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FIRM GESTATION PROCESS: IS THERE A DIFFERENCE BETWEEN NECESSITY AND OPPORTUNITY ENTREPRENEURS? (SUMMARY)

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≈ SUMMARY ≈

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Principal Topic

Recent studies on necessity and opportunity entrepreneurs show that these two profiles could lead to different entrepreneurial behaviors. Opportunity entrepreneurs are more growth oriented, innovative and successful - in terms of firm survival rate - than necessity entrepreneurs. These differences could result from dissimilarities in the gestation process, i.e. the activities undertaken by nascent entrepreneurs during the organization's creation process. Research demonstrates that the gestation process has an impact on employment growth, innovation and firm success. Furthermore, researchers emphasized that the process of firm creation has two different stages: the conception stage, or precipitating events, and the gestation stage. Precipitating events are the circumstances, negative or positive, that lead the individual to decide to create a firm and that are related to his/her motivations, i.e. necessity or opportunity. Recent research stressed, without testing, the importance of studying how precipitating events influence the gestation process. The objective of our study is to examine whether necessity and/or opportunity entrepreneurs differ in the gestation process.

Method

Based on a sample of 538 entrepreneurs, we analyzed our data by using a three stages procedure. First, we use a Principal Components Analysis (PCA) to identify the necessity and opportunity dynamics underlying the motivations of the entrepreneurs of our sample. Second, in order to identify different types of entrepreneurs in terms of motivations, we carry out a Hierarchical Cluster analysis on the motivations identified by the PCA. Third, we carried out a One-Way Anova and a Post-Hoc Multiple Comparisons Analysis to determine which groups of entrepreneurs differ significantly from others in terms of types of activities carried out during the gestation process.

Results

Our results show that entrepreneurs differ significantly one from another in terms of gestation process. Furthermore, we demonstrate that strictly or mainly opportunity entrepreneurs are more proactive (e.g. develop a business plan or a market study) during the gestation process than strictly necessity entrepreneurs. Our results also show that there are differences within the group of necessity entrepreneurs and within the group of opportunity entrepreneurs. For example, we find that mainly necessity entrepreneurs are more inclined to carry out a study market or to ask for funding than strictly necessity entrepreneurs.

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