Entrepreneurial Motives of Egyptian Entrepreneurs: Empirical Evidence From Egypt

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ABSTRACT

This article explores the growth of (SME) development in Egypt. It focuses on measuring the motives of Egyptian entrepreneurs. The research design of the article is based on a quantitative data collection method in which a questionnaire was administrated to 211 small and medium sized firm entrepreneurs in Alexandria, Egypt. The results of the article indicate that the financial motive has less impact than the need for recognition in the process of starting a business. However, the financial motive is greater than the need to preserve family businesses and traditions. The recognition motive is related to perceived favorable governmental policies designed to stimulate entrepreneurial development. The financial motives are not associated with perceived economic conditions or available marketing opportunities. The freedom motive is significantly related to economic conditions, governance, and marketing opportunities. The family tradition motive is significantly associated with economic conditions but only moderately related to marketing opportunity.

KEYWORDS

Business Development, Egypt, Entrepreneurial Motives, SMEs

1. INTRODUCTION

The concept of entrepreneurship continues to attract the attention of academics and policymakers worldwide (Alsaatat et al, 2014). Despite this development there is no consensus on the nature and character of this concept (Kobia & Sikalieh, 2010; Humbert and Drew, 2010. However, in this research the definition of Global Entrepreneur Monitor (GEM) project was used since it facilitates clear identification of entrepreneurs through their business activities. GEM defines the entrepreneur as a person who made any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business (Bosma & Harding, 2006).

There are several definitions of entrepreneurship. However, the baseline of entrepreneurship is that it derives from human ingenuity. (Kirzner & Sautet,2006), assert that entrepreneurship comprises human creativity and the ability to explore profitable ideas that enable market actors to take advantage of new and socially beneficial gains from trade.

In this paper, the entrepreneurship definition of Shane & Venkataraman's, (2000, p) is adopted. These authors posit that entrepreneurship is the process by which “opportunities to create future goods
and services are discovered, evaluated, and exploited.” In this light, the spectrum of entrepreneurship zooms from monetary profits, innovations to social benefits. That is from starting new business to social entrepreneurship. These both include the identifying and exploiting of opportunities to address economic and social problem.

Entrepreneurship is believed to be an important mechanism of economic growth and development (Schumpeter, 1934). However, contemporary discourses on entrepreneurship research have focused largely on the environmental characteristics influencing firms and the characteristics of entrepreneurial opportunities (Aldrich, 2000; Christiansen, 1997). Although this research has greatly enhanced our understanding of entrepreneurship, it largely ignores the role of human agency. Entrepreneurship depends on the decisions that people make about how to undertake that entrepreneurship process. The attributes of people making decisions about the entrepreneurship process influence the decision that they make. We believe that there is insufficient consideration of the role of the human motivation in the entrepreneurial process in recent entrepreneurship research. Consequently, we are left with theories of entrepreneurship that do not consider variations in the motivations of different people, and we believe that motivational differences influence the entrepreneurial process.

We also assume the entrepreneurship is not solely the result of human action; external factors also play a role. In particular, not much academic work has been undertaken on entrepreneurial motives (Carsrud & Brännback, 2011; Kaunanui et al., 2010). Therefore, this study aims to address this gap in the SME literature and help to better understand the entrepreneurial motives, by combining both human motivations and external factors and critically analysing the entrepreneurial motives and their effect on the entrepreneurial activities in Egyptian SMEs. We believe that this approach could overcome many of the criticism of prior research on person-centric explanations for entrepreneurship.

2. THEORETICAL BACKGROUND-LITERATURE REVIEW

Small and medium sized enterprises (SMEs) are acknowledged worldwide as the drivers of socio-economic development due to their important role in GDP growth, new job creation and entrepreneurship. The role of small and medium sized companies on the real gross domestic product (GDP) growth, new job creation and reduction of poverty is recognized at a worldwide level (Muller, et.al, 2014; OECD, 2014; Chowdhury, 2011). This role is particularly to curtail in developing economies, where there are comparatively less number of large corporations (Narteh, 2013; Floyd & McManus, 2005), which leads to a larger impact of these economic units on the socio-economic development through reduced poverty and balanced income distribution.

This paper draws on the model of entrepreneurial motivation introduced by Naffziger et al, 1994, in which they extended existing models to integrate the start-up decision with issues of strategy formulation and implementation and sustained entrepreneurial behaviour. They identified five major categories of variables that are believed to interactively influence an individual decision to behave entrepreneurially; (1) an entrepreneur’s personal characteristics, (2) the individual’s personal environment, (3) the relevant business environment, (4) the specific business idea, and (5) the goals of the entrepreneur.

In this paper, since we aim at combining some of human factors in addition to environmental factors in SMEs in Egypt, we propose to include some of the components of the model mentioned above to test empirically in Egyptian SMEs context.

We propose to include (1) two personal goals variables; earning money and need for recognition, (2) one personal environment variable; family tradition, and (3) three business environment variables; economic conditions; marketing opportunities; and government policies.
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