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WHY, HOW, WHAT FOR? MOTIVATIONS, ACTIONS AND EXPECTATIONS IN HABITUAL ENTREPRENEURSHIP (SUMMARY)

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SUMMARY

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Principal Topic

Is habitual entrepreneurship different? Answering this is important to the field, however there is little systematic evidence, thus far. We addresses this by examining the role experience plays at three possible points of difference: motivations, actions and expectations; and by comparing those currently in the process of starting a business with those who have recent success in business creation. Firstly, we assess the balance of opportunity versus necessity motivation, internally versus externally stimulated decision processes and future growth aspirations. Literature suggests novices are more likely motivated to nascency out of necessity, and favour a manageable business size, while habitual entrepreneurs are more likely motivated by internally stimulated or idea driven processes. Secondly, we examine actions undertaken by successful experienced founders during gestation, contrasting ‘information collection’ and ‘opportunity definition’. Drawing on prior research we expect novices more likely to have enacted ‘information search’ while habitual entrepreneurs enact ‘opportunity definition’. Thirdly, we examine perceptions of venture success, where findings on overconfidence suggest that habitual entrepreneurs expect a higher chance of success for their ventures, while inexperience leads novices to underestimate the difficulty of entrepreneurial survival.

Method

Empirical evidence to test these conjectures was drawn from a screened random sample of over 1100 Australian nascent and newly started business ventures. This information was collected during 2007/8 using a telephone survey.

Results and Implications

Why do habitual entrepreneurs keep coming back? Findings suggest that while the pursuit of opportunity is shared by novice and experienced entrepreneur alike, consideration of repeat entrepreneurship may be motivated by a desire for growth. While idea driven motivations might not delineate a distinction during nascency, it does seem to be a factor contributing to the success of young firms. This warrants further research. How do habitual entrepreneurs behave differently? It seems they act to clearly define market opportunities as a matter of priority during venture gestation. What effect does entrepreneurial experience have on future expectations? Clearly a sense of realism is drawn over the difficulties that might be faced, and accords more circumspect judgements of venture survival. This finding informs practitioners considering entrepreneurship for the first time.

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