Decoding Entrepreneurial value creation goals: A Comparative Analysis of Factors Influencing Early-Stage Entrepreneurs' Drives

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Abstract: Acknowledging the vital role of entrepreneurship as a driver of economic growth and a contributor to the overall health and prosperity of societies, this study examines the motivations and value creation goals of entrepreneurs during their early stages. Previous research indicated a mix of motivations that drive or spurs entrepreneurial activity. Entrepreneurs may have numerous motivational triggers, starting from the desire for autonomy, self-expression and the desire to make their own decisions as the most common, to more advanced motivational orientations such as to accumulate the great financial or economic wealth, or affect the pressing social issues and provide new innovative solutions for social or environmental challenges. Entrepreneurs may also be driven by the desire to continue a family tradition, or simply to provide employment for themselves, because of the scarcity of the available jobs around them. The aim of this study is to explore which factors influence early-stage entrepreneurs and how these factors affect each of the motivations. These influencing factors include socio-demographic aspects as well as attitudes towards business opportunities, entrepreneurship, media, growth aspirations, and sustainable development. Data were collected within the GEM research for Croatia in 2023. A representative sample of 256 individuals who were engaged in owning or managing early-stage entrepreneurial activity is analyzed applying multivariate multiple linear regression is used (MMR). The results show that although there are similarities in attitudes about social status and long-term planning, significant differences stem from age, focus on social and economic impact, fear of failure. Those who want to make a difference in the world and those who want to create wealth have different priorities, while entrepreneurs motivated by continuation of the family business or necessity may make decisions that have less to do with business opportunities and more to do with available resources and experiences.

Keywords: entrepreneurial motivation, opportunity driven entrepreneurs, necessity driven entrepreneurs, early-stage entrepreneurial activity, GEM
JEL Classification: L21, L26, M13

1 Introduction

Entrepreneurship associations with innovation, employment and overall economic growth and welfare (Wennekers and Thurik, 1999; Audretsch an Thurik, 2004; Shane, 2009, Acs et al., 2012; Neumann, 2021) attract all sorts of interest among academics and policy makers in an attempt to increase the level and quality of the entprereneurship. Decoding the relationship between individual factors that drive the entrepreneurial actitivy has proved to be far from simple. Literature offer numerous explanations of what makes the entrepreneurial activity more impactful and how to foster value creation of entrepreneurial activity. Apparently, not every entrepreneurial activity contributes equally to the economic welfare. Accordingly, opportunity driven entrepreneurial actitivity are more innovative and characterized with higher growth aspirations and ambitions, and therefore has the key role in economic development. However, along with the economig value creation goals, entrepreneurial activity has a profound contribution to the environmental and social value creation. Recently, reflecting on the ascend of the sustainable development agenda (UN, 2022), entrepreneurhip is called to play the role of the key agent in adressing pressing social injustice (for example: poverty and inequality in access to education, decent jobs, good employment opportunities), or envionmental deterioration (such as: climate change, carbon emissions, pollution, etc.).

Sustainable entrepreneurship emerged as novel approach to entrepreneurship research in line with the SDGs Agenda (UN, 2015) and the „tripple bottom line“ framework (Elkington, 2006) for assuring balanced or blended impact of entrepreneurial activity on profit, people and planet. Sustainable entrepreneurs are in „the pursuit of perceived

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https://doi.org/10.32725/978-80-7694-102-1.07

opportunities to bring into existence future products, processes, and services for gain, where the gain is broadly construed to include economic and non-economic gains to individuals, the economy and society“ (Shepherd and Patzelt, 2011:142). More broadly, sustainable entrepreneurs are reffered as those focused on „discovering, creating, and exploiting entrepreneurial opportunities that contribute to sustainability by generating social and environmental gains for other in society“ (Roomi et al, 2021:4). Apparedntly, entrepreneurs who effectively balance economic, social and environmental value creation are still marginally represented among the entrepreneurs. Although the number of entrepreneurs who are aware of the need to adopt sustainable goals is growing, there is still insufficient number of those among them who are opportunity driven (or aspire to make a change in the world) and to make more significant contribution to the sustainable development (Roomi et al, 2021; Cervelló-Royo et al., 2020; Huđek & Bradač Hojnik, 2020).

Researchers attempting to explain sustainable entrepreneurial behaviour explicitly acknowledge the role of motivations (Reuther et al., 2023; Kummitha and Kummitha, 2021) in entrepreneurial success and impact. Motivational orientation seems to be influenced by personal factors such as gender, age, education, prior knowledge and experience, values, goals, and others (Fischer et al. 2017). For example, Muñoz and Dimov, (2015) explicitly emphasized the role of the motivations (such as the aspiration to make a change in the world) and values (i.e. prioritisation of the environmental or social goals) in starting or running sustainability-oriented ventures. In addition, motivational orientation or entrepreneurial reactions to sustainability may vary between nascent or early-stage ventures and established ventures or large corporations (Roomi et al., 2021). Despite the increased awareness of the importance of the sustainability commitment, awareness or values only a little is known about how these values are related to the entrepreneur’s motivation or goals. Therefore, this study aims to explore which individual factors influence early-stage entrepreneurs and how are their consideration of the sustainability issues aligned with their motivations. These influencing factors include socio-demographic aspects as well as attitudes towards business opportunities, entrepreneurship as the career choice, perception of the status of entrepreneurs in media, their growth aspirations, and their consideration of the sustainability prioritization. Using archival data of the Global Entrepreneurship Monitor (GEM) observatory (GEM, 2023) and deploying multivariate multiple linear regression, this study focuses on examination of how changes in multiple independent variables (motivational drivers such as “to make a difference in the world”, or “to make a great wealth or a very high income”) relate to changes in multiple dependent variables (individual sociodemographic factors).

Researching the motivations of early-stage entrepreneurs is of utmost importance as it provides deeper insight into what drives individuals to start a business venture, even under conditions of uncertainty and risk. Understanding these motivations can help not only in shaping policies that support entrepreneurship but also in creating an encouraging environment for innovation and sustainable growth. Such knowledge is crucial for countries seeking to improve their entrepreneurial ecosystem, as it allows for the identification of specific needs and barriers faced by entrepreneurs, enabling more effective responses to these challenges. The results can be useful for policymakers, business advisors, educators, and the entrepreneurs themselves to better understand the factors that shape their motivation and success. In addition, multivariate multiple linear regression provides insights into the interrelationships between motivations, as well as potential joint effects of independent variables on different aspects of entrepreneurial motivations. This ensures a more comprehensive analysis, allows for a more precise identification of key influencing factors on entrepreneurial motivations, and creates a significant advancement over conducting individual multiple regressions for each motivational model.

2 Methods

GEM observatery (GEM, 2023) annually provides large amount of data allowing tracking the level and quality of the entrepreneurial activitiy across the large number of participating countries. Our study is based on the data form Adult Population Survey (APS) collected within the GEM research for Croatia in 2023. A representative sample of 2,000 adults in Croatia included 256 individuals who were engaged in owning or managing early-stage entrepreneurial activity (TEA). This study is focused on exploring four types of motivational triggers for early stage entrepreneurial activity. These variables used as multiple dependent variables were as follows: „to make a difference in the world“, „to build great wealth or a very high income“, „to continue a family tradition“, and „to earn for a living“. Participants indicate their interest in each of these motivational triggers on a scale from 1 (stronly disagree) to 5 (strongly agree). Independent variables included in this study, were also taken from the APS Croatia 2023 dataset, are described in Table 1.

Table 1. Description of variables used in the research

Variable label	Variable description
AGE	Age of the respondents
EDUC	Education of the respondents (secondary, post-secondary, graduate)
OPPORT*	In the next six months, there will be good opportunities for starting a business in the area where you live
SUSKILL*	You personally have the knowledge, skill and experience required to start a new business
FEARFAIL*	You would not start a business for fear it might fail.
EASY*	In your country, it is easy to start a business
OPPISM*	You rarely see business opportunities, even if you are very knowledgeable in the area
PROACT*	Even when you spot a profitable opportunity, you rarely act on it
CREAT*	Other people think you are highly innovative
VISION*	Every decision you make is part of your long-term career plan
EQUAL*	In my country, most people would prefer that everyone had a similar standard of living
NBGOOD*	In my country, most people consider starting a new business a desirable career choice
NBSTATUS*	In my country, those successful at starting a new business have a high level of status and respect
NBMEDIA*	In my country, you will often see stories in the public media and/or internet about successful new businesses
JOBS	Expected job growth (persons) in 5 years
SOC_HI	When making decisions about the future of your business, you always consider social implications (yes / no)
SOC_ENV	When making decisions about the future of your business, you always consider environmental implications (yes / no)
SOC_PRI	You prioritize the social and/or environmental impact of your business above profitability or growth (yes / no)
SDG_STEPS1	Have you taken any steps to minimize the environmental impact of your business over the past year? (yes / no)
SDG_STEPS2	Have you taken any steps to maximize the social impact of your business over the past year? (yes / no)
SDG_AWARE1	Are you aware of the 17 United Nations Sustainable Development Goals? (yes / no)
SDG_AWARE2	Have you identified any of the goals which are a priority for your business and defined a set of clear objectives, actions and Key Performance Indicators? (yes / no)

* measured by the Likert scale (1: strongly disagree to 5: strongly agree)
Source*:* Global Entrepreneurship Monitor, Adult Population Survey Questionnaire

In data analysis multivariate multiple linear regression is used (MMR). This method extends simple linear regression, which deals with only one dependent variable, by enabling simultaneous modeling of multiple dependent variables that are associated with a set of independent variables (Hair at al., 2010; Tabacnick, Fidell, 2013). The formula for MMR can be represented as:

$$Y = X\beta + \varepsilon$$

where:
Y represents the matrix of dependent variables (dimension n x p, where n is the number of observations and p is the number of dependent variables).
X is the matrix of independent variables (dimension n x k, where k is the number of independent variables).
β is the matrix of coefficients (dimension k x p).
ε represents the matrix of errors (dimension n x p).

MMR is employed when there is a need to understand the impact of multiple predictors on multiple outcome variables, which allows for the exploration of complex relationships within the data. This is particularly useful in fields like entrepreneurship research, where multiple aspects of motivation and their interactions need to be examined.

3 Research results

Results of multivariate multiple regression are presented in table 2. Only those variables that have an influence on any of the motivations are presented in the table results.

Table 2. Results of multivariate multiple regression

Variable	To make a difference in the world			To build great wealth or a very high income			To continue a family tradition			To earn a living		
	B (SE)	β	p-va-lue	B (SE)	β	p-value	B (SE)	β	p-va-lue	B (SE)	β	p-value
Age				-0.036 (0.006)	-0.319	<.0001				-0.017 (0.006)	-0,147	.0164
EDUC (post-sec.)										-0.469 (0.175)	-0.163	.0081
EDUC (gra-duate)										-0.335 (0.232)	-0.878	.1500
SKILLS										0.160 (0.085)	0.117	.0690
FEARFAIL							0.143 (0.067)	0.136	.0354	0.169 (0.057)	0.178	.0036
EASY	-0.114 (0.063)	-0.110	.0717							-0.101 (0.057)	-0.104	.0801
OPPISM				0.152 (0.063)	0.147	.0170	0.139 (0.075)	0.119	.0654	0.173 (0.064)	0.163	.0078
PROACT	-0.160 (0.066)	-0.150	.0160									
VISION	0.222 (0.077)	0.183	.0045				0.194 (0.082)	0.155	.0201			
NBSTATUS	0.166 (0.072)	0.139	.0221	0.242 (0.064)	0.222	.0002						
SOC_HI (yes)										0.601 (0.213)	0.184	.0052
SOC_PRI (yes)				-0.387 (0.174)	-0.141	.0275						
SDG_STEPS2 (yes)	0.558 (0.182)	0.193	.0023							0.364 (0.165)	0.134	.0290

The factors that significantly impact the motivation **'to make a difference in the world'** are: (i) easiness to start a business; (ii) reaction to profitable opportunities; (iii) focusing on long-term career plans; (iv) attitudes about the high level of status of entrepreneurs; (v) steps taken to maximize the social impact of the business. Regression analysis results show that motivation for this goal is high among early-stage entrepreneurs who perceive it as difficult to start a business in Croatia, but who quickly react to profitable opportunities when they arise. High motivation is also observed among those who consider long-term career plans in every decision they make. Additionally, they believe that those successful at starting a new business have a high level of status and respect, and they have also taken steps to maximize the social impact of their business over the past year. Entrepreneurs with high motivation for this goal are driven to succeed despite finding it difficult to start a business. They are committed to their career and have a clear vision of what they want to achieve. Interestingly, this motivation is pronounced among entrepreneurs who have already taken steps to maximize the social impact of their business over the past year, indicating that they value contributing and making a social impact.

The factors that significantly impact the motivation **'to build great wealth or a very high income'** are: (i) age; (ii) seeing business opportunities; (iii) attitudes about the high level of status of entrepreneurs; (iv) prioritization of social/environmental impact versus profitability/growth. Regression analysis results show that motivation for this goal is high among early-stage entrepreneurs who are younger and, although they see business opportunities less frequently, are highly focused on wealth and prioritize profitability or growth over social or environmental impact. Younger entrepreneurs often have higher ambitions for acquiring wealth, are more willing to take risks associated with entrepreneurship due to having more time to recover from failure, and may have fewer financial resources and stability, which can motivate them to start a business with the aim of quicker wealth accumulation. Entrepreneurs with high motivation for this goal place significant importance on having high status in society. It has been shown that no factor related to social or environmental impact is important for this goal. Therefore, it seems they are exclusively focused on profit and wealth accumulation.

Three factors significantly impact the motivation **'to continue family tradition'**: (i) fear of failure; (ii) seeing business opportunities; (iii) focusing on long-term career plans. Regression analysis results show that motivation for this goal is high among early-stage entrepreneurs who have a low fear of failure, see business opportunities less frequently, and are dedicated to a long-term career. They have a lower fear of failure because they already have the support and experience of previous generations; the family business often comes with an existing client base, reputation, and resources, which reduces the perception of risk. Family support can decrease fear of failure and increase motivation, as entrepreneurs know they are not alone in facing challenges. They are determined to continue the family business and are focused on this career path regardless of the level of business opportunities.

For the motivation **'to earn a living'**, the largest number of influencing factors has been identified, totaling eight: (i) age; (ii) education; (iii) fear of failure; (iv) having skills and experience to start a business; (v) easiness to start a business; (vi) seeing business opportunities; (vii) steps taken to maximize the social impact of the business; (viii) decisions about the future of the business consider social implications. Regression analysis results show that motivation for this goal is high among early-stage entrepreneurs who are younger and have lower education. Starting a business out of necessity may be more common among younger entrepreneurs because they are less established in the labor market and may face greater difficulties in finding employment, in an uncertain economic environment, and due to a lack of other income or stable employment opportunities. Regarding education, they may not see other opportunities due to their lower level of education and therefore rely on their own capacities. Although they see business opportunities less frequently, they do not have a pronounced fear of failure and have confidence in their skills and experience to start a successful business. Interestingly, these entrepreneurs, motivated by necessity, have a pronounced social component. Specifically, when making decisions about the future of their businesses, they always consider social implications and have already taken steps to maximize the social impact of their business. This may be because they are in a socially sensitive situation and thus think about these issues more. They may be more aware of how their decisions impact employment, the local economy, and social relations. Considering social implications may be crucial for the sustainability of their business. For other motivations, such as wealth accumulation or continuing a family business, social implications may not be as critical since these motivations are more focused on individual goals or preserving tradition.

4 Conclusions

Our analysis results show that younger entrepreneurs are more inclined towards the motivations 'to build great wealth or a very high income' and 'to earn a living'. On the other hand, motivations such as 'to make a difference in the world' and 'to continue family tradition' do not show a significant association with age, suggesting that both younger and older entrepreneurs equally prefer these motives. Education has proven to be important only for the motivation 'to earn a living', with less educated entrepreneurs being more motivated by this goal. For other motives, such as 'to make a difference in the world' and 'to build great wealth', education is not a significant predictor, indicating that education level does not have a decisive impact on these specific entrepreneurial motivations. Possessing the necessary knowledge and skills to start a business is significant only for the motivation 'to earn a living', suggesting that entrepreneurs with greater confidence in their skills are more inclined to start a business with the goal of earning a living. Conversely, for motivations like 'to make a difference in the world' or 'to build great wealth', self-perception of knowledge and skills is not a crucial factor, which may imply that these motivations are driven by other factors. Fear of failure is an important predictor for 'to continue family tradition' and 'to earn a living', showing that necessity-driven entrepreneurs are less worried about failure because they may have no other alternative, while those continuing a family tradition already have an established business. Conversely, for motivations like 'to make a difference in the world' and 'to build great wealth', fear of failure is not significant, suggesting that entrepreneurs driven by these motives are less sensitive to the risk of failure or do not perceive it as a barrier to achieving their goals. Interestingly, for all motivations except 'to make a difference in the world', seeing fewer business opportunities increases motivation. This might indicate that entrepreneurs who less frequently notice business opportunities are more aware of the need to capitalize on the opportunities they do see, and their motivation drives them to act out of necessity or a sense of urgency. In other words, these entrepreneurs may be driven by internal pressures or constraints that encourage them to take action when they see an opportunity, knowing they might not encounter similar chances often. On the other hand, for the motivation 'to make a difference in the world', entrepreneurs may be more guided by personal beliefs and goals, regardless of the frequency of opportunity recognition. Social status is an important factor only for the motivations 'to make a difference in the world' and 'to build great wealth'. This means that entrepreneurs driven by these motivations may view social status as crucial in achieving their goals. For instance, those who want to make a difference in the world or create great wealth might see social status as a means to achieve these goals or as an indicator of success in these areas. Steps taken to maximize social impact have been undertaken only by entrepreneurs with motivations 'to make a difference in the world' and 'to earn a living'. This suggests that entrepreneurs aiming to create a positive social impact actively seek ways to improve their influence on society. On the other hand, entrepreneurs focused on earning a living may see social impact as a means to stabilize and ensure the long-term sustainability of their business. Interestingly, only for the motivation 'to earn a living' is it important to consider social implications when making decisions about the future of the business. This may suggest that only entrepreneurs motivated by earning a living actively consider the social consequences of their decisions.

Factors that are not significant for any motivation are: (i) attitudes about good opportunities for starting a business in the next six months; (ii) innovativeness perceived by others; (iii) attitudes about a similar standard of living; (iv) attitudes about entrepreneurship as a desirable career choice; (v) attitudes about stories in the media about successful new businesses; (vi) expected job growth in 5 years; (vii) considering environmental implications when making decisions about the future of the business. These findings suggest that early-stage entrepreneurs are primarily motivated by personal goals, long-term career plans, and immediate business opportunities, while external factors such as social perception, media attention, or environmental implications are less important. This may indicate that early-stage entrepreneurs are more focused on establishing and stabilizing their businesses rather than broader economic or social aspects. It may also suggest that policies and incentives should focus on providing concrete support rather than promoting entrepreneurship as a socially desirable or innovative venture. Attitudes about good opportunities for starting a business in the next six months are not significant, suggesting that entrepreneurs, regardless of their motivation, do not base their business decisions on short-term business opportunities. Instead, they may rely on longer-term or more stable factors, such as personal ambitions, life goals, or current opportunities, which do not depend on short-term market conditions. Attitudes about entrepreneurship as a desirable career choice do not affect motivation, implying that entrepreneurs are not necessarily driven by the social perception of entrepreneurship as a desirable career choice. This may indicate that their decision to engage in entrepreneurship comes from personal motives and aspirations, rather than external pressure or social norms. Attitudes about stories in the media about successful new businesses are not significant, meaning that media coverage of the successes of other entrepreneurs does not play a role in motivating early-stage entrepreneurs. This finding may suggest that entrepreneurs are guided by their own experiences and goals, rather than how the successes of others are portrayed in the media. Expected job growth in 5 years is not significant, indicating that entrepreneurs do not base their motivations on predictions of future employment growth. This finding may suggest that they are focused on personal goals or immediate needs rather than broader economic forecasts that could impact employment. Considering environmental implications when making decisions about the future of the business is not a significant factor for any motivation, indicating that environmental aspects are not considered crucial when making decisions about the future of the business. This result may point to a lack of awareness about sustainable business practices or that economic and practical factors currently take precedence.

These results highlight the need for a differentiated approach in analyzing and supporting entrepreneurs. Understanding the specific factors influencing different motivations can help in shaping targeted policies and programs that are better aligned with the actual needs and ambitions of entrepreneurs. Ultimately, this understanding can enhance the effectiveness of support and contribute to greater success in entrepreneurial initiatives.

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