

# ***Growth Aspirations as a Function of Entrepreneurial Perceptions and Motivation***

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*This research examines why entrepreneurs seek growth for their ventures. We develop and test a motivation perspective to determine if the motivation to improve one's life through greater income or independence is associated with an entrepreneur's aspirations for growth. We also develop an opportunity perspective to test whether characteristics of the opportunity can impact an entrepreneur's judgment about the growth potential for the venture. We build and test hypotheses based on this research question, drawing on data from 196 entrepreneurs participating in the 2008 Global Entrepreneurship Monitor survey in the Republic of Korea. Our research finds that growth requires greater challenges. And growth aspirations are also associated with the belief that efforts will lead to successful outcomes.*

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## ***Introduction***

Both governments and the private sector can benefit from understanding and promoting entrepreneurship (Kor, et al., 2007). New, small ventures have shown themselves to be key contributors to a nation's overall economic growth (Kirchhoff, 1994; Davidsson et al., 2002). Ventures with growth potential are of particular interest to policy makers because higher growth offers greater employment prospects and investment returns. This potential can be detected in entrepreneurial aspirations for growth, which, according to several studies, is likely to lead to actual growth (Baum et al., 2001; Wiklund and Shepherd, 2003). Entrepreneurial growth aspirations are therefore a useful area of study for entrepreneurship scholars.

This research examines why entrepreneurs seek growth for their ventures. We test two explanations with this inquiry. The first argues that the entrepreneur is motivated by the personal

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benefits expected from growing one's firm. The second advances the position that an entrepreneur believes she can achieve high growth because she has an innovative opportunity that is competitively unique. We view this study from an expectancy theory viewpoint (Vroom, 1964). The basic premise is that people consider the potential results of their actions when making decisions. These decisions are based on the probability particular outcomes can be achieved and on the desirability of the outcomes to the entrepreneur (Gatewood, 1993).

The first perspective views personal motivation as the main driver in the pursuit of growth. Different individuals place different value on the same outcome (Gatewood, 1993). One reason for this is due to the second-order effects. More specifically, entrepreneurs may have growth aspirations because this would lead to the fulfillment of personal goals. We could thus surmise that those with particular motivations will have a different perception of growth. The expected outcomes in this case, are related to greater personal financial rewards or independence (Davidsson, 1989). Entrepreneurs may therefore seek growth because they enjoy the higher income and independence offered, compared to alternatives such as employment in established organizations.

The second, opportunity-centered, pursuit of growth arises from the assumption that expectancy in achieving an outcome helps influence the decision to aspire to that outcome (Vroom, 1964; Katzell and Thompson, 1990). It is Schumpeterian in the sense that growth may arise out of opportunities to benefit from significant change. These opportunities represent a high level of newness, and are initiated by producers, who teach consumers to want new things (Schumpeter, 1961). Innovative opportunities therefore offer the potential for bigger gains. As a consequence, entrepreneurs are more likely to have growth aspirations when they have innovative opportunities that make this possible.

This leads to our main research question: do entrepreneurs seek growth because of their personal motivations, because they have innovative, unique opportunities, or both? We build and test hypotheses based on this research question, drawing on data from 196 entrepreneurs participating in the 2008 Global Entrepreneurship Monitor survey in the Republic of Korea. We propose there are two key drivers of growth expectations: (1) the entrepreneur's motivation (in particular, opportunities for greater income and independence), and (2) the perception of the opportunity (more specifically, its market and technical novelty), and the competitive environment for this opportunity. This research is valuable to academic research in contributing to our understanding about the drivers of entrepreneurial growth ambitions. For policy makers, it offers implications for selecting and motivating growth-oriented entrepreneurs.

### ***Growth Aspirations: A Function of Personal Motivation or Perception of Opportunity?***

A number of authors recognize that entrepreneurial actions result from motivational and cognitive factors (Shane et al., 2003; Arenius and Minniti, 2005; Tominic and Rebernik, 2007). Research on human cognition has shown that cognitive processes are not totally rational, but are influenced by a number of sources, with potential bias and error. This is expected to be even more evident in entrepreneurs, who are typically overloaded with information and operating under conditions of uncertainty, novelty, and the need for timely action (Baron, 1998). Perceptions are therefore not objective observations; they are influenced by one's particular orientation (Pfeffer and Salancik, 1978).

Because people differ from each other, they have varying propensities for acting on opportunities (Shane et al., 2003). Their goals are linked to the choices they make with regard to

entrepreneurial opportunities (Arrow, 1974). Entrepreneurs exhibit diversity in their foresight and the confidence they have in their judgments, and their ability and inclination to act on these judgments (Knight, 1964). Entrepreneurs can therefore make particular decisions about opportunities because they have different motivations, opinions and interpretations (Shane et al., 2003). As a consequence, the rate of growth entrepreneurs pursue for their ventures can reflect their perceptions and motivations. By studying the sources of these perceptions, we can better understand the path a firm will take under uncertainty (Kor et al., 2007). We next draw from the entrepreneurship literature and expectancy theory in developing hypotheses about motivations and perceptions about an opportunity, and their association with growth aspirations. The overall research framework is illustrated in Figure 1.

### **The Motivation Perspective**

Expectancy theory states that human behavior can be explained as a function of the belief that efforts will lead to successful outcomes and the extent these outcomes are themselves valued, or because they will lead to other desired outcomes (Vroom, 1964; Gatewood, 1993). Expectancy theory has been used in the entrepreneurship literature to explain growth aspirations. Davidsson (1989) looked at the link between motivations and growth willingness in his survey of 400 Swedish entrepreneurs. Wiklund et al. (2003) surveyed 200 Swedish entrepreneurs, examining the connection between aspirations and actual growth. They also studied the effect of the entrepreneur's education and experience, and environmental dynamism on this relationship. Manalova et al. (2007) compared 544 men and women entrepreneurs in Bulgaria on the impact of human capital and networks on growth expectancies

From an expectancy theory perspective, the perceived value of the same outcome will differ among individuals, and this may be due to potential second-order outcomes. For example, growth may have value for entrepreneurs because it can help them achieve greater independence and income (Gatewood, 1993), compared to other alternatives. Growth is accompanied by greater challenge, yet this is weighed against the attraction of the outcomes it offers. People with higher goals have higher standards and the need to accomplish more (Locke and Latham, 1990). They may therefore strive for greater achievements with their ventures. Baum et al. (2001, p. 299) similarly suggest a link between motivations and growth in describing a high growth entrepreneur: 'This entrepreneur is highly motivated, which is reflected in a clear organizational vision, high growth goals, and confidence in achieving these goals.' Entrepreneurs expect the gains from their businesses to offset the risks they take (Rumelt, 1987).

Theoretically, we could conclude that entrepreneurs with motivations to improve their lives through more independence or higher income are likely to have growth aspirations for their ventures. The entrepreneurship literature would concur. Baum et al. (2001), in their survey of 307 CEOs of architectural woodwork manufacturers found no link to actual growth for environmental factors such as those relating to predictability, resources, and number of competitors, suggests that CEOs may have more control over their ventures growth than some macro theories suggest. Similarly, in attempting to understand what distinguishes growth economies from more stagnant ones, Baumol (1968) emphasizes the importance of understanding the availability and motivations of entrepreneurs.

Motivations influence people's decisions about their opportunities, and variance in these motivations will influence who undertakes entrepreneurship and how (Shane et al., 2003). Human motivation is therefore a key determinant in the decision to become an entrepreneur (Baron, 2002). Some studies suggest that independence, along with other nonfinancial motivators

like workload, control, and challenge, were the most important determinants in one's decision to become an entrepreneur generally (Cliff, 1998; Amit et al., 2000; Cassar, 2007). Amit et al. (2000), in their in-depth interviews with 51 entrepreneurs and a control group of 28 nonentrepreneurs, found that wealth attainment was significantly less important in entrepreneurs' decisions to start ventures, compared with other decision dimensions, such as challenge and independence. But they did believe they had a greater chance to attain their wealth goals through their ventures, compared with alternative career paths.

When examining entrepreneurial growth aspirations in particular, however, higher income was found to be a stronger predictor than independence (Cassar, 2007; Hessels et al., 2007). Cassar (2007) found in his analysis of survey data from the Panel Study of Entrepreneurial Dynamics (PSED) that the importance an entrepreneur places on financial success was a key determinant in explaining both growth intentions and achieved growth, but independence was negatively associated with intended and actual growth. He uses the results to point out that the effectiveness of policies aimed at fostering high growth entrepreneurship need to recognize that the importance of financial incentives in entrepreneurial aspirations.

On the other hand, there is yet evidence to support nonfinancial motives, or at least a combination of the two. Kolvereid (1992), in his study of 250 Norwegian entrepreneurs, that entrepreneurs with growth aspirations were more likely to have started their business to achieve something and contribute to the welfare of people and family, compared to other entrepreneurs. Davidsson (1989) found that it is both expectations of financial rewards and increased independence that are key motivators in growth aspirations.

Although there are a number of motivations that can inspire entrepreneurs, this study narrows in on two improvement-driven motivations: income and independence. Independence can be defined as assuming greater responsibility for one's own life and decisions (Shane et al., 2003). While empirical evidence exhibits a range of results relative to the types of motivations and their relationship to growth, or particular focus on improvement-driven motives and our expectancy theoretical lens would suggest that those seeking growth are more likely to value the improvement in income or independence this offers. This leads us to our first hypothesis:

*H1: Improvement-driven motivation will be associated with growth aspirations.*

## **The Opportunity Perspective**

From an expectancy theory perspective, individuals weigh the perceived effort needed to achieve their desired results and the belief their efforts will achieve these results (Gatewood, 1993). These efforts and the ability to achieve desired results may depend on the entrepreneur. Prior studies have examined the impact of personal characteristics, such as human capital (Davidsson, 1991; Baum et al., 2001; Manalova et al., 2007), self-efficacy (Baum et al., 2001; Baum and Locke, 2004; Tominic and Rebernik, 2007), and social networks (Manalova et al., 2007) on firm growth or growth aspirations. These characteristics can be conceptualized as resources. Resources affecting expectancy, the probability that a particular effort will achieve an outcome. These are not just personal, however, but also material, like technology (Katzell and Thompson, 1990). This research focuses on the latter: resources relating to the opportunity itself. More specifically, we examine the level of innovativeness of the opportunity and the level of competitive uniqueness it offers.

*Innovativeness.* Entrepreneurship has long been regarded as involving the creation of something new, and therefore different, from existing businesses (Drucker, 1985; Rumelt, 1987). Entrepreneurs, according to Drucker (1985) search for, respond to, and exploit change. They use innovation to do this, resulting in opportunities for different businesses or services. Schumpeter (1961) conceptualizes entrepreneurs as carrying out new combinations, creating new needs in customers, compared to what they are accustomed to using. The degree of newness is linked to its innovativeness, which has both technical and market dimensions.

Innovation involves the commercialization or bringing into use of new technologies (Schon, 1967; Tushman and Nadler, 1986; Zahra, Nash, and Bickford, 1995). Technological innovation results in major new inventions or combinations of previously unrelated technologies which create technological discontinuities, and form a new paradigmatic base for technology development (Martin, 1984). Innovation can thus be characterized as the extent a technology has not previously been embodied in a firm's current products (Roberts and Berry, 1985). In addition, innovation creates new consumption patterns in a market (Robertson, 1967; Gobeli and Brown, 1987; Kozmetsky, 1993). These new market applications are undeveloped at the outset (Betz, 1993), and the market is unfamiliar with the application (Roberts and Berry, 1985).

While innovative opportunities carry greater risk and cost, they also offer the prospects of greater returns. As Kim and Mauborgne (2005) report, only 14percent of the business launches they studied in 108 companies were aimed at creating new markets; the rest were extensions of current offerings. These new businesses, however, were responsible for 38percent of total revenues and 61percent of the total profits delivered by these launches. High performance can therefore be achieved with innovative opportunities. While innovation presents a greater level of challenge for an entrepreneur, it carries higher expectations of success, which can lead to better performance (Locke and Latham, 1990).

There is some evidence that more rapidly growing firms emphasize technological change (Gundry and Welsch, 2000). This current study examines the association between perceptions of innovativeness and growth aspirations. From an expectancy viewpoint, entrepreneurs with more innovative opportunities are likely to seek growth for their firms because they believe these efforts, applied to their innovative opportunities, are likely to achieve their growth aspirations. In addition, given that a high level of innovativeness involves great risk, it follows that entrepreneurs would expect greater returns for such opportunities. We therefore predict that opportunities perceived by the entrepreneur as involving a higher level of innovation will be associated with greater growth aspirations. This leads us to first predict the following:

*H2a: An entrepreneur's perception of the level of innovativeness of the opportunity will be associated with growth aspirations.*

*Competitive Uniqueness.* While innovation can be measured in terms of technological and market newness, it can also be represented to the extent it is considered new within the industry. An innovation, after all, involves the first or early use of a significant new technology in an industry (Hage, 1980; Gobeli and Brown, 1987). Innovations can therefore be judged with respect to the extent they are not currently offered by competitors (Gobeli and Brown, 1987). This suggests that competitive uniqueness has roots in the level of innovativeness of an opportunity.

But the environment itself may also weigh in. In disequilibrium markets, there are more opportunities to gain advantage, and individuals alert to opportunities others have not noticed can

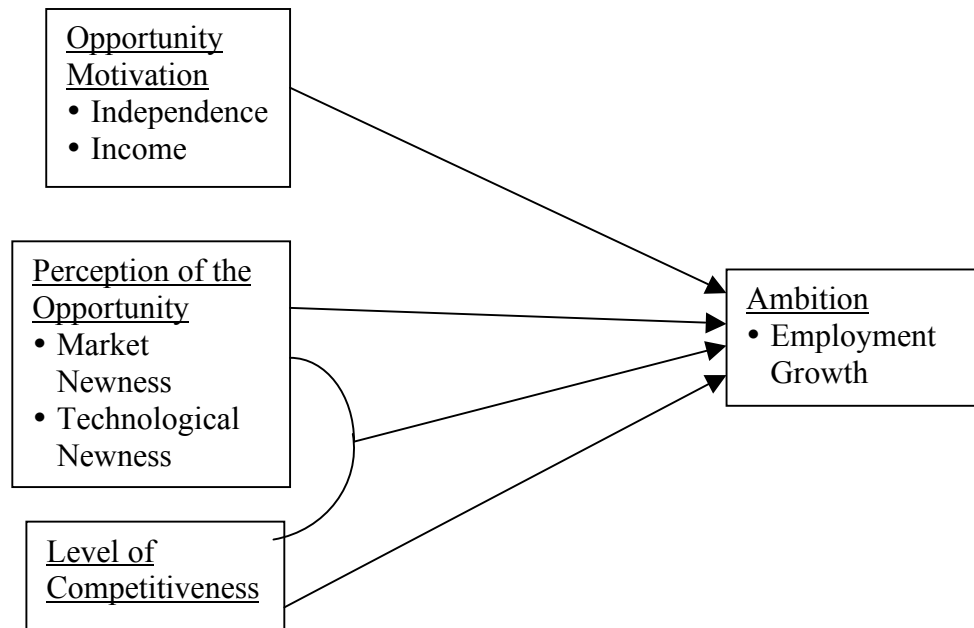
profit from entrepreneurial activity before a competitive response (Kirzner, 1973). As Gatewood (1993) indicates, environmental variables can impact expectancy judgments. Baum et al. (2001) used a measure of complexity, which assessed the concentration or dispersion of competitors in the environment. They proposed that complex environments, comprising many firms, may be difficult for entrepreneurs to comprehend. They did not find a link to actual growth for this factor, however.

Competitive uniqueness may be due to either the environment or to characteristics of the opportunity. We propose that one’s basic perception of few competitors for an opportunity will lead to higher growth aspirations. We also hypothesize there will be an interaction effect of competitive uniqueness and innovativeness on growth ambitions. This is based on the assumption that the characteristics of the opportunity, a higher level of innovativeness and competitive uniqueness, will lead entrepreneurs to believe their efforts are likely to produce these outcomes.

*H3a: An entrepreneur’s perception of the competitive environment for the opportunity will be associated with growth ambitions.*

*H3b: An entrepreneur’s perception of the innovativeness of the opportunity and the competitive environment will have a positive interaction on growth ambitions.*

**Figure 1. Research Framework**



***Research Method***

**Data**

To test our study’s hypotheses, we used data from the 2008 Global Entrepreneurship Monitor

(GEM) survey of the adult population in Republic of Korea. The GEM survey was developed to estimate national entrepreneurial activity. More detailed background on GEM can be found in Reynolds et al. (2005).

Our paper focuses on early stage entrepreneurs. These are identified as individuals who are personally involved in the creation of a new business or who are owner/managers of new firms less than 42 months old. The GEM survey distinguishes those individuals who are nascent entrepreneurs, who have taken some action towards creating a new business and have not paid wages for more than 3 months, and new entrepreneurs who are employed as owners/managers of new businesses which haven't paid wages or salaries for more than 42 months. These two groups compose the Total Entrepreneurial Activity (TEA) measure for a country. Using this criteria, 196 early stage entrepreneurs from 2,000 random samples were identified.

## Measures

*Growth ambition.* This is a dichotomous variable that identifies, among the sample of early stage entrepreneurs, those with growth ambitions. Growth ambition is measured in terms of expected employee growth. Survey items determined both the number and percentage increase in employees the entrepreneur expects in 5 years. It was coded 0 when there was no expectation of job growth and 1 when the respondents expect to add more than 10 persons and 50 percent growth of employment in five years.

*Perception of the opportunities.* This measure assesses the perceived innovativeness and competitiveness of the opportunity. Innovativeness was measured in terms of the perception of market newness and technological newness. To measure market newness, we asked respondents whether potential customers would consider the product or service new and unfamiliar. Responses were coded with a '1' if respondents indicated that some or all considered the product or service new and unfamiliar.

For technological newness, we asked to respondents whether the technologies or procedures required were generally available more than a year ago. A category scale was used for the answer as follows: 1 = very latest technology, available less than a year, 2 = new technology (1 to 5 years), 3 = technology older than five years.

A measure of the level of competitiveness in the market was indicated by asking respondents whether many businesses were offering the same products or services. Responses were coded '1' if no or few businesses offered competing products.

*Opportunity motivation.* The motivations for participating in entrepreneurship may vary among individuals starting businesses (Reynold et al., 2005). Some are attempting to take advantage of new business opportunities. Others are involved because they cannot find other suitable income sources – in other words, creating a new business is their best available option. This research focuses on entrepreneurs who were starting their business for the purpose of improving their lives through either increased independence or income. Responses were coded '1' if the respondent indicated this reason in the survey.

*Statistical Control Variables.* Three variables were included as statistical controls in our analysis because of their potential impact on growth ambition: participation in the technology sector, respondent's age, and gender. Participation in technology sectors can lead firms to believe there are major opportunities for growth and innovation (Hansen and Hill, 1991; Zahra et al., 2000). Technological sectors provide abundant technological opportunities, which lead to growth

expectations by entrepreneurs (Scherer, 1980). Respondents were asked what business they operated in, and this was coded by a trained data assistant on the GEM central coordination team, who coded all surveys across the entire GEM dataset.

Respondent age was included because younger entrepreneurs tend to show higher growth aspirations than those in older age groups (Schott and Bager, 2004). Respondents were asked to provide their year of birth. For the third control variable, we asked the respondents' gender.

### ***Analysis and Results***

Table 1 presents the means, standard deviations, and intercorrelations among our study's variables. All variables have a strong correlation ( $p < .05$ ) with growth ambitions. Correlations among the independent variables, while significant in some cases, were low or moderate.

**Table 1. Intercorrelations among the study's variables (n=196)**

Variables	Mean	s.d.	1	2	3	4	5	6	7
<b>1. Growth Ambitions</b>	.20	.40							
<b>2. Opportunity Motivation</b>	.52	.50	.314**						
<b>3. Market newness</b>	2.34	.67	-.274**	-.245**					
<b>4. Technological Newness</b>	2.61	.70	-.333**	-.194**	.251**				
<b>5. Level of competitiveness</b>	1.34	.59	.286**	.198**	-.279**	-.332**			
<b>6. Participation in the technology sector</b>	.08	.26	.080	-.086	-.122	-.073	.048		
<b>7. Age</b>	39.21	12.58	-.033	-.138	-.010	-.077	.006	-.006	
<b>8. Gender</b>	1.50	.50	-.122	.038	.125	-.057	-.042	-.089	-.010

\*\* Correlation is significant at the level of .01 level (2-tailed).

Binominal logistic regression was used to test the hypothesis, since our dependent variable is a binary variable. Binominal logistic regression extends the techniques of multiple regression analysis to contexts where the outcome variable is categorical. It is therefore an appropriate analysis method for testing our response variable: growth ambitions. We first ran an analysis to test for the direct relationship between opportunity motivation and our dependent variable, growth ambition.

**Table 2. Results of Logistic Regression Analysis: Effects of Opportunity Motivation on Growth Ambition**

	B	S.E	Wald	Df	Sig.	Exp (B)
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<b>Opportunity Motivation</b>	1.858	.451	16,952	1	.000	6.414
<b>Gender</b>	.944	.497	3.613	1	.057	2.571
<b>Constant</b>	-3.289	.589	31.151	1	.000	.037

Model Chi-Square 24.556 (Sig .000)  
-2 Log Likelihood 172.418  
Hit Ratio 79.3percent

Table 2 shows the results for the first hypothesis. H1, which predicted a positive relationship between opportunity motivation and growth ambition, was supported ( $p < .05$ ).

Next, we used logistic regression analysis to test for the direct effect of perception of the opportunity and growth ambition. A backward approach was conducted to determine, among two variables, which were the most predictive in the case of growth ambition. Table 3 shows the results of this analysis. H2, which suggested a positive relationship between perception of the opportunity and growth ambition, was supported for both market and technological newness ( $p < .01$ ).

**Table 3. Results of Logistic Regression Analysis: Effects of Perception of the Opportunity on Growth Ambition**

	<b>B</b>	<b>S.E</b>	<b>Wald</b>	<b>Df</b>	<b>Sig.</b>	<b>Exp (B)</b>
<b>Market newness</b>	-.768	.293	6.881	1	.009	.464
<b>Technological newness</b>	-.944	.249	14.400	1	.000	.389
<b>Gender</b>	.943	.534	3.120	1	.077	2.567
<b>Constant</b>	1.919	.889	4.666	1	.031	6.816

Model Chi-Square 30.867(Sig .000)  
-2 Log Likelihood 167.489  
Hit Ratio 82.1percent

Finally, we ran an analysis with a backward stepwise approach, to test the effect of level of competitiveness and the interaction effect of level of competitiveness on the relationship between the perception of the opportunity and growth ambition. As Table 4 shows, the model's explanation rate was 82.9percent, which means our model's categorization is good enough to classify growth ambition. H3a, which predicted an association between the extent there were no or few competitors for the product or service, was supported ( $p < .0001$ ). H3b predicted an interaction effect of opportunity and competitiveness; this was only supported in the case of technological newness, showing partial support for H3b.

**Table 4. Results of Logistic Regression Analysis: Effects of the level of competitiveness on Growth Ambition and the level of competitiveness' interaction effect (backward method, Wald)**

	<b>B</b>	<b>S.E</b>	<b>Wald</b>	<b>df</b>	<b>Sig.</b>	<b>Exp(B)</b>
<b>Opportunity Motivation</b>	-1.673	.484	11.940	1	.000	.188
<b>Level of Competitiveness</b>	2.079	.501	17.236	1	.000	8.00
<b>Interaction Effect Technological Newness X Level of Competitiveness</b>	-.646	.182	12.626	1	.000	.524
<b>Gender</b>	1.106	.545	4.124	1	.042	3.022
<b>Constant</b>	-2.396	.708	11.453	1	.001	.091

Model Chi -Square 48.163 (Sig .000)  
-2 Log likelihood 146.811  
Hit Ratio 82.9percent

## ***Discussion***

Our research finds support for both the motivation and opportunity perspective. It can be explained through an expectancy perspective as follows. Growth requires greater challenges, and this is weighed against possible outcomes. Those with higher goals (income, independence) also have the need to accomplish more (Locke and Latham, 1990). This provides the motivation for growth aspirations, which are expected to result in the fulfillment of these goals. Growth aspirations are also associated with the belief that efforts will lead to successful outcomes (Vroom, 1964; Gatewood, 1993): in this case, when one has an innovative opportunity with few competing options. The effect of low competition is also strengthened when the opportunity has high technological newness.

Entrepreneurship researchers have deemed motivation to be critical in the decision to become an entrepreneur (Baron, 2002; Shane et al., 2003). Our findings start from the standpoint of one that has already made this decision, but is projecting the level of growth for the venture. The results suggest that growth entrepreneurs, from an expectancy perspective, are motivated by the greater income and independence expected from growing one's firm (Vroom, 1964; Gatewood, 1993). In addition, as Locke and Latham (1990) indicate, people with higher goals have higher standards and the need to accomplish more. We can infer that people with high income and independence goals set their standards higher for their ventures.

Some research indicates that independence is the more significant determinant in one's decision to become an entrepreneur generally (Cliff, 1998; Amit et al., 2000). With respect to growth, however, the opposite has been found; in that case, income is the key driver (Cassar, 2007; Hessels et al., 2007). In fact, Cassar (2007) found a negative association between independence and growth. Our results are consistent with Davidsson (1989), who found that both expectations of financial rewards and increased independence are key motivators in growth aspirations. We found only a combined effect of these two variables, which could indicate that they go hand-in-hand, where both are expected outcomes of growth.

While prior studies have looked at human and social capital effects on growth (Davidsson, 1991; Baum et al., 2001; Baum and Locke, 2004; Manalova et al., 2007; Tominic and Rebernik, 2007), we examined the impact of perceptions of the opportunity. Our findings support the view that resources can affect expectancy, and these are not just personal, but also material (Katzell and

Thompson, 1990). Individuals weigh the perceived effort needed to achieve their desired results and their decisions reflect the belief their efforts will lead to successful outcomes (Vroom, 1964; Gatewood, 1993). Innovation carries higher expectations of success, which can lead to better performance (Locke and Latham, 1990; Kim and Mauborgne, 2005). Our findings thereby indicate that an innovative opportunity, from a market and technology perspective, may contribute toward one's aspirations for growth.

This opportunity perspective also finds support with respect to the competitive environment, which is strengthened through the interaction with technological newness. As Gatewood (1993) indicates, environmental variables can impact expectancy judgments. Where there are few competitors for an opportunity, it may increase an entrepreneur's belief that efforts will lead to successful outcomes (Vroom, 1964; Gatewood, 1993). The presence of few competitors could be due to the innovativeness of the opportunity or a condition in the environment. In other words, there could be less competition because the technology has not been adopted by rivals, or because the geographic region or industry is not populated with intense competition. That we found an interaction effect with technological newness and competition supports the first explanation.

However, given competition exhibits an independent effect, we should keep in mind the evidence that choice of industry plays a key role in growth ambitions. While Baum et al. (2001) did not find a link to actual growth for their variable measuring number of competitors in the environment, Scott Shane argues that the odds a business will experience high growth depends in large part on industry. As an example, he cites the fact that an entrepreneur operating in the computer industry has a far greater chance of making the Inc. 500 than one starting a hotel/motel business.<sup>i</sup> With a perception of fewer competitors for one's product, an entrepreneur may see the potential for profits before rivals notice and respond (Kirzner, 1973). Perhaps the interaction effect with technological newness indicates that technologically innovative, competitively unique opportunities are even more likely to provide growth potential.

## ***Conclusions***

This study has applied an expectancy theory perspective to the examination of entrepreneurial growth ambitions. We develop and test a motivation perspective to determine if the motivation to improve one's life through greater income or independence is associated with an entrepreneur's aspirations for growth. We also develop an opportunity perspective to test whether characteristics of the opportunity can impact an entrepreneur's judgment about the growth potential for the venture. While prior studies have tested the impact of human and social capital on growth ambitions, we examined human motivational factors. In addition, while human and social capital may be represented as a resource, innovative opportunities could also serve as a resource that could impact growth potential. The implications for theory and literature on entrepreneurial growth lies with our finding that human motivation can play an important role in expectancy models. The opportunity is also important to the extent it is perceived as innovative and competitively distinct.

The importance of motivation and opportunity to growth ambitions also has implications for policy makers. For countries providing support to entrepreneurs with growth potential, it might be wise to focus on identifying motivated individuals and developing their ability to assess innovative opportunities with attractive competitive characteristics. A motivated entrepreneur in a good industry may more likely reach high potential with an innovative opportunity. In addition,

policy makers may want to identify conditions that may override peoples' wish for independence or greater income: for example, if poor infrastructure creates difficulties in marketing and distributing products, or if incentives to continue working for large companies are more attractive than pursuing independence by starting a growth business. For practitioners, it is interesting to note that an innovative opportunity may lead one to pursue growth, and the competitive environment may make this easier or harder.

There are several limitations that can provide opportunities for follow on research. First, our sample comes from Korea. To generalize beyond this one country, these hypotheses could be tested on data from other countries. The GEM surveys, in fact, have been conducted in over sixty countries for more than ten years, which provides an opportunity for greater generalizability as well as cross-country comparisons. Second, perhaps there are other non-human resources that could impact one's aspirations, such as intellectual property or alliance relationships. In addition, we didn't study the impact of human or social capital and how these may compare or interact with the motivational variables this study emphasized. We hope this research contributes to continued efforts to build academic understanding about the drivers of growth and to help practitioners and policy makers determine how they can best promote this important phenomenon.

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