THE EFFECT OF ENTREPRENEURIAL MOTIVES ON GROWTH: A STUDY OF WOMEN ENTREPRENEURS (SUMMARY)

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SUMMARY

THE EFFECT OF ENTREPRENEURIAL MOTIVES ON GROWTH: A STUDY OF WOMEN ENTREPRENEURS

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Principal Topic

This empirical study explores the relationship between women entrepreneurs’ motives to start a venture and new venture growth. First, we explore the role of human agency in determining the outcomes of entrepreneurial action. Second, we illustrate why growth may not be an appropriate measure of entrepreneurial performance, especially for female-owned ventures. Third, we shed some light onto the question of why women-owned ventures generally have lower growth rates than those owned by men.

Method

We fielded a survey to a sample of 123 women entrepreneurs who received business startup loans over a 10-year period from a non-profit lender in the Upper Midwest. This population was chosen in order to obtain a sample of women entrepreneurs with a potentially broad range of motivations. We received a total of 55 respondents (45% response rate). Of these, we selected for our sample the 44 respondents who indicated that their business was still operating. We explored the relationship of growth in number of employees with four main entrepreneurial motives (Financial, independence, recognition and self-realization), which where distilled from prior studies and classified as extrinsic or intrinsic.

Results and Implications

Extrinsic motives did not appear to have a relationship with subsequent growth patterns, whereas intrinsic motives did. Need for independence seemed to be negatively related to growth, whereas need of self-realization appeared to be positively related. These findings suggest a relationship between entrepreneurial motives and growth, especially between self-determination motives and lack of growth. First, our research suggests an individual agency effect on growth, especially in decisions that result in low or no growth. Second, it provides support to the notion that not all entrepreneurs are motivated in their endeavors by motives that lead to growth, so more relevant measures of performance should be utilized for these new ventures. Third, it could be that the lower average rate of growth among women-owned ventures is not only a consequence of adverse structural factors, but may be a conscious choice by a subset of women entrepreneurs.

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