing to Italian entrepreneurs, as illustrated in the previous chapter. However, it is difficult to justify from a financial point of view the results that indicate that Singaporean entrepreneurs have developed specific traits dictated by a more favorable ecosystem than Italian entrepreneurs. In fact, the propensity which is observed is more resilient on the part of Italian entrepreneurs, as they have faced tough challenges throughout their careers without government's support, it certainly cannot be demonstrated financially for the single entrepreneurs who exhibited this trait since there is no specific information on how they financed their activities. The limitation is that we did not collect data on what channels or resources entrepreneurs used to finance their ventures. However, this limitation is justified by the fact that our focus was on leadership traits and behaviors in the entire venture and not on the channels used to finance it.

5.3 Suggestion for Future Research

This research provides some insights into specific leadership styles, factors and behaviors that are different and common among entrepreneurs from Singapore and Italy, as well as conditioned by different ecosystem environments. The exploratory nature of the study, combined concepts of leadership and entrepreneurship, and an analysis of the different actors that fund startups in their growth phases, and the comparison of entrepreneurs from different backgrounds and cultures have fostered a wide range of subsequent research.

This thesis expresses the potential to stimulate the future research in observing the styles and characteristics of entrepreneurs from different ecosystems.

Below are some recommendations for the attention of those who are conducting research in the disciplines associated with this study.

First of all, it is recommended to extend the sample size of the entrepreneurs which is examined. More information on differences and commonalities in the attitudes of entrepreneurs from different cultures would allow a more detailed analysis of the different traits that are already observed. Extending the generalizability of the research with a larger number of surveyed entrepreneurs, it can be noted that if what the merger is confirmed, emphasizing the differences and commonalities has already revealed and showed new differences or peculiarities that could not be attributed to a larger population, because given the limited number of surveyed entrepreneurs, they did not show a trend but only individual entrepreneurial characteristics.

Furthermore, it is recommended to conduct research, which ought to be similar to this study, in other geographical areas. The analysis of entrepreneurs from a third geographical area could be interesting to observe the differences and peculiarities in the leadership styles of entrepreneurs. Extending the study to entrepreneurs from different geographic areas might express whether the ecosystem in which the entrepreneurs grew up influences the traits and styles of entrepreneurs or to observe whether there are predominant characteristics that can be traced to all entrepreneurs. Researching whether entrepreneurial characteristics are conditioned by the environment in which one grew up or whether they are dictated by a limited part of the population, and are more inclined to risk that is motivated to start a business and therefore such individuals show common characteristics with entrepreneurs from other geographical areas independently of their cultural background.

Research on causality and the time period in which the interviewed entrepreneurs displayed the characteristics has been identified in this paper and is recommended. Follow-up longitudinal studies monitoring the leadership characteristics of the entrepreneurs from the start of the business for a number of years would be appropriate for the discovery of causality. From the results of the present research, it is not known that the entrepreneurs at the moment of the interviews had the same characteristics during the time they started the business. Therefore, a study conducted over several years, where entrepreneurs are observed at different stages of startup growth could show that the traits and entrepreneurial styles the person had at the time of starting the venture and have remained unchanged or have changed over time.

A final recommendation for future research is to introduce questions in the oral interviews that should aim to ascertain on how the entrepreneurs have financed their business. In the results obtained, it emerged that the Singaporean entrepreneurs have a more favorable environment and tools for the development of entrepreneurial activities than Italian entrepreneurs. Therefore, observing these results from a financial point of view may be quite fascinating to see if there is any significant correlation coefficient while linking the financial aspect with the attitudinal ones.

5.4 Conclusion

The foremost aim of this research was quantitative and qualitative analysis, the characteristics and traits of leadership of 70 Italian and Singaporean entrepreneurs, and how they built their venture. This research represents the first worldwide study of this nature. Demonstrating the strong exploratory nature of the research as the need and importance of exploring how the ecosystem influences the traits and styles of entrepreneurs. Considering the innovative nature of the study, an initial analysis was conducted regarding the evolution of the entrepreneurial figure over time, observing how the entrepreneurial role is fundamental to the fate of the startup and how over the years it has also acquired increasing importance on the part of different stakeholders with whom the company interacts. Moreover, the different methods of startup evaluation with the new actors and instruments that have taken part in the entrepreneurial context have increased the importance and consideration of the entrepreneur.

The Italian and Singaporean entrepreneurs participated in three different online questionnaires and an oral interview. This research analyzed how different ecosystems influence the personal characteristics of entrepreneurs. In particular, the comparison between Singapore and Italy pointed out the various difficulties and challenges that an entrepreneur has to face in the respective countries. The questionnaires and interviews expressed that the differences and commonalities in the styles and traits influenced by a completely different ecosystem, showing how Singapore has adopted and implemented a series of policies, incentives, and instruments to support entrepreneurs, unlike Italy where entrepreneurs are not equally assisted and they rely mainly on their own strengths. The elaboration that emerged from the analysis is that Italian entrepreneurs are more resilient, flexible, adaptable, and open to experience than Singaporean

entrepreneurs who are more conscientious, organized, hardworking, and mentally focused on achieving their goals.

It can be concluded that, the findings are in line with the initial expectations of this research, according to which different ecosystems can condition the styles and traits of entrepreneurs. This study is only a first step and a possible starting point for future research in a field that needs more investigation.

5.5 Personal Reflections

In recent years, through the exploitation of technologies, it has been possible to witness a radical transformation of the entrepreneurial sector. This phenomenon has facilitated the development of new ventures and the emergence of new actors that support new activities to survive in a heterogeneous and highly competitive market. In this thesis, it was tried to understand the entrepreneurial context, the different actors that intervene in the growth phases of the startup, and observing if the ecosystem specifically of Singapore and Italy can influence the behavior of entrepreneurs. The investigation reveals that instruments and funding needs time, especially in some geographic areas, before they are accessible to different entrepreneurs, showing that the entrepreneurial landscape is growing significantly, nevertheless it will take time before entrepreneurs experience fewer difficulties in starting and financing a new business. Research also illustrates the opinions on the consequences and impacts that new actors and incentives may bring are different, and future obstacles will certainly not be negligible. However, this study also intends to depict the combination of technology and finance as an important stimulus for the entrepreneurial finance sector, where advanced technologies can be exploited by several actors who decide to finance the enterprise. The simplicity and speed that characterizes the innovative tools that have emerged the features that attract multitudes of actors every day. Bringing them closer to the obscure world of entrepreneurial finance. For this reason, the research also aims to raise awareness on a topic of primary importance, making people aware of the different opportunities and actors who are involved in the entrepreneurial world. Giving the possibility to individuals who previously did not have this facility to know and become part of realities based in different parts of the world. This evolution ensures the access by entrepreneurs to different financial and non-financial services, which before the technological revolution were not

accessible to some individuals and in some parts of the world, thus, it stimulates financial and educational inclusion as a huge advantage and opportunity for entrepreneurs and individuals in general.

Moreover, increasing competition improves entrepreneurs' chances of financing and survival.

Entrepreneurs will increasingly be considered key players in the success of startups and their characteristics will be increasingly taken into consideration. Comparing entrepreneurs from two completely different cultures in terms of development and accessible incentives, such as Singapore and Italy, can be useful for both institutions, in order to take a cue on possible activities to implement, and for individuals aspiring to become entrepreneurs.

Taking a cue from the Singaporean model, Italy ought to have ambitious policies stimulating the rapid growth of startups and their entry into the scaling phase. To do this, it is necessary to increase equity investments that will help startups to grow.

In Italy we have to create an investment ecosystem that is concentrated on the future, stimulating the presence of local funds and investors, they are capable of investing significant amounts and stimulating a sector, as Singapore has done with the technology sector, which by its very nature requires large amounts of capital to support the growth. Having a large number of scale-up increases the value of the economic system, both directly and indirectly, influencing traditional companies towards innovation and producing a systemic effect that attracts investment. As Singapore has taught us, that the number of venture capital funds in Italy should be increased, facilitating the establishment of new funds and reducing the regulatory difficulties in terms of time and costs that startups face.

Moreover, observing the entrepreneurial characteristics possessed by the different respondents and how the cultural context influences them is useful to understand the changes that need to be implemented but also to try to understand how to educate future generations.

In this research, investing in the education of the next generation of entrepreneurs will be the most valuable asset to develop management and technical skills that are fundamental to face evolutionary trends and to survive in a competitive scenario which is increasingly dependent on innovative technologies. Digital innovation is part of any

business cycle and is an essential tool and pillar for economic evolution, growth, and development.

Lastly, the ability of startups to transmit the benefits of innovation to the economic system is increasing even in the most traditional sectors, which is undoubtedly significant, and most especially the role it plays on employment and economic growth.

A further aspect that should certainly be taken into account is the psychological consequences that may arise from the introduction of several measures to foster the entrepreneurial environment. Introducing new instruments is useful for the development of entrepreneurial activities and can be beneficial, but at the same time it may change the attitude, mentality, and personal characteristics of the different actors that are involved. For example, in the Italian scenario, the introduction of incentives and resources to support enterprises might decrease the resilience and openness to experience typical of Italian entrepreneurs. Policymakers need to make a careful assessment before implementing policies that are aimed at the development of different activities, considering the multiple consequences that the introduction of new instruments and regulations may have on the ecosystem. This raises the question, which measures are preferable and what the consequences might be on the traits and characteristics of the people involved?

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