

Motives for becoming an entrepreneur: Case study of the Zlín region (Czech Republic)

Jana Novosáková

Faculty of Administration and Economic Studies in Uherské Hradiště, Jagiellonian College in Toruń, Studentské náměstí 1531, Uherské Hradiště, 68601, Czech Republic,
j.novosakova@seznam.cz

Oldřich Hájek

Faculty of Administration and Economic Studies in Uherské Hradiště, Jagiellonian College in Toruń, Studentské náměstí 1531, Uherské Hradiště, 68601, Czech Republic,
hajek.oldrich@gmail.com

Abstract

In this paper, we examine motives for becoming an entrepreneur in Zlín region (the Czech Republic). Questionnaire survey between entrepreneurs who operate in the region was realized in this regard. Our main objective is to reveal, what are the most decisive drivers in potential entrepreneur decision-making. Entrepreneurial entities traditionally perceived as small were taken into account. We also investigate demographic characteristics of respondents, which enables better understanding the differences in motives between particular demographic groups of entrepreneurs. Additionally, questions targeting on entrepreneurial climate perception of Zlín region were included.

Keywords: Entrepreneurship; Motive; Zlín region; Questionnaire survey

1. Introduction and theoretical basis

In the first section of our paper, we would like to introduce the structure and rational framework of our study, and secondly build up some theoretical fundamentals of motives for becoming an entrepreneur.

The study is based on results of realized questionnaire survey that focuses mainly on motives for becoming an entrepreneur. Various types of entrepreneurs operating their business in Zlín region were addressed. The only limitation was size of entrepreneurial entity – only subjects with no more than 25 employees were included. In further text, we firstly mention some relevant theoretical aspects of the issue. Secondly, methodological approach to questionnaire survey is introduced. Third part provides empirical results of the survey. Final part concludes some interesting findings, concerning the revealed facts.

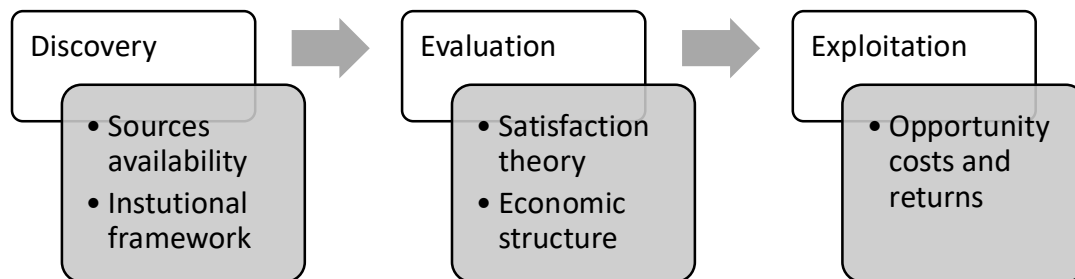
1.1 Theoretical aspects of motives for becoming an entrepreneur

Motives for becoming an entrepreneur are the subject of scholarly literature interest that intends to reveal the most decisive motives, to classify these motives, to reveal how the motives are linked with characteristics of potential and actual entrepreneurs etc. Thinking about entrepreneurial motives is primarily embedded in their classification between necessity-driven and opportunity-driven motives. Williams (2009) links the first group with dissatisfaction and lack of possibilities at labour market; the second group with exploitation of business opportunities. Nevertheless, Williams (2009) criticises such simplified approach and points at fact, that usually both types of motives are present in decision-making process.

Brown and Ulijn (2004) summarize the issue of push- and pull factors of entrepreneurship in following way. Pull-factors or motives respectively, are assumed to bring better position or welfare to entrepreneur. Individuals expect material and non-material benefits. Push-factors represent the different between desired and current position of an individual. Traditionally, they are connected with dissatisfaction with employment, unemployment or personal crisis, overall society and life satisfaction of a country or region play a role.

According to Baker et al. (2005), entrepreneurial activity, characterized by identification, evaluation and exploitation of entrepreneurial opportunities, differs across nations. Nijkamp (2000) adds the regional differentiation and argues that regions play a role of nodes of production, consumption, trade and entrepreneurial decision-making. Motives for becoming an entrepreneur are consequently influenced by social context – institutional and cultural. Baker et al. (2005) developed a three-level model of this situation (Figure 1). The second level of the model is connected with personal characteristics and decision-making of potential entrepreneur. The third level of the model is connected mainly with social and cultural environment.

Figure 1: Model of entrepreneurial decision-making



Source: Baker et al. (2005)

Nijkamp (2000) embeds the motives for becoming an entrepreneur into three dimensions. The first is personal motivation that includes the need of achievement, control of the outputs and risk-taking. The second is social milieu that includes displacement problems (loss of employment, dissatisfaction, discrimination, migration etc., usually these factors are perceived as push-factors of entrepreneurship), willingness to change, credibility and source availability. The third dimension is external business culture and includes financial requirements of entrepreneurship, social status of entrepreneur or economic changes (technologies, restructuralization, government etc.).

Williams (2009), Travers (2002) concludes that money are one of the most decisive motives for becoming an entrepreneur, either entrepreneurship represents main or additional income. Other authors, e. g. Gerxhani, 2004, stress the importance of autonomy, flexibility and freedom in decision-making process of potential entrepreneur. Williams (2009) adds also independence and desire to operate own business. Finally, the exploitation of market opportunity and gap at the market play a role (Williams, 2009).

2. Methodology

The paper is built on the questionnaire survey realized between entrepreneurs operating their business in Zlín region. Our main objective is to reveal the most important motives of entrepreneurs for starting their business. We anticipate following hypotheses – (1) independence, opportunity of own time-management and better work-family balance are the most decisive motives for becoming an entrepreneur; (2) opportunity of own time-management and better work-family balance are more important for female entrepreneurs, compared to male entrepreneurs; (3) money and lack of employment opportunities are the least decisive motives for becoming an entrepreneur.

Questionnaire was distributed via e-mail using contact database compiled by the authors from public business registry. Altogether, 826 entrepreneurial entities were addressed. We do not distinguished administrative forms or economy sectors of the entrepreneurial entity. The only restriction was size of the entrepreneurial entities – we include entities with less than 25 employees. Regarding this, the survey focuses on small entrepreneurial entities (understood as entrepreneurs in further text). The survey was realized in the first half of the year 2018 (from January to June 2019 to be specific).

To evaluation was included 343 questionnaires that provides complete answers on given questions. Thus, the survey reaches more than 40 percent return rate, which indicates positive approach and interest of entrepreneurs in Zlín region to this type surveys.

Structure of the questionnaire is as follows:

- Firstly, we included block of questions focusing on demographic characteristics of respondents. We asked gender, age group, marital status and presence of children in the family of entrepreneur, to be specific. These information enable further specification of opinions and entrepreneurial motives of respondents.
- Secondly, we asked the employment history of the respondents. Entrepreneurs with longer than five-year employee experience, shorter than five-year employee experience or no employee experience were distinguished.
- Third part of the questionnaire focused on the motives for becoming of entrepreneurs. The scale of several motives was given, as well as the possibility to present own comments.
- Final part of the questionnaire asked to perception of entrepreneurial environment in the Zlín region and the employer status of respondents.

Evaluation of the questionnaire survey was computed using SPSS Statistics programme. Using this programme, it is possible to reveal the inner relationships between answers and characteristics of particular respondents. In this paper, we employ descriptive statistics of results. Main empirical findings are visualized in figures and tables.

3. Results of questionnaire survey

This section presents the main results of realized questionnaire survey. Let us start with some basic introduction of respondents characteristics (table 1). The structure of respondents

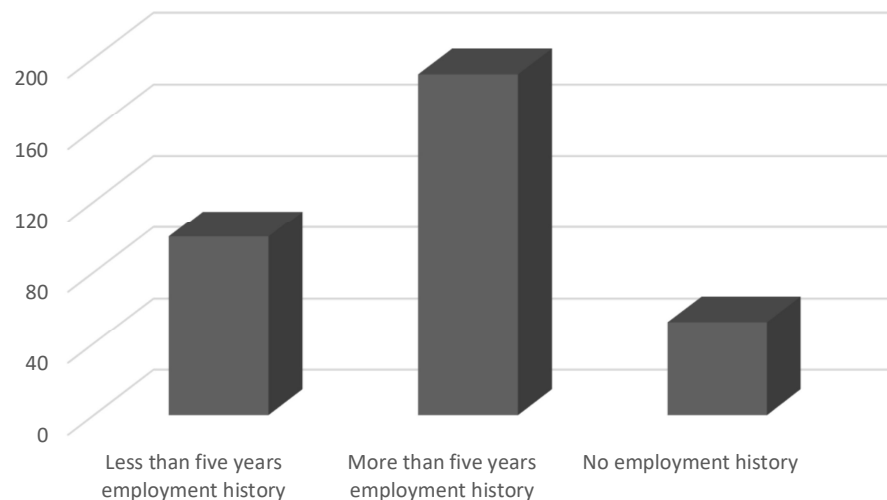
indicates, that our survey sample consists majorly of male participants, entrepreneurs in age groups between 26 and 50 years, majorly married or committed participants and most of participants with children. Interesting is the fact, that almost all of the male respondents indicate having children (172 male entrepreneurs with children, compared to 26 childless male entrepreneurs), but the same conclusion cannot be formulated in case of female respondents (95 female entrepreneurs with children, compared to 50 childless female entrepreneurs).

Table 1: Respondents characteristics

Gender			
Male		Female	
215		128	
Age			
18 – 25 years	26 – 35 years	36 – 50 years	50 – 64 years
21	156	108	58
Marital status			
Single	Committed	Married	
92	48	203	
Children			
Yes		No	
267		76	

Source: Own elaboration

The next question of our survey asks the employment history of respondents. Figure 2 explores this issue and it is obvious, that more than a half of respondents was in employee position more than five years. This fact can be related to the history of the Czech Republic, respectively Czechoslovakia, when entrepreneurship wasn't in fact part of economy. This hypothesis was confirmed by the respondents themselves in questionnaire comments. Employment history of entrepreneurs can be one of the clues to the identification of main motives for starting own business. It is true either for situation, when potential entrepreneur is dissatisfied in current job (from various reasons related to wage, self-realisation, work-family balance, relationships and others), or for situation, when potential entrepreneur is inspired by his current employer and utilizes positive entrepreneurship examples.

Figure 2: Employment history of respondents

Source: Own elaboration

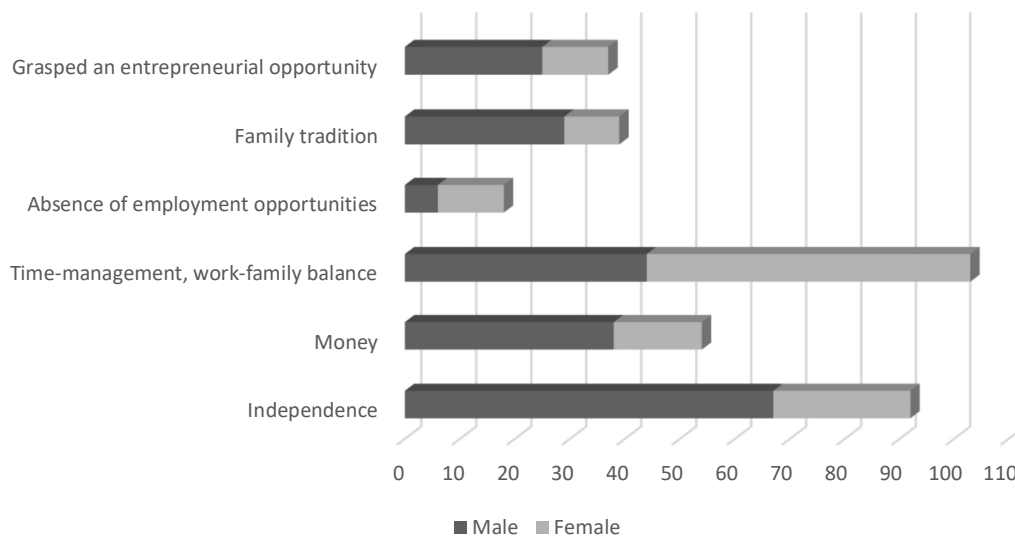
Abovementioned ideas introduce the next question of our survey that targets on the main aim of this paper. To be specific, respondents were asked to indicate their main motive for becoming an entrepreneur (figure 3). Most frequent motive for becoming an entrepreneur seems to be the opportunity to design own working schedule and better work-family time balance. More than fifty percent of respondents are women in this case. Thus, the lack of family-friendly types of employment (e. g. part-time job, home office etc.) was often mentioned. Especially for women, the advantages related to own time management is very important decision-making determinant.

The second most important motive for becoming an entrepreneur is the independence connected with entrepreneurship and self-employment. This motive seems to be more predominant for men. This fact can be connected with characteristics traditionally connected with this gender – competitiveness, aggressiveness, predatory approach, higher risk-acceptance, lower willingness to conform to rules and norms etc. These reasons were also mentioned by the respondents.

Money are perceived to be the third most decisive motive for entrepreneurship. Again, male respondents indicate this motive more often. The traditionally perceived position of men as breadwinners plays its role.

Less often, family tradition, exploitation of entrepreneurial opportunities and absence of employment opportunities were marked as main motives for becoming an entrepreneur. First two of mentioned motives were preferred mostly by male and younger respondents. Interestingly, the absence of employment opportunity was indicated mostly by female respondents and also by respondents in higher age groups. Thus, the employment stereotypes seem to be present in this regard.

Figure 3: Motives for becoming an entrepreneur

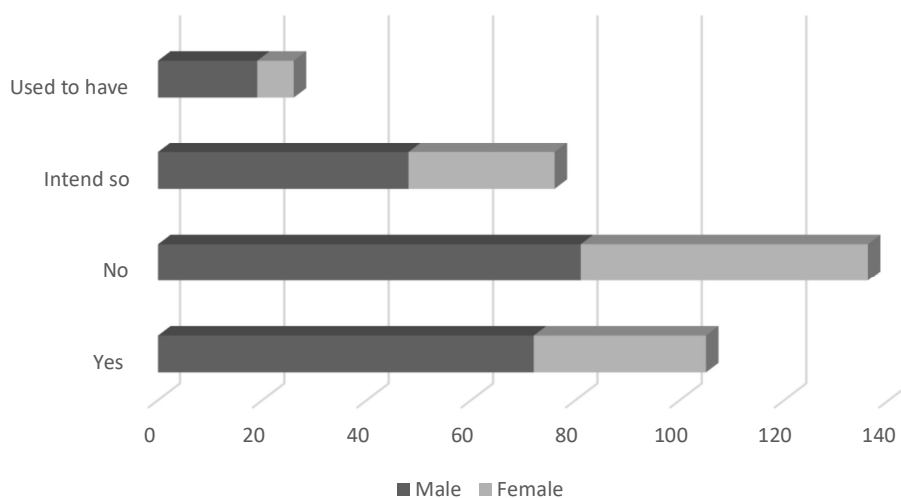


Source: Own elaboration

Final two questions of our survey intent to reveal, how the entrepreneurial environment in Zlín region is perceived and consequently, in which part of business life-cycle the respondents operate, measured by the employer status.

Majority of respondents perceived Zlín region to be entrepreneurially-friendly. Respondents connect this fact especially with good quality of entrepreneurial infrastructure, start-ups support, and positive perception of entrepreneurship by public. Less optimistic are respondents in case of administrative framework and availability of financial support.

Figure 4: Employer status of respondents



Source: Own elaboration

Figure 4 illustrates the results of employer status of survey respondents. Most of respondents' don't have any employees and operate their business on their own. When having employees, the majority is represented by male entrepreneurs. Again, the traditional male characteristics related to risk-acceptance and challenges exploitations play its role. In addition, businesses operated by women and individuals in higher age groups usually tend to be smaller. No negligible is the share of respondents who intend to hire employees in horizon of one year. Several respondents replied that they had to reduce labour costs due to economic conditions of their business.

4. Discussion and remarks to the survey

Final section of this paper provides several conclusive remarks, resulting from realized questionnaire survey. Hypothesised statements seem to be correct in case of the first and second case. Firstly, the independence, opportunity of own time-management and better work-family balance as the most decisive motives for becoming an entrepreneur were confirmed. Secondly, opportunity of own time-management and better work-family balance are more important for female entrepreneurs, compared to male entrepreneurs. The third hypothesis was confirmed only in case of the lack of employment opportunities that is indicated as the least decisive motive for becoming an entrepreneur. On the contrary, money were indicated as the third most decisive motive for becoming an entrepreneur.

According to demographic decomposition of respondents, it is possible to sum up following interesting ideas:

- Female entrepreneurs indicate work-family balance as the main motive for starting their own business, compared to male entrepreneurs. This is true either for childless women but especially for women caring about children. Respondents often mention the lack of family-friendly employment possibilities, e. g. part-time jobs, corporate kindergartens, home-office possibility etc. Regarding this, employers in Zlín region have to adapt to the work-family balance requirements of employees in the future.
- Marital status of respondents' doesn't seem to play a role in case of entrepreneurial motives at all.
- Respondents with longer employee history are more likely to mention independence and work-family balance as their main entrepreneurial motive. We suppose that long-term dissatisfaction with job conditions is the main reason for such finding. Moreover, people with longer employment history can more easily adopt entrepreneurial patterns of their employers, which represents certain competitive advantage. In addition, these people are supposed to have savings needed for starting a business and consequently fulfil their independence craving.
- Female entrepreneurs tend to have lower number of employees or no employees at all. The reason can be anchored in fact that women traditionally operate small businesses in sectors with no need of many employees. Additionally, employer status is connected with higher risks that are not acceptable for female entrepreneurs.
- Respondents in higher age groups were more likely to indicate having own employees in their business (in case of male entrepreneurs). Furthermore, this group of entrepreneurs more often start their business because of lack of employment possibilities and craving for independence. This point at the possible presence of some kind of discrimination at Zlín region labour market.

- For young entrepreneurs, the most important motives for starting their own business seem to be either independence or work-family balance. Such finding accords with so-called millennials characteristics of young generation.

Our paper focused on main motives for becoming an entrepreneur in Zlín region. We choose simply-designed questionnaire survey for this purpose. For further research, it would be useful to compare the results with similar studies form other regions in the Czech Republic and abroad, and employ wider scale of methodological approaches and available data.

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