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Cristina M. Sosa
IE Business School, cmartinez.phd2013@alumno.ie.edu

Julio de Castro
IE Business School

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HABITUAL ENTREPRENEURS AND THE ROLE OF NON-FINANCIAL MOTIVATIONS FOR REENTRY

Cristina Martinez Sosa, IE Business School, Spain
Julio de Castro, IE Business School, Spain

Principal Topic

Why do some entrepreneurs keep re-entering into entrepreneurship? Understanding that behavior and thus answering that question is important to the field, however, there has not been strong theoretical explanations and there is little empirical evidence to date. This study aims to address a major gap in the extant literature by examining the impact of non-financial motivations for entrepreneurial re-entry. Entrepreneurship as a field of study has moved towards a wider focus that includes motivations and non-personality variables, such as learning and experience. Research shows that the majority of entrepreneurial ventures do not survive the first five years and a majority of entrepreneurial ventures end up in failure (Knott and Posen, 2005; Hayward, Shepherd and Griffin, 2006).

Method

It is interesting that some entrepreneurs come back from a failure and start another business. Nevertheless, it is even more intriguing that, given the risk of failure, some entrepreneurs will exit a successful business and later on re-entry into entrepreneurship. To date, the empirical studies of entrepreneurs that restart firms, have focused on the differences between nascent, novices and habitual entrepreneurs regarding experience, mode of organizing and firm performance (Westhead, Ucbasaran, & Wright, 2005; Wiklund, & Shepherd, 2008). Previous research has shown that entrepreneurs who start several firms, some successful and others not, represent a heterogeneous group that create more than a third of new firms in several countries (Sarasvathy, Menon and Kuechle, 2011). Learning is an emergent, sense-making process in which people develop the ability to act differently, comprising knowing, doing, and understanding why (Mumford, 1995). Recent studies have shown that failure is essential to improve the experienced entrepreneur's preparedness for future ventures and that skills acquisition and cumulative learning by doing may explain habitual entrepreneurs performance more than luck (Baron and Ensley, 2006; Gompers, Kovner, Lerner and Scharfstein, 2008).

Results and Implications

In this study, we seek to understand the role of non-financial motivations for re-entry of habitual entrepreneurs such as the entrepreneurial learning through the venture creation process. Each firm whether successful or failed, may be considered as an instrument of learning, that enables the entrepreneur to achieve better performance measured over his/her entrepreneurial career and explore and pursue their own personal goals. Therefore, it may be argued that for an habitual entrepreneur, a prime motivation for re-entry may be related to the entrepreneurial learning and creation process.

CONTACT: Cristina Martinez Sosa; cmartinez.phd2013@alumno.ie.edu; IE Business School, PhD Office Maria de Molina 12, Bajo, Madrid Spain, 28007.