Fluid Entrepreneurial Motivations in Tanzania

Emiel L. Eijdenberg, Nsubili M. Isaga, Leonard J. Paas & Enno Masurel


To link to this article: https://doi.org/10.1080/15228916.2019.1695191

Published online: 29 Nov 2019.

Submit your article to this journal

Article views: 410

View related articles

View Crossmark data

Citing articles: 2 View citing articles
Fluid Entrepreneurial Motivations in Tanzania

Emiel L. Eijdenberg\(^a\), Nsubili M. Isaga\(^b\), Leonard J. Paas\(^c\) and Enno Masurel\(^d\)

\(^a\)Business, IT and Science Department, James Cook University, Singapore; \(^b\)Department of Accounting and Finance, School of Business, Mzumbe University, Morogoro, Tanzania; \(^c\)Department of Marketing, Faculty of Business and Economics, The University of Auckland, Auckland, New Zealand; \(^d\)Department of Management and Organisation Studies, School of Business and Economics, Vrije Universiteit Amsterdam, Amsterdam, The Netherlands

**ABSTRACT**

Entrepreneurial motivations, in terms of necessity and opportunity, are key for small businesses and are studied extensively from a static perspective, especially in economically developed contexts. However, previous research has largely overlooked the dynamics of entrepreneurial motivations. We explore the fluidity of entrepreneurial motivations – together with socio-demographics and needs fulfillment – in Tanzania’s emerging economy. This context is ideal for studying fluid entrepreneurial motivations because of economic contradictions, rapid societal developments and the presence of large numbers of small business owners. Based on a literature review that leads to hypotheses and a focus group on the spot, a survey was developed and completed by 168 small business owners in Morogoro, Tanzania. Descriptive, correlation, latent-class, factor and regression analyses were carried out on the quantitative data. The findings show that small business owners are clustered by their entrepreneurial motivations and that these motivations change from necessity to opportunity. A higher educational level leads to more opportunity-focused entrepreneurial motivations at the start of the business. In later stages, an increase in the fulfillment of personal needs shifts entrepreneurial motivations toward opportunity motivation. In addition to existing literature, the findings provide a detailed, segmented profile of small business owners’ entrepreneurial motivations over time.

**KEYWORDS**

Entrepreneurs; developing countries; motivation; small firms

**Introduction**

Researchers have often suggested a distinction between opportunity and necessity motivations or, in other words, between pull and push factors in entrepreneurial motivation (Acs & Varga, 2005; Amit & Muller, 1995; Gilad & Levine, 1986; Hechavarria & Reynolds, 2009; Nikolaev, Boudreaux, & Palich, 2018; Reynolds et al., 2005). More recently, the assumption of a strict separation has been relaxed and it is assumed that small business owners may be motivated by a mix of opportunity and necessity motivations (e.g. Dawson & Henley, 2012; Eijdenberg, Paas, & Masurel, 2015; Gurtoo & Williams, 2009; Williams, 2009), and that motivations may change over time (Williams...
Williams, 2014). However, the point when, and how, one type of motivation changes into the other has been largely overlooked.

Individuals who become small business owners out of necessity may later become motivated by opportunities, because they develop from satisfying basic needs to meeting more advanced needs (Maslow, 1943). For example, it has been reported that small business owners in emerging contexts are often motivated to start businesses out of economic necessity rather than free choice (Olomi, 2009). They later develop entrepreneurial skills, which enable them to recognize opportunities, and by doing so, they may aim to fulfill both more basic and advanced needs (Eijdenberg, 2016). However, research on fluid entrepreneurial motivations is largely based on qualitative interviews (Afutu-Kotey, Gough, & Owusu, 2017; Williams, 2009; Williams & Round, 2009; Williams & Williams, 2012). Despite the obtained in-depth insights, these previously reported studies have not quantitatively assessed the factors that determine the changeability of entrepreneurial motivations. Following the methodological archetypes for making theoretical contributions (Edmondson & McManus, 2007), our explorative study is among the first to shift the discussion of fluid entrepreneurial motivations from the qualitative (“nascent”) toward the quantitative realm (“intermediate” and “mature”) and thereby provides more generalizable insights.

Emerging contexts, such as Least Developed Countries (LDCs), have characteristics that form the ideal basis for studying fluid entrepreneurial motivations; small business owners in LDCs often start businesses to fulfill basic needs (Gagoitseope & Pansiri, 2012; Langevang, Nanatovu, & Dawa, 2012; Roy & Wheeler, 2006; Wennekers, van Stel, Thurik, & Reynolds, 2005), implying that s/he may move toward adopting a more opportunity-motivated approach later. Furthermore, LDCs generally have few large-scale firms and many small businesses (McDade & Spring, 2005). Consequently, small business owners are the economic backbone for these countries (Kuzilwa, 2005). The aim of this paper is to analyze the development of entrepreneurial motivations and to assess the relevant antecedents. This is done based on the following research questions (RQs)

RQ1: How do entrepreneurial motivations develop over time?

RQ2: What drives the development of entrepreneurial motivations over time?

Tanzania is an East African LDC and the emerging context that will be examined. Although East African LDCs are amongst the fastest-growing economies in the world and are “rising” indeed (Teagarden, 2019), they continue to be resource-constrained (United Nations, 2019). In the following section, the relevant literature will be reviewed. Thereafter, the methodology will be discussed, followed by the empirical findings. The paper closes with a discussion and conclusion.

Literature review

Small business owners’ motivations in an emerging context

“Instincts (motives) drive behavior where the goal is to survive, to succeed, and to avoid failure” (Carsrud & Brännback, 2011, p. 11). Entrepreneurial motivations theory can largely be categorized into two groups: the drives theories and incentive theories. The
drives theories (push) suggest relevance of internal needs, e.g. fear, hunger, while the incentive theories (pull) are based on positive external factors, e.g. financial rewards, increased social status. This distinction has often been referred to as the necessity–opportunity dichotomy (Clark, Newbert, & Quigley, 2018; Hessels, van Gelderen, & Thurik, 2008; Segal, Borgia, & Schoenfeld, 2005; Tlaiss, 2015).

In both developed and emerging contexts, researchers have examined a variety of entrepreneurial motivations that can be aggregated to the necessity–opportunity dichotomy. These motivations coexist rather than cancel each other out. In developed contexts typical entrepreneurial motivations include risk taking, tolerance for ambiguity, self-efficacy, goal setting, independence, drive, and passion (Hessels et al., 2008; Shane, Locke, & Collins, 2003). Examples of entrepreneurial motivations in emerging contexts include financial success, role models, dissatisfaction with one’s job, future job creation, and the satisfaction of basic needs, such as food and shelter (Chu, Benzing, & McGee, 2007; Eijdenberg & Masurel, 2013; Kiggundu, 2002; Roy & Wheeler, 2006). Often these motivations can be clustered into groups. For example, “economically driven” individuals are primarily motivated by financial success, role models, power and status (Jayawarna, Rouse, & Kitching, 2013); or task-specific objectives, e.g. goal setting and self-efficacy (Shane et al., 2003).

Next to differences in the occurrence of specific entrepreneurial motivations, the more general push and pull motivations are also country specific (Carsrud & Brännback, 2011). For example, the motivation of “drive” (i.e. a push motivation) is not the same across different countries (Hessels et al., 2008). These differences may depend on the level of country’s economic development. For example, an opportunity in an emerging economy can be improved access to capital and the opening of borders (Eijdenberg, Thompson, Verduijn, & Essers, 2019; Hansen, Langevang, Rutashobya, & Urassa, 2018). In a developed economy, (nascent) small business owners would rather take advantage of knowledge or innovation-driven developments in society, e.g. consulting, electric transportation.

Regardless of what precisely is understood by necessity and opportunity in either emerging or developed contexts, it is important to note that opportunity motivation is predominant in developed economies such as North America and Europe. In general, necessity-motivated small business ownership is regarded to be more common in emerging contexts with lower incomes (Wennekers et al., 2005).

This suggests that on a disaggregated level of the necessity–opportunity dichotomy different motivations underlie why small businesses are started across different economical contexts. Below we study LDCs and such countries are characterized by underdeveloped infrastructure, impoverishment, and low life expectancy, as well as market and government failure (Boso, Adeleye, Ibeh, & Chizema, 2019; Organisation for Economic Co-operation and Development, 2016; Rivera-Santos, Holt, Littlewood, & Kolk, 2015). These characteristics often result in large-scale informal economies (Schneider, 2005; Webb, Ireland, & Ketchen, 2014). Starting a small business is often the last resort of the poor, whose poverty affects their entrepreneurial motivations. Therefore, we hypothesize:

_Hypothesis 1 (H1): In LDCs, small business owners have started mainly out of necessity motivation._
The changeability of entrepreneurial motivations

Entrepreneurial motivations are often considered to be static and are also measured as such (Eijdenberg, 2016; Segal et al., 2005; Solesvik, 2013). However, small business owners’ motivations may change over time. Such dynamics are most likely to occur in small businesses driven by an owner, with changing perspectives on the market as the business grows, as previously reported by Babah Daouda, Ingenbleek, and van Trijp (2019). They found that small business owners can develop into the growing African middle class and adopt a more Western\textsuperscript{1} lifestyle, implying they start to operate out of opportunity instead of necessity. The reasons why this changeability is under-researched mostly depends on empirical limitations and not so much on conceptual arguments. Difficulties in studying changing motivations of small business owners in LDCs in a longitudinal context include: (1) dependent on country, but around the 50% of the small business owners quit after one year (Global Entrepreneurship Monitor, 2019); (2) small business owners relocate (Lyons, Brown, & Msoka, 2014); and (3) small business owners are not willing or able to continue cooperation with research (e.g. lack of time or interest) (Eijdenberg, 2017).

Some notable research has shown that motivations may shift over time from necessity-driven to opportunity-driven (Afutu-Kotey et al., 2017; Williams, 2009; Williams & Williams, 2014). In the research reported in these papers the interviewed small business owners indicated that they took advantage of new opportunities over the course of time, or that the business had eventually become more rewarding or meaningful to them (Ibid.). However, these understandings are based on qualitative interviews and fail to provide a detailed understanding of the changing nature of entrepreneurial motivations. A thorough unraveling is required, i.e. past, present, and future motivations, which would answer RQ1. Thus, based on the discussion above:

Hypothesis 2 (H2): In LDCs, small business owners’ entrepreneurial motivations change over time from necessity-driven into opportunity-driven.

Effects of need fulfillment on entrepreneurial motivations

Entrepreneurial motivations are often perceived as antecedents of firm performance. This has been an important explanation for economic progress in Western societies. In many studies it has been found that opportunity motivation leads to better firm performance (cf. Bandura, 1997; Baum & Locke, 2004; Bourlès & Cozarenco, 2018; Locke & Latham, 1990). In the literature on Western economies, numerous studies have relied on firm-related indicators, such as changes in sales, profits, and number of employees (e.g. (Davidsson, 1989, 1991; Girón, León, & Hernández, 2007; Haber & Reichel, 2005; Wiklund & Shepherd, 2005). These performance indicators are often retrieved from larger organizations based on either self-reported surveys or archival data. Stam, Arzlanian, and Elfring (2014, pp. 159–160) provide a comprehensive overview of the various performance indicators from both developed and emerging contexts.

In the emerging context, firm-related performance indicators often lack validity and reliability (Adomako, Danso, Boso, & Narth, 2018; Frese et al., 2007) and

\textsuperscript{1}As opposed to “emerging contexts,” “Western” refers to the advanced, industrialized contexts.
entrepreneurship research is slowly moving from the traditional firm-related performance indicators toward need fulfillment indicators. In Tanzania, examples of different needs concern the food that small business owners can purchase and the issue of whether their access to health care has improved (Eijdenberg & Borner, 2017; Eijdenberg, Paas, & Masurel, 2017). In studies about developing economies, such indicators are also referred to as “welfare attributes,” which are the resources and services that people can use to improve the quality of their lives (Charles, 2014; Kaulihowa & Adjasi, 2018; Mutua, Massimo, & Mburu, 2004; Pouw, 2008b, 2008a; Pouw & Elbers, 2012).

Although, necessity-motivated small business ownership is common in emerging contexts with lower incomes, entrepreneurs who fulfill their basic needs may become more opportunity-motivated. That is, after necessities, such as food and shelter are fulfilled, the small business owner may concentrate on the higher-order needs in Maslow’s pyramid. Increasing focus on opportunities may lead, in turn, to a positive spiral of advanced need fulfillment. Therefore, in terms of RQ2 we hypothesize:

**Hypothesis 3 (H3): In LDCs, increasing needs fulfillment positively affects the temporal change of entrepreneurial motivations from necessity-driven into opportunity-driven.**

We focus on the effect of need fulfillment on changes in entrepreneurial motivations, as the positive effects of non-changing opportunity motivations on need fulfillment have been studied previously (Eijdenberg, 2016; Eijdenberg et al., 2015). The main findings of these studies show that basic needs (i.e. the small business owner’s income to buy food on a daily basis) is determined by opportunity motivations measured in retrospective, i.e. at the start of the business (Ibid.)

Additionally, we assume that other antecedents may also play a role in small business owners’ entrepreneurial motivations: sociodemographic factors. The ability to access resources to meet one’s needs have been found to result from age (as an indicator of experience), gender, and education (as an indicator of gained knowledge). Generally, being older, male and more educated facilitates the discovery and exploitation of entrepreneurial opportunities and, consequently, the attainment of advanced needs (Batana, 2013; Kiggundu, 2002; Lee & Marvel, 2014; Lyons et al., 2014; Nichter & Goldmark, 2009; Rauch & Rijndijk, 2013). Age, gender and education are therefore included on our research as control variables, besides the main effects as formulated in H1 to H3.

In sum, these explorations of H1 and H2 are relevant for RQ1 and H3 is for answering RQ2. Next, we report the empirical study that was conducted for testing the three formulated hypotheses.

**Methodology**

**Context of the data collection**

The data were collected in September 2017 in the Morogoro region, which is located 196 kilometers west of Dar Es Salaam and 260 kilometers east of Dodoma, Tanzania. Tanzania’s legislative seat and capital is Dodoma and Dar Es Salaam is the country’s largest commercial city. Tanzania is a proto-typical LDC (United Nations, 2019b),
characterized by impoverishment (gross domestic product per capita in 2017 was USD 936,33: World Bank, 2019). Succumbing to pressure from the World Bank, the Tanzanian government transitioned from a state-led to a market-driven economy. The main reforms took place in 1991, leading to the privatization of most public enterprises (Rutashobya & Olomi, 1999), resulting in the retrenchment of public sector workers, most of whom turned to small businesses for survival (Olomi, 2009). Therefore, the small and medium-sized enterprise (SME) sector has recently become a significant component of the Tanzanian economy.

Research design

The research design involved a main quantitative study (i.e. surveys) justified by a qualitative pre-study that involved a focus group, following the “qual → QUAN” approach (Molina-Azorín, López-Gamero, Pereira-Molina, & Pertusa-Ortega, 2012, p. 442). The focus group was conducted as part of a capacity-building workshop organized and moderated by two of this paper’s authors. This workshop was held at Mzumbe University (MU) in Morogoro and involved 16 MU faculty members, which will be referred to as the participants. The Morogoro municipality has a population of approximately 2.2 million. The major economic activities in Morogoro are farming, industry, and trade (National Bureau of Statistics, 2013).

An important assignment for the participants was the development of survey variables. The participants were suitable for undertaking such survey development, because: (1) they participated voluntarily in the workshop, were intrinsically motivated, and received no compensation except for a daily allowance to cover travel expenses; (2) they held various (senior) academic positions mainly within business and development studies at MU and were, therefore, familiar with conducting research; (3) many participants were also actively involved in small business ownership in the region, e.g. as small business owner or working as employee within a family business; and (4) the survey development assignment took place during the workshop, in which many other discussions were also held on various entrepreneurship topics, thereby enabling the participants to familiarize themselves with the relevant concepts. In previous research, it has been advised that collaboration with such local experts is required for the development of survey instruments in emerging contexts. This ensures that local circumstances and conditions are reflected in the developed survey instrument (Ingenbleek, Tessema, & van Trijp, 2013).

The participants were asked to suggest the best way to capture entrepreneurial motivations over time using a cross-sectional survey in both English and Kiswahili, the latter is the official language of Tanzania but both languages are commonly used. In line with the literature about 1) the mobility of the aimed small business owners (Asiedu & Agyei-Mensah, 2008; Mitullah, 2003) and 2) the difficulties of collecting data in LDC-contexts (Eijdenberg, 2017; Frese et al., 2007; Kriauciunas, Parmigiani, & Rivera-Santos, 2011), the participants agreed that the targeted small business owners –

\[ This \] \[ workshop \] \[ was \] \[ fully \] \[ created \] \[ from \] \[ scratch. \] \[ The \] \[ program \] \[ of \] \[ this \] \[ workshop \] \[ included \] \[ an \] \[ intensive \] \[ training \] \[ of \] \[ local \] \[ university \] \[ faculty \] \[ on, \] \[ among \] \[ others, \] \[ entrepreneurship \] \[ theory \] \[ and \] \[ research \] \[ methods. \] \[ The \] \[ program \] \[ was \] \[ developed \] \[ in \] \[ detail \] \[ by \] \[ an \] \[ international \] \[ research \] \[ team, \] \[ together \] \[ with \] \[ partners \] \[ of \] \[ the \] \[ local \] \[ university, \] \[ months \] \[ before \] \[ the \] \[ workshop \] \[ commenced. \]
discussed hereafter – would be studied on a) a cross-sectional basis (hereby obviating the issue of temporality of these small businesses) and b) using single-item measures (hereby overcoming the challenges of interpretability of variables while completing the surveys).

Subsequently, a focus group discussion was held, during which the participants shared their thoughts about entrepreneurial motivations. They responded and built upon each other’s contributions to develop suitable variables, aimed at capturing the timely dimension of entrepreneurial motivations on a cross-sectional basis. The workshop organizers/moderators decided on the final set of variables in collaboration with the participants. This set included three sociodemographic variables: age, gender, and highest completed education. These are commonly used variables in entrepreneurship research in emerging contexts (Choongo, van Burg, Paas, & Masurel, 2016; Eyana, Masurel, & Paas, 2018; Frese et al., 2007).

The participants in the focus group concluded that entrepreneurial motivations would be measured in three ways: (1) the respondent’s motivation at the start of the business, (2) the respondent’s current motivation, and (3) the respondent’s expected future motivation. Note that there are some caveats involved in the measurement of the respondent’s motivation at the start of the business and the individual’s expected future motivation. Concerning the start-up motivations, memory effects can influence the obtained data, for example telescoping and selectivity of memory (Freedman, Thornton, Camburn, Alwin, & Young-DeMarco, 1988). However, proponents of the life-calendar methodology have found that such memory effects have less influence when questions concern important events in the life of the respondent. This is because the associative memory of individuals is enhanced under such circumstances, which results in a higher validity of the answers to the survey variables. Starting up a new business is a crucial decision in an entrepreneur’s life and hence the enhanced associative memory should result in relatively valid responses to the variables concerning start-up motivations. Concerning future motivations, measuring future negative and positive (i.e. necessity and opportunity motivations, respectively, in our study) events is often subject to the respondents’ subjective probability, belief and value of these events, having past events as the reference. Respondents tend to be positively-orientated (i.e. opportunity motivations in our study) as far their own future is concerned (Wenglert & Rosen, 2000; Wenglert & Svenson, 1982).

In previous studies, single-item measures have successfully applied to measure necessity-opportunity motivations (e.g. Block & Koellinger, 2009; Reynolds et al., 2005). Such studies often are based on, or comparable with, Global Entrepreneurship Monitor’s over 20 years’ approach of measuring necessity-opportunity motivations as part of the so-called “Total early-stage Entrepreneurial Activity (TEA)” (Global Entrepreneurship Monitor, 2019). In the focus group that we conducted, the participants confirmed the use of single-item measures (i.e. one item per past, current, and future motivation) instead of multiple-item measures (i.e. more than one item per motivation type). The past, present and future motivations were anchored on a bipolar, six-point scale (cf. for a use of similar scales in entrepreneurship studies: Bradley, Wiklund, & Shepherd, 2011; Brettel, Mauer, Engelen, & Küpper, 2012; Eijdenberg et al., 2017).

Besides sociodemographic factors, it was suggested that need fulfillment changes would relate to entrepreneurial motivation changes. Changes in need fulfillment were assessed using five-point Likert scale variables. The participants suggested that the most
important proxies of need fulfillment in the context under study were food, health care, dependents and shelter. Table 1 presents the final set of variables.

For the quantitative study, each participant was instructed to complete at least ten paper-and-pencil surveys, in either English or Kiswahili, and involving small business owners as respondents. The participants received detailed instructions on how and where to collect the data and information about the types of small business owners to be surveyed. The participants followed the so-called “random walk procedure” sampling method, which is commonly applied in emerging contexts (Frese et al., 2007, p. 1486). The respondents were owners of micro and small-sized enterprises (MSEs) in Morogoro and its outskirts, for example the neighboring villages Mzinga and Kingolwira. In contrary to the more formal and better-organized SMEs, MSEs are “one-person operations, poorly managed, sometimes temporary, less productive, and undercapitalized” (Kiggundu, 2002, p. 248). The limited resources such as access to public transport, mobile and Internet connectivity, and the few small business owners who mastered the English language on more than basic conversational level, made the data collection process challenging (cf. Eijdenberg, 2017).

MSEs are, among others, retailers of products that are manufactured in the large-scale sectors, e.g. rubber, plastics, beverages, clothing, and furniture, as well as construction work and transportation (Adenikinju, Söderling, Soludo, & Varoudakis, 2002; Schulpen & Gibbon, 2002; Todaro, 2000). They also produce and sell products/services themselves; these vary from food and utensils to small electronic devices. The participants were asked to ascertain the name, address, and mobile phone number of each respondent. The total number of collected surveys was \( n = 168 \). One participant validated the surveys by contacting 10 randomly selected small business owners and asking them about their recently completed survey; all 10 confirmed their participation.

### Table 1 Final Set of Variables.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the start of my business, my motivation was (i.e. “past motivation”)</td>
<td>Strong necessity = 1; moderate necessity = 2; weak necessity = 3; weak opportunity = 4; moderate opportunity = 5; strong opportunity = 6</td>
</tr>
<tr>
<td>At the moment in my business, my motivation is (i.e. “present motivation”)</td>
<td></td>
</tr>
<tr>
<td>In the future in my business, I think my motivation will be (i.e. “future motivation”)</td>
<td></td>
</tr>
<tr>
<td>Over the last year, the food that I can buy on a daily basis has changed (i.e. “food”)</td>
<td>A lot less = 1; less = 2; stayed the same = 3; more = 4; a lot more = 5</td>
</tr>
<tr>
<td>Over the last year, my health care has changed (i.e. “health care”)</td>
<td></td>
</tr>
<tr>
<td>Over the last year, the number of dependents whom I sustain has changed (i.e. “dependents”)</td>
<td></td>
</tr>
<tr>
<td>Over the last year, my shelter has changed (i.e. “shelter”)</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>Number</td>
</tr>
<tr>
<td>Gender</td>
<td>Male = 1; female = 2</td>
</tr>
<tr>
<td>Highest completed education (i.e. “education”)</td>
<td>No education = 1; primary school = 2; ordinary secondary school = 3; advanced secondary school = 4; college = 5; university = 6; other = 7</td>
</tr>
</tbody>
</table>

Variables “past motivation”, “present motivation” and “future motivation” in the survey were introduced with a brief explanation: “Necessity-motivated – for example, having no other choice because of poverty, unemployment, or discrimination – is better than the alternative, opportunity-motivated, which relates to the achievement of higher-level goals – for example, becoming rich, wealthy, or famous or contributing to a better world.”
In the resulting sample, 72.6% of the 168 respondents were female; the average age was 34 years (minimum: 19, maximum: 62), and for 64.9% of the small business owners, primary school was the highest level of education completed. The average number of employees (including the small business owner) was 3.5, and 97.0% of the surveyed small business owners employed up to eight persons.

**Analyses**

To test the hypotheses, multiple analyses were conducted. First, descriptive analyses provided preliminary insights into $H_1$ and $H_2$. Subsequently, we conducted a latent-class analysis (LCA) to gain more granular insight into all three formulated hypotheses. LCA supports the model-based allocation of respondents into mutually exclusive and exhaustive segments, also referred to as latent classes, using values on observed variables. Refer to Vermunt and Paas (2017) for a more general discussion of the segments resulting from LCA.

The conducted LCA, which reported below, includes three observed variables: past, present, and future motivation. The sociodemographic variables – age, gender, and highest completed education – were included as covariates in the LCA model. If we would, for example, find that highly educated small business owners are more often in segments that were dominated by an opportunity motivation, education could be considered an antecedent to entrepreneurial motivations.

For further insights into $H_3$, we also conducted exploratory factor and regression analyses. Following two commonly accepted approaches for modeling change (Allison, 1990), first, the difference between future and present motivations was the dependent variable. Second, future motivations were regressed on changes in need fulfillment, sociodemographic factors, and present motivations.

**Findings**

**Fluid entrepreneurial motivations**

Relevant for the past motivations ($H_1$) and changes in motivations ($H_2$), Table 2 reports the scores for entrepreneurial motivations and need fulfillment. In support of $H_1$, we find that at the start of the business the small business owner on average is more strongly driven by necessity motivations. That is, the mean scores of $M = 2.76$ on past motivations is below the 3.50 intermediate value ($t = 4.87$, $p < .01$) and higher values on this scale imply a position closer to the opportunity end of the bipolar scale. In support of $H_2$, we found out that the expected future motivations ($M = 3.87$) differ significantly from the present ($M = 3.03$, $t = 6.50$, $p < .01$); and past motivations ($M = 2.76$, $t = 6.87$, $p < .01$) are also significant.

The heterogeneity of the sample may not be reflected in such averages; below we report an LCA-based segmentation study to assess the different pathways. The minimum BIC criterion (Vermunt & Paas, 2017; Wedel & Kamakura, 2012) showed that a three-segment model was optimal, which is reported in Figure 1. Segment 1 (i.e. S1) and 3 (i.e. S3) were primarily necessity-motivated, with S3 being more strongly necessity-focused than S1. S1 and S3 included 69.0% (i.e. 116) of all 168 respondents. The small business
owners in S1 and S3 expected to shift more toward the opportunity end of the bipolar scale in the future but made no significant shift from the past to the present. Segment 2 (i.e. S2) was more opportunity-motivated. Between the past and present, they shifted further toward the opportunity end of the bipolar scale, but they did not expect any future shifts. Interestingly, the overall shift reported in Table 2 – from $M = 2.76$ on the necessity–opportunity bipolar scale in the past to $M = 3.03$ in the present and $M = 3.87$ in the future – was explained by two distinctive shifts amongst three segments. Figure 1 reports that a minority of the respondents (31.0%) made the shift toward opportunity motivation in the past (S2), and the remaining 69.0% expected to make this shift in the future (S1 and S3). In sum, the LCA results also provide support for $H1$ and $H2$.

![Table 2 Descriptive Statistics: Means, Standard Deviations, and Percentages.](image)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Past motivation</th>
<th>Present motivation</th>
<th>Future motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>2.76</td>
<td>3.03</td>
<td>3.87</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>1.96</td>
<td>1.85</td>
<td>1.91</td>
</tr>
<tr>
<td>Strong necessity</td>
<td>43.4</td>
<td>28.6</td>
<td>16.1</td>
</tr>
<tr>
<td>Moderate necessity</td>
<td>16.7</td>
<td>23.8</td>
<td>17.9</td>
</tr>
<tr>
<td>Weak necessity</td>
<td>3.0</td>
<td>8.9</td>
<td>8.3</td>
</tr>
<tr>
<td>Weak opportunity</td>
<td>10.7</td>
<td>7.7</td>
<td>8.3</td>
</tr>
<tr>
<td>Moderate opportunity</td>
<td>9.5</td>
<td>16.7</td>
<td>19.6</td>
</tr>
<tr>
<td>Strong opportunity</td>
<td>16.7</td>
<td>14.3</td>
<td>29.8</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variable</th>
<th>Food</th>
<th>Health care</th>
<th>Dependents</th>
<th>Shelter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>3.64</td>
<td>3.70</td>
<td>3.57</td>
<td>3.60</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>1.12</td>
<td>.89</td>
<td>.83</td>
<td>.81</td>
</tr>
<tr>
<td>Strong necessity</td>
<td>43.4</td>
<td>28.6</td>
<td>16.1</td>
<td></td>
</tr>
<tr>
<td>Moderate necessity</td>
<td>16.7</td>
<td>23.8</td>
<td>17.9</td>
<td></td>
</tr>
<tr>
<td>Weak necessity</td>
<td>3.0</td>
<td>8.9</td>
<td>8.3</td>
<td></td>
</tr>
<tr>
<td>Weak opportunity</td>
<td>10.7</td>
<td>7.7</td>
<td>8.3</td>
<td></td>
</tr>
<tr>
<td>Moderate opportunity</td>
<td>9.5</td>
<td>16.7</td>
<td>19.6</td>
<td></td>
</tr>
<tr>
<td>Strong opportunity</td>
<td>16.7</td>
<td>14.3</td>
<td>29.8</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**Figure 1 Definition of the Segments.**

Note that in S1 and S3, the differences between past and present motivation, on the one hand, and expected future motivation, on the other, are significant ($p < .05$). For S2, past motivation is significantly lower than present and future motivation ($p < .05$).
Explaining changes in entrepreneurial motivations

The LCA results showed that 48.5% of the respondents in the opportunity-motivated S2 had at least a secondary level of education, versus 33.9% of the respondents in S1, and 22.5% of the respondents in S3 (p < .05). Gender and age had no significant effects. For the purpose of testing H3, we analyzed the data of the 116 respondents in S1 and S3. The aim of the analyses was to explain which respondents in S1 and S3 expected to have stronger opportunity motivations in the future. Note that the respondents in S2 did not expect to have a change in entrepreneurial motivation in the future and therefore this segment was not analyzed through the regression-based approach that we applied to S1 and S3.

Because we measured changes in the fulfillment of needs over the past year, we were able to include the fulfillment of needs in the analysis as an independent variable. Correlation analyses were conducted amongst the 116 respondents from S1 and S3 (Table 3). According to Cohen (1988), as cited in Eid, Gollwitzer, and Schmitt (2013), correlations of around .1 are considered weak, .3 medium, and .5 strong. Table 3 shows that two medium correlations were found between past motivation and present motivation; and between present motivation and future motivation. Furthermore, predominantly medium to strong correlations were found between the needs-variables: food, health care, dependents and shelter. The correlations reported in Table 3 imply sufficiently strong relationships occur between the variables to conduct the regression analyses, which we report next.

We find sufficient correlations between the four need fulfillment variables, for the purpose of conducting factor analysis; the Kaiser-Meyer-Olkin measure of sampling adequacy is .68 and a significant score is found on Bartlett’s test (p < .01). Both the Eigen Value > 1 criterion, and the scree plot test suggested a single-factor solution that explained 53.0% of the observed variance. Combining the four needs variables in a unidimensional scale led to a Cronbach’s Alpha of .68 (hereafter referred as “Need fulfillment”). The mean value on this scale amongst the 116 S1 and S3 respondents was 3.54 (standard error = .06) on a Likert scale of one to five, implying that, on average, the respondents experienced modest increases in need fulfillment over the last year.

Next, we calculated the difference between future and present motivations. A positive value on this difference would imply that the respondent expects to have a stronger

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Past motivation</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Present motivation</td>
<td>.48**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Future motivation</td>
<td>.05</td>
<td>.40**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Food</td>
<td>−.12</td>
<td>−.02</td>
<td>.27**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Health care</td>
<td>−.10</td>
<td>.04</td>
<td>.27**</td>
<td>.33**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Dependents</td>
<td>−.10</td>
<td>−.10</td>
<td>.11</td>
<td>.19*</td>
<td>.50**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Shelter</td>
<td>−.09</td>
<td>.10</td>
<td>.07</td>
<td>.39**</td>
<td>.39**</td>
<td>.41**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Age</td>
<td>−.09</td>
<td>−.06</td>
<td>.01</td>
<td>−.16</td>
<td>.18</td>
<td>.25**</td>
<td>−.05</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Gender</td>
<td>−.08</td>
<td>.10</td>
<td>−.08</td>
<td>−.10</td>
<td>.04</td>
<td>−.08</td>
<td>−.08</td>
<td>.10</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>10. Education</td>
<td>.03</td>
<td>.05</td>
<td>−.03</td>
<td>.15</td>
<td>.18</td>
<td>.03</td>
<td>−.04</td>
<td>.02</td>
<td>−.03</td>
<td>1.00</td>
</tr>
</tbody>
</table>

* Significant at the .05 level (two-tailed).
** Significant at the .01 level (two-tailed).
opportunity motivation in the future, a negative value would imply a shift toward necessity, and a value of 0 would imply no difference between future and present motivations. Need fulfillment and sociodemographic factors – included as covariates – were included in the regression model that explained the calculated difference scores. In the second regression model, future motivation was included as the dependent variable, while present motivation was an independent variable in addition to the needs-variables and sociodemographic factors.

Table 4 reports that among the 116 respondents from S1 and S3, need fulfillment had a significant positive effect on the difference score – the dependent variable. In Model 1 of Table 4, we find that 12% of the variance on the dependent variable difference between present and future motivations was explained. In Model 2, 25% of the variance on the dependent variable future motivations was explained. Thus, Table 4 shows that need fulfillment has a significant effect on both the change of entrepreneurial motivations (Model 1, β Needs fulfillment: .30, p < .01) as well as on future motivation alone (Model 2, β Needs fulfillment: .28, p < .01). Thus, H3 is supported. Table 4 shows that the sociodemographic covariates do not significantly affect the two analyzed dependent variables.

Table 4 Regression Analyses: Beta Coefficients (β) of the Independent Variables Predicting the Dependent Variable.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 1: Difference between present and future motivation</th>
<th>Model 2: Future motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>β Present motivation</td>
<td>Not applicable</td>
<td>.42**</td>
</tr>
<tr>
<td>β Need fulfillment</td>
<td>.30**</td>
<td>.28**</td>
</tr>
<tr>
<td>β Age</td>
<td>.04</td>
<td>.03</td>
</tr>
<tr>
<td>β Gender</td>
<td>−.15</td>
<td>−.12</td>
</tr>
<tr>
<td>β Education</td>
<td>−.14</td>
<td>−.12</td>
</tr>
<tr>
<td>Statistical model</td>
<td>R² = .12; df = 4, F = 3.68, p &lt; .01</td>
<td>R² = .25; df = 5, F = 7.42, p &lt; .01</td>
</tr>
</tbody>
</table>

* Significant at the .05 level (two-tailed).
** Significant at the .01 level (two-tailed).

Discussion

The aim of this paper was to determine the development of entrepreneurial motivations over time and ascertain what drives this development in an emerging context. Two RQs were formulated based on the literature review and were explored through three hypotheses using primary data from Tanzania. We found that small business owners who were necessity-motivated at the start of the business expected to move toward being opportunity-motivated from the present to the future, while those who started more toward the opportunity end of the continuum shifted toward being more opportunity-motivated between the past and the present and did not expect to move further in the future (i.e. the answer to RQ1). Moreover, we found that small business owners who started toward the opportunity-motivated end of the spectrum tended to be more highly educated. Subsequently, small business owners who were fulfilling their needs more in the previous year tended to move in the direction of opportunity motivation over time (i.e. the answer to RQ2).
The fluidity of entrepreneurial motivations has been mentioned and assessed in the previous literature (Afutu-Kotey et al., 2017; Williams, 2009; Williams & Williams, 2012, 2014). However, this has not been researched through quantitative analyses in a way that enables the generalization of the findings to broader sets of small business owners. In addition to previous research on entrepreneurial motivations (Dawson & Henley, 2012; Williams, 2007; Williams & Round, 2009), we provided a segmentation profile of small business owners, showing that the majority in our sample set off with strong to very strong necessity motivations (i.e. supported H1). That is, the respondents in segments S1 and S3 in Figure 1 are 69.0% of the sample and they did not shift toward the opportunity end of the continuum between the past and the present but expected to do so in the future. The more opportunity-motivated S2, which is 31.0% of the sample, made such a shift between past and present but did not expect any further shift in the future. In sum, we provided novel, detailed insights into how entrepreneurial motivations change within a specific group of small business owners.

**Conclusion**

Besides the granular segmented profile of small business owners, this study contributes to the growing body of entrepreneurship studies on contextualization (Fayolle & Liñán, 2014; Welter, Baker, Audretsch, & Gartner, 2017; Welter, Baker, & Wirsching, 2019). Previous research in emerging contexts have included need fulfillment as the dependent variable in causal relationships. Often, causal relationships were absent or statistical models had low explanatory power (Eijdenberg & van Montfort, 2017; Frese, Brantjes, & Hoorn, 2002; Frese et al., 2007; Krauss, Frese, Friedrich, & Unger, 2005). Previous studies ignored the fact that need fulfillment may actually be an antecedent of entrepreneurial motivations, thereby, tapping into the call for more research of such personal-level variables (Fayolle & Liñán, 2014). The reported regression analyses showed in detail that after the businesses were established, changes in future motivations were affected by the need fulfillment of the small business owners who were currently at the necessity end of the continuum (refer to the supported H2 and H3).

As a methodological contribution, besides following recommendations of triangulation (Fayolle & Liñán, 2014), we showed a means to unraveling developments in entrepreneurial motivations based on LCA. This approach can be used to gain detailed insights beyond the conventional observations made using less advanced methodologies, e.g. comparing groups or linear regression analyses, when studying other key entrepreneurship variables (cf. Eijdenberg & Masurel, 2013; Eyana et al., 2018). Beyond academia, practitioners who aim to stimulate entrepreneurial activities should follow our findings closely, as this will enable them to formulate tailor-made policies and programs regarding varying motivations and need fulfillment.

Our research leads to various suggestions for future studies. We ascertained the agility of the small business owners in our study by adopting a cross-sectional research approach. As discussed earlier, it is difficult to subject the type of small business owners who were the focus of our study to a longitudinal survey. We introduced a novel approach that can be applied by future researchers – that is, asking for the values of variables at different moments in time (i.e. past, present and future) in a cross-sectional study. However, this approach has limitations: Past motivations can be distorted by memory effects, while
future motivations are based on the respondent’s expectations. To assess the generalizability of our findings, future researchers could study the types of small business owners who can be followed over a longer time and who are likely to survive for longer periods. The findings of this future research would need to be corroborated by our findings, as the longitudinal studies would likely result in selection bias due to panel attrition.

Another limitation is that our study has focused solely on opportunity and necessity as generic terms for entrepreneurial motivations. Future research could disentwine this generic term by investigating the fluidity of very specific opportunity or necessity motivations, such as risk taking, tolerance for ambiguity, self-efficacy, goal setting, independence, drive, and passion (Shane et al., 2003). Another avenue for further research would be to study fluid entrepreneurial motivations in other emerging contexts or in an economically developed context. One particularly interesting avenue for further research would be studying fluid entrepreneurial motivations at a time when changes in the economic situation of an emerging or developed economy are occurring, for example political transition or economic recession.

Acknowledgement

This study is facilitated by a “Tailor-Made Training” (TMT) of the Netherlands Fellowship Programme on behalf of “CIS – VU” (Centre for International Cooperation of Vrije Universiteit Amsterdam). The TMT, entitled “Empowering gender-based food security entrepreneurship: An Internet-driven course module”, involved two workshops at the Mzumbe University (MU) in Morogoro, Tanzania. The second workshop was provided by the first and last author of this paper. During the second workshop, the participants from MU assisted considerably with the data collection.

Disclosure statement

No potential conflict of interest was reported by the authors.

ORCID

Emiel L. Eijdenberg http://orcid.org/0000-0003-0229-237X

References


