**5 Early Signs Your Kid Is On The Path To Being The Next Massively Successful Entrepreneur**

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People are constantly trying to define what makes someone entrepreneurial — a born business owner rather than a follower. A [new NBER paper](http://www.nber.org/papers/w19276) from Ross Levine and Yona Rubinstein looks all the way back to people's childhoods to figure out what distinguishes not just an entrepreneur from an employee, but people who start and run a business rather than the merely self-employed.

Entrepreneurs are characterized by high intelligence, high self esteem, and a higher level of risky, aggressive, and even illicit behavior as adolescents.

They make that distinction by separating out self-employed people into two groups. The first, which they identify as being more entrepreneurial, are the incorporated. These are the people who have chosen to take the added step — which is expensive and time consuming — of actually incorporating a business.

The simply self-employed aren't all that different, cognitively or earnings-wise, from the general population. The incorporated group is distinct, and earns significantly more in the long run. In fact, their average residual hourly earnings are 48% higher than those of salaried peers. Unincorporated self-employed people make even less.

Not only do the incorporated self-employed earn more than their salaried counterparts on average, when they succeed it's at a much higher level than even a successful salaried worker. That effect is amplified when common entrepreneurial traits are more prominent.

Here are the few traits, culled from data from the NLSY79 survey which followed 14- to 22-year-olds from 1979 to 1994 that strongly line up with the likelihood of being an entrepreneur.

**They're more likely to engage in illicit and risky activity before age 22**

From [the paper:](http://www.nber.org/papers/w19276)

The incorporated self-employed are twice as likely as salaried workers to report having taken something by force as youths; they are 44 percent more likely to have been stopped by the police; and, the incorporated self-employed have an overall illicit activity index, which is measured when they were between the ages of 15 and 22, that is almost three times greater than the index for salaried workers.

The full illicit activity index, which entrepreneurs score higher on, includes questions on skipping school, alcohol and marijuana use, gambling, vandalism, and assault.

**They're smart**

People who end up being entrepreneurs tended to score significantly higher on the AFQT (Armed Forces Qualification Test) which measures math skills, reading comprehension, and general aptitude. It's commonly used as a general measure of cognitive ability.

When you link high intelligence with a tendency towards illicit behavior or breaking the rules, there's an almost 60% greater chance of becoming an entrepreneur.

**They have high self-esteem, and believe that they control their own destiny**

Future entrepreneurs also scored higher on tests measuring both self-esteem and the extent that they thought they personally controlled their future, rather than fate or luck.

**They wanted to run things before their first job**

Future entrepreneurs were nearly twice as likely to say that they wanted to be managers or owners before they even entered the labor market

**They often come from wealthy, well educated, and relatively stable families**

People coming from families that were comparatively well off in 1979, where the parents had some level of higher education, and where they lived in a two-parent home through age 14 or so, were more likely to be entrepreneurs.

Source: <https://www.businessinsider.com/what-makes-an-entrepreneur-2013-8?r=US&IR=T> (retrieved 12 November 2019).

**TASKS**

Please complete the below tasks with your partner.

Upload your answers in the assigned folder I made under “Opgaver” on Lectio **at the end of today’s lesson**. If you do not hand in your answers today, you will be marked as if you have not attended class.

1. The text divides entrepreneurs into two categories; the incorporated and the self-employed. What is the difference between the two categories?
2. The survey NLSY79 was made to...? (it might help you to do online research)
3. What did the survey show?
4. Did the article by any means surprise you? Why/why not?