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ENTREPRENEURSHIP

Assessment 2

Part 1

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Introduction

This report aims to examine existing perspectives that lead to entrepreneurial motivation. The analysis would also show an essential review of the degree to which existing start-ups may be affected by the prevailing economic and cultural climate. The author of this study is an independent consultant.

Definition of entrepreneurial motivation

Barringer and Duane Ireland (2016, p. 18) defining entrepreneurship as “the process by which individuals pursue opportunities without regard to resources they currently control for the purpose of exploiting future goods and services.” or in other words it is turning the idea into the business. According to Bygrave and Zacharakis (2011) entrepreneurship pursues opportunities and utilises them with the use of skills and motivation. That's where the first time motivation has been listed. Psychology Today (2021) defines motivation as “the desire to act in service of a goal.” Motivation can have several origins, and sometimes people have many reasons to participate in some kind of behaviour. Motivation can be extrinsic, where an individual is motivated by outside forces, other people or events that take place. Motivation may also be intrinsic, where the motivation comes from inside a character: the urge to improve a certain task (Psychology Today, 2021). Based on its available research and online tools, the author was able to define six key characteristics of the motivation of a successful entrepreneur. They are shown in the diagram below.

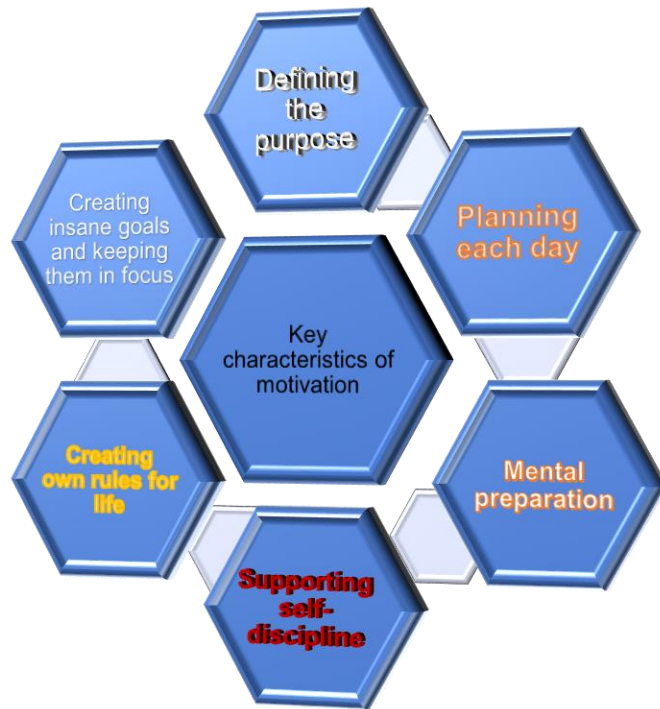


Diagram 1: Key characteristics of motivation, based on source: (Patel, 2016)

1. **Defining the purpose:** Defining the purpose and mapping the course. This is the starting point for every motivated entrepreneur (Patel, 2016).
2. **Planning each day:** If you know what you are going to do in life, you will decide what you are going to do every day (Patel, 2016). “The business planning process is ongoing, and you’ll learn more about your opportunity at every step along the way.” (Bygrave & Zacharakis, 2011, p. 106).
3. **Mental preparation:** Preparing the mind before the day starts is the secret to dominating the day (Patel, 2016).
4. **Supporting self-discipline:** Self-discipline sometimes can fail entrepreneurs, but they will be sustained by a strong and underlying motivation (Patel, 2016).
5. **Creating own rules for life:** An enthusiastic individual dares to create his or her own rules of life. Someone who can rise above the external stresses of the living world and create his or her life guide can create tremendous personal motivation (Patel, 2016).
6. **Creating insane goals and keeping them in focus:** Many entrepreneurs have a deep need to succeed and therefore set ambitious goals, a practice that is often associated with risk-taking (Barringer & Duane Ireland, 2016).

“Merely setting a goal does not by itself propel you to an unbreakable stream of a self-motivated existence. You have to keep those goals in mind all the time. Keep your goals at the forefront of your mind, and you’ll never lose motivation.” (Patel, 2016).

Critical evaluation of current perspectives contributing to entrepreneurial motivation

Entrepreneur’s motivation can be divided in two ways: opportunity and necessity (Mota, et al., 2019). The research performed by Mota et al. (2019) indicates that entrepreneurs by opportunity are closely related to developed countries. The presentation of a set of characteristics that affects these motivations makes it possible to obtain a deeper understanding of the process of entrepreneurship, where the motivation and process that influences individual decision-making are important. Mota et al. (2019) findings are showing that the motivation for entrepreneurship is highly associated with the socio-demographic characteristics of an entrepreneur, such as age, education and family income. Stephan et al. (2015) identified four main factors related to socio-demographic characteristics. The diagram is shown below demonstrates those factors with more detailed explanation to follow.

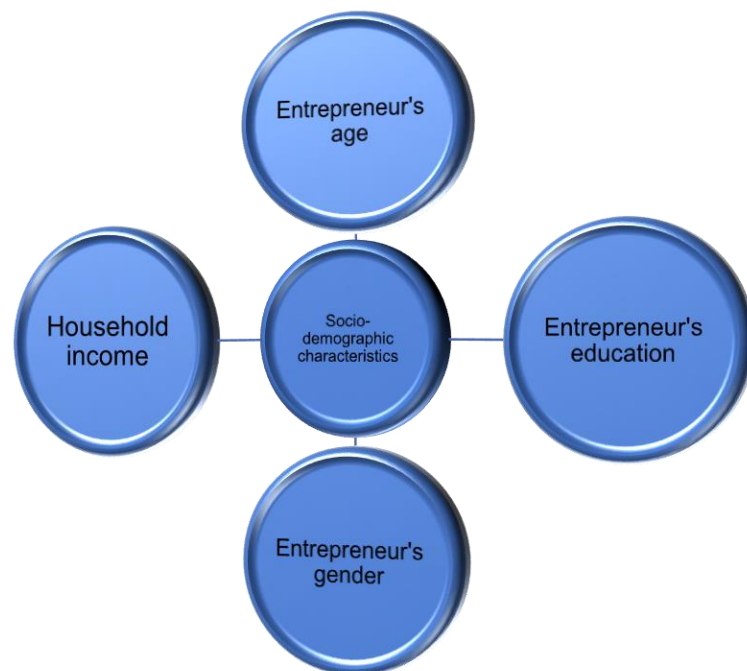


Diagram 2: Socio-demographic characteristics, based on source: (Stephan, et al., 2015)

1. Entrepreneur's age: Age is connected to the opportunity/necessity motivation, as well as the value that entrepreneurs attach to self-sufficiency. The relation with time and opportunity/necessity motivation is u-shaped, but in opposite ways (Stephan, et al., 2015). **Figure 1** indicates that young entrepreneurs are especially likely to start an opportunity-driven company at the beginning of their career. Opportunity motivation is becoming a less efficient engine of entrepreneurship in the middle ages – the lowest for entrepreneurs in the mid-40s. Mature entrepreneurs (50+) are showing a growing interest in pursuing entrepreneurship in order to take gain of the opportunity (Stephan, et al., 2015).

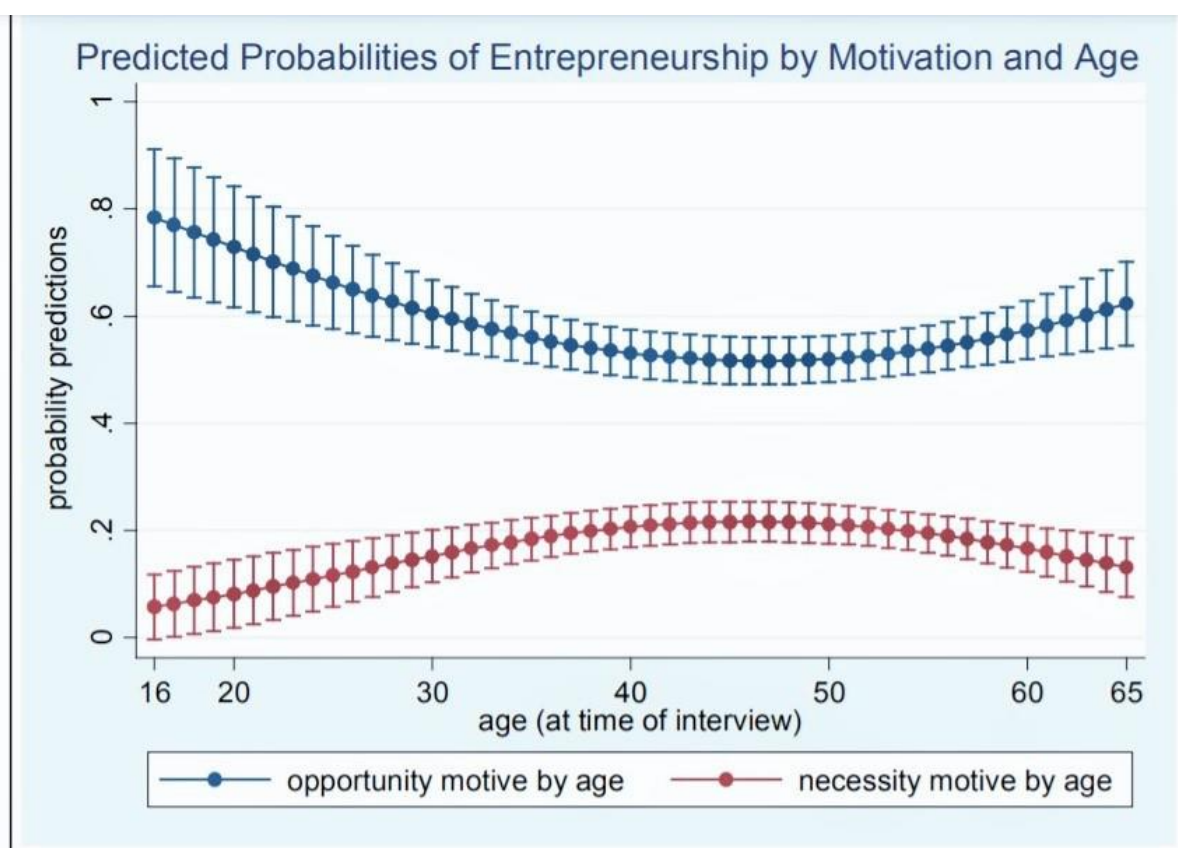


Figure 1: The relationship of opportunity (top) and necessity (bottom) motivation with the entrepreneur's age, based on source: (Stephan, et al., 2015)

2. Entrepreneur's education: Education is definitely linked to opportunity and challenge motivation, indicating that comparatively more well educated individuals seek entrepreneurship in order to take advantage of the opportunity and challenge to improve themselves (Mota, et al., 2019). Highly educated entrepreneurs also appear to have higher expectations of growth. Education

has the contradictory relationship to necessity, autonomy, financial and family entrepreneurial motivation (Stephan, et al., 2015).

3. **Entrepreneur's gender:** Male and female entrepreneurs tend to be equally likely to seek opportunity and necessity entrepreneurship. Women entrepreneurs appear to be far more likely to promote autonomy and question motives than male entrepreneurs, while male entrepreneurs appear to estimate financial and family inspirations more than female entrepreneurs. Male entrepreneurs are also more likely to anticipate business to expand (Stephan, et al., 2015).
4. **Household income:** Entrepreneurs from high-income households are more likely to seek opportunity entrepreneurship, while those from disadvantaged households are further likely to be inspired by necessity. High-income households are likely to offer entrepreneurs with financial assets that enable them to pursue opportunities. Those from low-income families need to think about adding money to the household (Stephan, et al., 2015).

Brief analysis of the influence of the cultural and economic environment on the business start-ups

Hopp and Stephan (2012) suggest that socio-cultural and economic environments have an effect on the development of start-ups, not directly but indirectly, by influencing the resource side of entrepreneurship – in instance, start-up motivation and entrepreneurial self-efficiency. In other words, motivation and self-efficiency are established in an endogenic way by socio-cultural environments. The author already analysed the impact of social-demographic characteristics on the entrepreneur's motivation in the previous part of this essay. This part of an essay will be looking at economic environments impact on start-up activity and development. Roman and Rusu (2016) are naming some components of such economic environments: unemployment level, overall tax rate, entrepreneurial objectives, perceived skills, cost of start-up business and local credit to the private sector. On one side, creating new start-ups is helping to reduce the unemployment figures, on the other side, the desire to create a new start-up could be influenced by the unemployment of the entrepreneur, arguing (Thurik , et al., 2007). Tax rates can be different for the various types of start-

ups, however, new companies benefit from a number of tax credits and allowances that reduce their tax liability (Dayton, 2019).

Conclusion

In this article, the author has studied and explored current viewpoints that contribute to entrepreneurial motivation. The report also presented a summary of existing perspectives that relate to entrepreneurial motivation and their importance to entrepreneurship. The effect of the socio-cultural and economic environment has been explored and examined. During the completion of this study, related online research was conducted following online classes and home studies.

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