
MOTIVATIONAL FORCES FOR SELF-EMPLOYMENT AMONG VULNERABLE POPULATION GROUPS IN ROMANIA

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Abstract

The paper aims to explore the key motivational forces for self-employment among four groups of population in Romania perceived as being vulnerable, namely: seniors of 60+ years old, females, rural population and low income people with a monthly net income per household ≤ 1000 RON. In the paper we investigate both trend lines in perception about motivating drivers for self-employment as well as similarities or prevalent differences between our sample population groups and self-employed people. The following questions made the subject of our research: (1) What are the main reasons for starting a business among our sample population groups?, (2) What significant changes stand out in the period of analysis in what regards the perception of motivational drivers for entrepreneurship?, and (3) How do motivational forces for self-employment differ among vulnerable population groups in comparison with self-employed people? The study uses the AGER (Amway Global Entrepreneurship Report) data for the period 2014÷2016. To answer the research questions we analyzed time series and average weights for each one of the key motivating drivers measured in the analysis. The research findings indicate that second income prospects represent the most prevalent reason for self-employment among the Romanian vulnerable population groups followed closely by independence from an employer and being own boss. Also, there are no significant changes in the period of analysis with regard to perception of drivers for self-employment.

Keywords

Self-employment, motivational forces, vulnerable population categories, entrepreneurship, Romania, AGER.

JEL Classification

L26, M13, J62.

Introduction

Entrepreneurship is the process of setting up and running a new venture by taking on threats and risks effectively, in a hope of fulfilling a need or achieving a goal. Entrepreneurial motivation may be defined as individual's willingness to exert necessary efforts towards the accomplishment of goal or fulfillment of need, which helps in maximizing wealth and economic development. It is driven by various factors (internal and external), which

stimulate desire and intention to embrace a career as entrepreneur. Recent research on entrepreneurship motivations underlines the importance of analysing motivational drivers for the entrepreneurial activity of certain population categories, referring to gender specific nature, the "grey" entrepreneurs and individuals located in less favourable areas (Harms et al., 2014; Azzahra & Dhewanto, 2015; Cantú Cavada et al., 2017). Individuals belonging to certain categories of population, whether women, silver generation or people located in vulnerable geographic areas, choose to enter entrepreneurial activity mainly due to opportunity or necessity factors.

The paper aims to explore the motivating forces for entrepreneurship among four groups of population in Romania typically seen as vulnerable, namely seniors, females, low income people and rural population. The paper starts with a brief review of the literature and identification of the problem investigated. Then it explains the methodology used to assess the drivers of entrepreneurship among vulnerable population categories. Finally, analysis is conducted on selected data and conclusions are drawn based on results.

Motivations that Drive Entrepreneurial Behaviour

The entrepreneurial motivation refers to those drivers within an entrepreneur that determine his/her voluntary entrepreneurial behaviour, in terms of intensity of efforts he/she is willing to exert for a certain period of time toward attaining a particular goal or fulfilling a specific need. According to Global Entrepreneurship Monitor, the entrepreneurial behaviour is explained and motivated by business opportunity and vocation out of necessity when there is no better alternative to work or other reasons (Global Entrepreneurship Monitor, 2017). There are various empirical studies which provide evidence regarding how family business culture might impact entrepreneurial path of individuals. Thus, Giacomini et al. (2011) discovered that there are negative effects of having relatives with an entrepreneurial path when pursuing entrepreneurship out of necessity. Other more recent research demonstrated the positive influence of role models in pursuing an entrepreneurial path out of opportunity (Holvarsson et al., 2018).

A recent study has brought into attention the positive linear relationship between age and entrepreneurial behaviour (Pilkova et al., 2014). According to Pilkova et al. (2014), being more experienced and mature is a guarantee for assuming the entrepreneurship role. However, there are contrary opinions among scholars, stating an inverse relationship between ageing people and entrepreneurial behaviour. The increasing dependency ratio of old people to the working population has entitled many European countries to adopt economic, social and political measures with the main purpose of broadening the concept of lifelong learning to integrate the needs for developing entrepreneurial competence and attitude. Many reports suggest a stereotype way of thinking when it comes to hiring people of age 50+. Out of necessity, entrepreneurship behaviour becomes a must. However, there is an increasing number of older people who undertake the opportunity of an entrepreneurial activity motivated mostly by a better understanding of the economic and social problems, while also rely on their experience, networks and relations and possibility to access financial resources (Kurek & Rachwal, 2011).

According to Singh and DeNoble (2003), "silver" entrepreneurs can be classified in constrained entrepreneurs, people who have been striving for starting-up a business for quite some time but were lacking in financial resources, rational entrepreneurs, people in the need of self-employment or personal wealth, and reluctant entrepreneurs, people pursuing the entrepreneurship path out of necessity. An exploratory study on "grey" entrepreneurs developed by Harms et al. (2014) divides the motivational drivers for pursuing self-employment in the push and pull factors. Push or negative drivers may refer to the level of income, age discrimination, long period of unemployment, discontinuity in professional development, and insufficient pension funds. On the other hand, pull or positive drivers may

relate to business opportunity, striving for leadership and autonomy, the desire to fulfil an idea, and to attain social recognition of personal abilities (Harms et al., 2014). It has been proved that silver entrepreneurs get easier access to information and financial support as they already benefit from informal and formal network connections (De Bruin & Firmin, 2001). Managing a new enterprise usually relates to the assumption of possessing managerial and decision skills deemed to be an important condition for being successful and usually expected to be found in silver generation. Access to financial capital is an important determinant when following an entrepreneurship path. Previous research demonstrated that risk-taking is not a dominant attribute of ageing people due to prior acquired financial capital (Ahmad et al., 2013).

In their study regarding the opportunity and necessity drivers for women entrepreneurship Holienka et al. (2016) found a positive influence of self-confidence, alertness to opportunities, attainment to a higher social status and education level on opportunity-driven women entrepreneurship. However, the opportunity factor is negatively affected by the age and fear of failure. The study also revealed similarities in the opportunity and necessity-driven factors as far as the important decision determinants concern, with less consideration of alertness to opportunity driver (Holienka et al., 2016). The inner personality traits of self-confidence are among the strongest factors that entitle women to start-up a new business (Suarez-Ortega & Galvez-Garcia, 2016). By becoming entrepreneurs, women are reconciling work and family life. A study on Indonesian women entrepreneurship factors has revealed numerous constraints, referring to "barriers" of running a business, which emphasizes the constant concern of obtaining the necessary funding or pressure regarding the taxation system. The geographic area, ideology, education and social status constitute strong elements that affect the entrepreneurship decision of women (Hani et al., 2012).

It appears that from the opportunity perspective, women and silver entrepreneurs are driven by self-confidence, experience, managerial skills, need for family and work equilibrium, social recognition, wealth and altruistic reasons such as environmental or social exclusion issues. In case of necessity factors, reluctant entrepreneurs have justified work pressure and family security as main drivers for entrepreneurship decision. However, the analysis of entrepreneurial drivers need to be extended to the specificity of each country, referring to economic and political context, cultural and behavioural patterns of certain population categories. The results of the study realized by Kurek & Rachwał (2011) have demonstrated a low interest for entrepreneurship in countries where the social security benefits are high or there is somehow a legal limitation for unemployment, whereas in others, with high level of uncertainty in view of employment, the willingness for shifting towards entrepreneurship is considerably higher.

A more recent stream of research identifies the key roles that small companies located in rural or peripheral regions can take in creating new tourist destinations, advancing local networks and reviving the local community (Mottiar et al., 2018). Rural entrepreneurship development is explained by three types of entrepreneurs, according to their roles assumed in community: the opportunist, the catalyst and the network architect (Mottiar et al., 2018). Many rural areas seem to be very unattractive for investors from the industry sector. Therefore, local policy makers were entitled to introduce strategies for encouraging entrepreneurs to grow the rural tourism. The catalyst role takes into consideration the importance of creating a collective vision in developing innovative strategies for rural business environment. The architect role of building social network in a specific area is mainly motivated by the willingness of acknowledging the community about a certain issue such as environmental problems, organic food, or social exclusion (Haven-Tang & Jones, 2012).

Methodology

The paper attempts to explore the key motivational drivers for self-employment among certain Romanian population categories perceived as being vulnerable, namely: ageing population, females, rural population and low income people. In the paper we investigate both trend lines in perception of motivations for self-employment as well as similarities or prevalent differences between our sample population groups and self-employed people. The following questions made the subject of our research: (1) What are the dominant reasons for starting a business among our sample populations?, (2) What significant changes stand out in the period of analysis regarding perception of motivating factors for entrepreneurship?, and (3) How do motivational forces for self-employment differ among vulnerable population groups in comparison with self-employed people?

The research uses the AGER (Amway Global Entrepreneurship Report) data for the period 2014-2016. The total number of valid questionnaires, filled in by Romanian respondents and analysed in the AGER reports, was 1,052 in 2014, 1,084 in 2015 and 1,023 questionnaires in 2016. For the purpose of this research the population sample included: seniors of 60+ years (2014: n=254, 2015: n=288 and 2016: n=271), females (2014: n=547, 2015: n=562 and 2016: n=531), low income population with a monthly household net income (MHNI) \leq 1000 RON (2014: n=181, 2015: n=192 and 2016: n=145) and rural population (2014: n=444, 2015: n=499 and 2016: n=471). To answer the research questions we analysed time series and average weights for each one of the key motivations measured in the analysis. For comparison purpose we use as baseline the motivational drivers for entrepreneurship among self-employed population in Romania (2014: n=41, 2015: n=52 and 2016: n=33).

To determine the most prevalent reasons for entrepreneurship among our sample population groups and identify significant changes and trend lines we separately analysed each one of the five key motivational drivers for self-employment (as they are measured by AGER), in 2014 and 2016, namely: better compatibility of family, leisure time and career, second income prospects, self-fulfilment and possibility to realize own ideas, independence from an employer and being own boss, and return to job market as alternative to unemployment. Then, we aggregated the results for all sample population groups using the arithmetic mean and the resultant weight was compared with its corresponding score for the self-employed group of population.

Results

Our research revealed that in 2014 the main motivation for starting a business among all sample population groups, including self-employed, was gaining second income prospects, with an approval rate of 66.1% for females, 59.0% for rural population, 54.5% for low income people and 52.4% for seniors, relative to 69.1% for self-employed persons (Table 1). Also, all studied vulnerable population groups named on the second place a same common reason for starting a career as self-employed, namely being independent from an employer and becoming their own boss, with larger values for females (44.7%) and rural population (42.8%) (an average weight of 38.9%), while self-employed population value more the possibility to realize their own ideas and self-fulfilment (61.4%). This latter reason ranks on the third place for our sample population categories with an average weight of 24.4% relative to 61.4% for self-employed.

Table no. 1. Reasons to start a business among sample population (2014)

Population group	Seniors 60+ years n1 (%)	Females n2 (%)	MHNI: ≤ 1000 RON n3 (%)	Rural population n4 (%)	Self- employed n5 (%)
Respondents base N (100%)	254	547	181	444	41
Better compatibility of family, leisure time and career	41 (16.2)	141 (25.8)	32 (17.7)	89 (20.0)	15 (36.2)
Second income prospects	133 (52.4)	361 (66.1)	99 (54.5)	262 (59.0)	28 (69.1)
Self-fulfilment, possibility to realize own ideas	54 (21.1)	170 (31.2)	40 (22.2)	103 (23.2)	25 (61.4)
Independence from an employer, being own boss	75 (29.6)	245 (44.7)	70 (38.8)	190 (42.8)	24 (59.0)
Return to job market, alternative to unemployment	29 (11.5)	63 (11.4)	23 (13.0)	43 (9.6)	3 (8.6)
Others	58 (23.0)	50 (9.1)	31 (17.3)	54 (12.3)	1 (2.0)
Total answers (multiple answers)	390	1029	297	741	96

Source: Processed by authors based on Self-Employment / AGER 2014 – Romania

The last ranked reason in importance for all population groups seems to be return to job market with an average weight of 11.3% for vulnerable population groups much higher than the corresponding value for self-employed persons (3.6%). It is worth to mention that it seems there are several other reasons which will motivate our sample population categories to start a business, particularly the seniors and low income people, these reasons requiring further attention in a future research.

In 2016 one can observe slight changes with regard to the priorities and weights of the driving factors which will motivate people from our sample population categories to start a business. Thus, gaining second income prospects remains the main reason to start a business for population from age group 60+ (33.4%) and low income population (43.2%), while females (41.8%) and rural population (42.7%) place slightly more value on gaining independence from an employer (Table 2). Gaining second income prospects seems to be the second significant reason for manifesting the entrepreneurship intention for these two last mentioned groups of population. Also, being their own boss looks to be the second ranked reason for self-employment among both seniors (26.8%) and low income people (31.6%). The third ranked reason in importance for our studied population, namely self-fulfilment and possibility to realize own ideas, is shared by all groups of population from our sample and remained the same as in 2014. One can also observe that there are many other reasons which motivate our studied population to start a business, particularly in case of seniors (41.4%) and low income people (39.6%), but also in case of females and rural population (average weight of 24.6%). This requires further attention in a subsequent research.

Table no. 2. Reasons to start a business among sample population (2016)

Population group	Seniors 60+ years n1 (%)	Females n2 (%)	MHNI: ≤ 1000 RON n3 (%)	Rural population n4 (%)	Self- employed n5 (%)
Respondents base N (100%)	271	531	145	471	33
Better compatibility of family, leisure time and career	19 (6.8)	110 (20.7)	20 (13.2)	72 (15.3)	8 (23.1)
Second income prospects	91 (33.4)	216 (40.6)	64 (43.2)	200 (42.5)	12 (35.9)
Self-fulfilment, possibility to realize own ideas	32 (11.9)	129 (24.3)	27 (18.3)	112 (23.8)	12 (34.7)
Independence from an employer, being my own boss	73 (26.8)	222 (41.8)	48 (31.6)	201 (42.7)	19 (56.3)
Return to job market, alternative to unemployment	26 (9.7)	68 (12.8)	18 (11.3)	52 (11.0)	3 (10.2)
Others	112 (41.4)	123 (23.2)	55 (39.6)	123 (26.1)	4 (11.2)
Total answers (multiple answers)	353	868	232	761	57

Source: Processed by authors based on Self-Employment / AGER 2016 – Romania

When looking at the entire period of analysis 2014-2016, it can be observed that the average weight for second income prospects, the most prevalent reason for self-employment among our sample population groups, decreased continuously from 2014 (58%) to 2016 (39.9%) (Table 3). The decrease was even higher for self-employed persons (2014: 69.1% to 2016: 35.9%). Also, the average weight of independence from an employer decreased in 2016 (35.7%) in comparison with 2014 (38.9%), while this motivational factor remained relatively high for self-employed persons (2016: 56.3% relative to 2017: 59%). On the other hand, there are noticeable changes with regard to motivational drivers for population from the self-employed group. They place first a great value on being their own boss (2016: 56.3% vs. average weight of 35.7% for vulnerable groups in comparison with 2014: 59% vs. average weight of 38.9% for vulnerable groups), followed by second income prospects (2016: 35.9% vs. average weight of 39.9% for vulnerable groups relative to 2014: 69.1% vs. average weight of 58% for vulnerable groups) and then self-fulfilment (2016: 34.7% vs. average weight of 19.5% in comparison with 2014: 61.4% vs. average weight of 24.4%) (Table 3).

Table no. 3. Average weights of reasons to start a business by population group: vulnerable population groups vs. self-employed

Average weights	2014		2015		2016	
	Sample pop. (%)	Self-empl. (%)	Sample pop. (%)	Self-empl. (%)	Sample pop. (%)	Self-empl. (%)
Better compatibility of family, leisure time and career	19.9	36.2	9.5	26.7	14.0	23.1
Second income prospects	58.0	69.1	42.4	44.6	39.9	35.9
Self-fulfilment, possibility to realize own ideas	24.4	61.4	17.5	34.2	19.5	34.7
Independence from an employer, being my own boss	38.9	59.0	33.0	49.7	35.7	56.3
Return to job market, alternative to unemployment	11.3	3.6	8.7	6.8	11.2	10.2
Others	15.4	2.0	34.0	9.8	32.5	11.2

Source: Processed by authors based on Self-Employment / AGER – Romania

Conclusions

This paper analysed the key motivating forces for starting a business among four population categories from Romania perceived as being vulnerable, namely: elders of 60+ years old, females, rural population and low income people (monthly household net income ≤ 1000 RON). The research findings indicate that second income prospects (39.9%) is the most prevalent reason for self-employment among the Romanian vulnerable population groups followed closely by independence from an employer and being own boss (35.7%) and self-fulfilment (19.5%). Cantú Cavada et al. (2017) found also that the lack of economic prospects and of employment opportunities pushed the women entrepreneurs from Mexico to start their business. Moreover, Akehurst et al. (2012) found that the financing opportunities and potential gains, age at which the new venture is undertaken, and family obligations are all instrumental factors in business creation by women in Spain and in determining the success of their business. The need for creation of new job opportunities in rural areas in developing countries like Indonesia that will contribute to community development and a better quality of life is also attributed to the lack of economic perspectives in those areas (Azzahra & Dhewanto, 2015). Nevertheless, there are other potential reasons (32.5%) not explored in the paper that require subsequent investigation.

The results of our research show also that there were no significant changes in the period analysed (2014÷2016) with regard to the perceived priorities when exercising the entrepreneurship intention, nevertheless the prevalence of all the researched reasons displays a decreasing trend line. On the other hand, self-employed people place first of all a great value when embracing an entrepreneurship career on being their own boss (56.3%), followed by second income prospects (35.9%) and then self-fulfilment (34.7%).

The main limitation of this research is given by restricted number and nature of variables taken into account to measure motivational forces for self-employment. Future research should further investigate other drivers of entrepreneurial proclivity among vulnerable population groups to support development of appropriate policy interventions.

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