

6-8-2013

## EXPLAINING ENTREPRENEURIAL PERFORMANCE OF SOLO SELF- EMPLOYED FROM A MOTIVATIONAL PERSPECTIVE (SUMMARY)

Nardo de Vries

*Panteia/EIM, ne.devries@maastrichtuniversity.nl*

Werner Liebrechts

*Netherlands Organization for Applied Scientific Research TNO*

André van Stel

*Panteia/EIM*

---

### Recommended Citation

de Vries, Nardo; Liebrechts, Werner; and van Stel, André (2013) "EXPLAINING ENTREPRENEURIAL PERFORMANCE OF SOLO SELF-EMPLOYED FROM A MOTIVATIONAL PERSPECTIVE (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 33 : Iss. 6 , Article 5.

Available at: <https://digitalknowledge.babson.edu/fer/vol33/iss6/5>

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized editor of Digital Knowledge at Babson. For more information, please contact [digitalknowledge@babson.edu](mailto:digitalknowledge@babson.edu).

---

EXPLAINING ENTREPRENEURIAL PERFORMANCE OF SOLO  
SELF-EMPLOYED FROM A MOTIVATIONAL PERSPECTIVE  
(SUMMARY)

**Erratum**

Note: Author email changed to ne.devries@maastrichtuniversity.nl

≈ SUMMARY ≈

## EXPLAINING ENTREPRENEURIAL PERFORMANCE OF SOLO SELF-EMPLOYED FROM A MOTIVATIONAL PERSPECTIVE

*Nardo de Vries, Panteia/EIM, The Netherlands*

*Werner Liebrechts, Netherlands Organization for Applied Scientific Research  
TNO, The Netherlands*

*André van Stel, Panteia/EIM, The Netherlands*

### Principal Topic

It is often assumed that necessity-driven self-employed perform worse than their opportunity-driven counterparts. This assumption is mainly based on macro-level data and outcomes but empirical evidence at the individual level is lacking. Moreover, many different operationalizations of necessity-driven self-employment in the literature blur the discussion. This paper investigates whether the start-up motivation (opportunity versus necessity) influences entrepreneurial performance of a subset of entrepreneurs, viz. the solo self-employed. We also explore to what extent human capital measures mediate this relation. This is, to our knowledge, the first study that, both theoretically and empirically, distinguishes between start-up motivations within the population of solo self-employed.

### Method

We use a unique individual-level panel data set of solo self-employed in the Netherlands for three consecutive years (starting in 2009). Entrepreneurial performance is measured by annual turnover in seven categories. For validation reasons we use three separate measures to identify necessity-driven solo self-employed: solo self-employed that started out of unemployment; self-proclaimed necessity solo self-employed, and third; necessity solo self-employed based on author classification of a list of reported start-up motives. The specific structure of our data set requires us to adopt Mundlak's (1978) approach to estimate several quasi fixed effects (FE) models while using a pooled ordered probit estimator.

### Results and Implications

Our main finding confirms that necessity-driven solo self-employed perform worse than opportunity-driven solo self-employed. Our results are robust to the specific operationalization of necessity solo self-employment. Start-up motivation seems to have an isolated effect on entrepreneurial performance, considering that we also find that formal education and practical learning hardly mediate the effect. This suggests that other aspects of human capital, possibly including entrepreneurial skills, may explain the performance difference. These outcomes implicate that it is important to distinguish between motivations within the population of solo self-employed to understand their entrepreneurial performance. Last but not least, we also find that a majority of necessity solo self-employed still generates annual turnover levels which are sufficient to make a living, notwithstanding the weaker performance compared to opportunity solo self-employed.

**CONTACT:** Nardo de Vries; n.de.vries@panteia.nl; (T): +31 79 322 22 09; (F): + 31 79 322 22 02, Panteia/EIM, P.O. Box 7001, 2701 AA Zoetermeer, The Netherlands.