6-6-2009

LIFERS, DABBLERS, AND HOBBYISTS: HOW DO THEY DIFFER FROM RECENT ENTREPRENEURS? (INTERACTIVE PAPER)

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Recommended Citation
Available at: http://digitalknowledge.babson.edu/fer/vol29/iss5/17

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INTERACTIVE PAPER

LIFERS, DABBLERS, AND HOBBYISTS: HOW DO THEY DIFFER FROM RECENT ENTREPRENEURS?

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Principal Topic

The Panel Study of Entrepreneurial Dynamics I (PSED I) was the first opportunity to collect nationally representative information on a rarely studied group: individuals that engage in business startup activities for many years without establishing operational businesses. For these individuals, entrepreneurship is a costly pursuit in which they expend effort and financial resources on ventures that fail to generate revenues.

Many factors motivate individuals to become entrepreneurs, including self-realization, financial success, recognition, roles, innovation, and independence. Individuals also vary on the level of intensity they have toward entrepreneurial activities, meaning the amount and duration of effort they are willing to devote toward business creation. Finally, entrepreneurs vary in the extent to which they expect favorable outcomes from their efforts to start a business. We examine the ways in which long-term nascent entrepreneurs differ from recent entrepreneurs on career reasons, entrepreneurial intensity, social skills, and expectancy characteristics. We then demonstrate how these differences help predict the status of startups in follow-up interviews.

Method

We use data from the Panel Study of Entrepreneurial Dynamics I and II (PSED I and PSED II). We devote considerable attention to the differences between these two datasets with regard to the career reasons, intensity, social skills and expectancy measures. We used weighted multivariate analyses to test our hypotheses.

Results and Implications

Our research findings demonstrate that those engaged in nascent entrepreneurial activities for more than five years prior to the first wave interview differed most notably in their reasons for starting businesses relative to recent nascent entrepreneurs. In addition, long-term nascent entrepreneurs were both less likely to establish new firms and discontinue their startup activities in follow-up interviews. In other words, long-term nascent entrepreneurs were more likely to remain nascent entrepreneurs than recent nascent entrepreneurs, who were more likely to establish businesses or discontinue entrepreneurship. Finally, our research analyses indicate that the differences in the social psychological factors between recent and long-term nascent entrepreneurs help predict which recent nascent entrepreneurs will remain nascent entrepreneurs for extended periods and which establish operational businesses.

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