7 Entrepreneurial Motivations: Purpose, Tradition, Wealth and Necessity

Chapter – 7

Entrepreneurial Motivations: Purpose, Tradition, Wealth and Necessity

7.1 Driving Forces of Entrepreneurship

The 2024/25 GEM data highlight the crucial role of entrepreneurial motivation in driving business activity across different economies worldwide.

As shown in Figures 7.1 and 7.2 below, most entrepreneurs in countries such as India, Guatemala, and Brazil are found to be purposefully motivated, with an approach to make a difference in the world, at figures of 77.6%, 83.7%, and 74.6%, respectively. Such a kind of motivation reflects a purpose-driven approach aimed at making societal contributions and having a wide-scale impact on their economies. Similarly, these countries also report high motivation towards building great wealth or very high income with figures of 88.1% for India, 83.9% for Guatemala and 79.8% for Thailand, indicating a hybrid entrepreneurial mindset. Regarding the motivation to continue a family tradition and earn a living due to scarce job opportunities, India scores high with figures of 70.3% and 90.0% respectively which indicate the current economic constraints in India and the intergenerational expectations in areas with limited job opportunities.

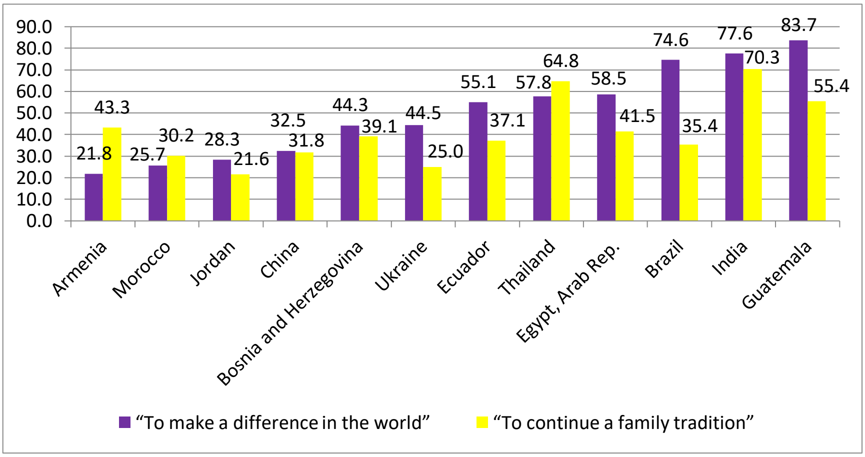

Figure 7.1 Percentage of entrepreneurs with motivations "to make a difference in the world" and "to continue a family tradition"

Source: *GEM India Survey 2024–25*

In countries like Guatemala, Jordon, Ecuador and Thailand, entrepreneurs focus more on a necessity-driven approach to motivation highlighting job scarcity as the major driving factor for starting a business. The figures are 91.5% for Guatemala and Jordon, 90.6% for Ecuador and 90.3% for Thailand.

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Interestingly, China reports nearly equal scores regarding motivation for making a difference in the world and continuing a family tradition, with figures of 32.5% and 31.8%, respectively. In Bosnia and Herzegovina and Ukraine, entrepreneurs are more inclined towards a purpose-driven approach to starting their business ventures rather than their traditional counterparts with figures of 44.3% and 44.5% in the category of making a difference in the world.

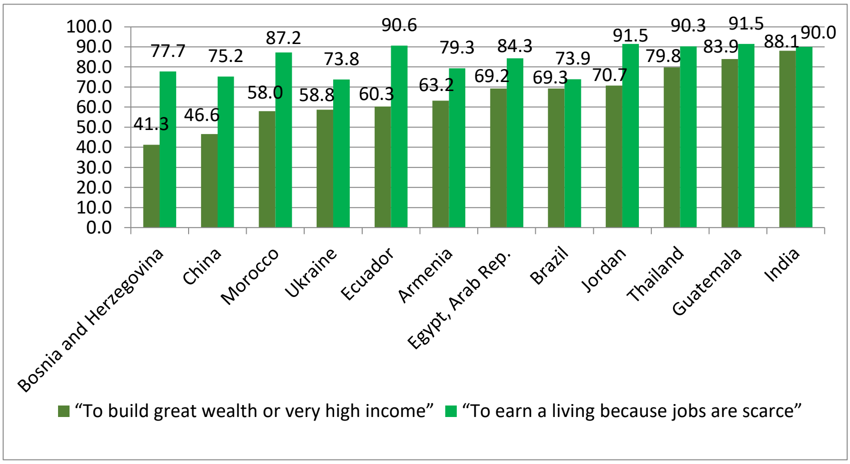

Figure 7.2 Percentage of entrepreneurs with motivations "to build great wealth or very high income" and "to earn a living because jobs are scarce"

Source: *GEM India Survey 2024–25*

7.2 Business Exit Dynamics and Continuity Across Economies

Figure 7.3 provides comparative findings on business exits distinguishing between businesses that persisted after the entrepreneur left and those that ceased functioning in the system across the twelve low-income level economies. As evident in the graph below, in India, around 0.9% of businesses continued after the entrepreneur exited, while 2.0% of businesses discontinued after the entrepreneur's exit cumulating in a total business exit rate of 2.9%. This process suggests high emotional resilience and continuity supported by various informal succession practices in India. In countries like China, Bosnia and Herzegovina and Morocco moderate business exit rates have been observed at 2.7%, 5.2% and 5.2% respectively characterized by a mix of active and terminated businesses. Whereas, Brazil, Jordan and Ecuador report the highest business exit rates at 11.0%, 11.4% and 13.5% respectively due to the termination of the business after the entrepreneur's exit with the majority of these ventures not continuing after the founder's departure. Thailand reports having a 6.4% of business continuation rate after the entrepreneur exits, while a 4.6% business discontinuation rate, offering insights into its strong entrepreneurial infrastructure system.

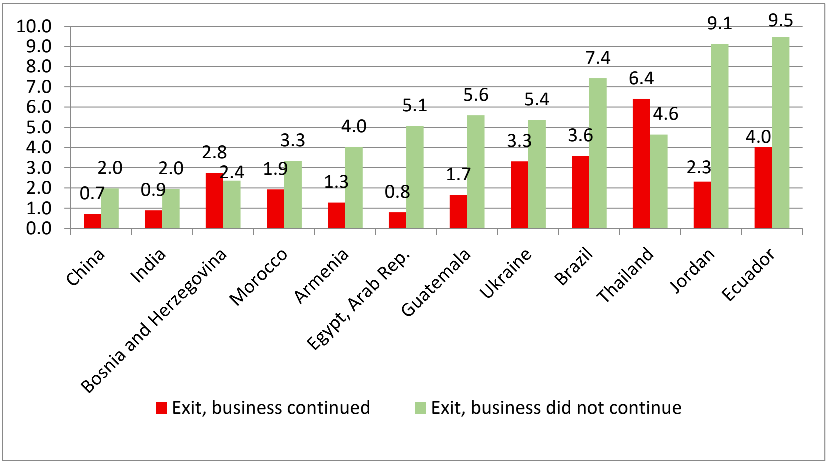

Figure 7.3 Business Exit Dynamics and Continuity across low-income level economies: Percentage of early-stage entrepreneurs

Source: *GEM India Survey 2024–25*

7.3 Business Exit Motivations: Balancing Challenges and Optimism

In Figure 7.4 above, a comparative view is provided regarding the motivations for exiting the business among the twelve low-income economies in terms of both positive and negative reasons. As evident in the data above, it has been found that India and China have the lowest percentage of business exits due to negative reasons at 2.0% respectively. This indicates the high level of optimism and confidence among entrepreneurs in India. Countries like Jordon, Brazil and Ecuador are found to have the highest percentage of negative exit reasons at 9.1%, 8.6% and 8.3% respectively. While, Countries such as Thailand and Ecuador are found to have the highest percentages of entrepreneurs exiting for positive reasons at 4.2% and 3.3% respectively indicating a strategic transition process.

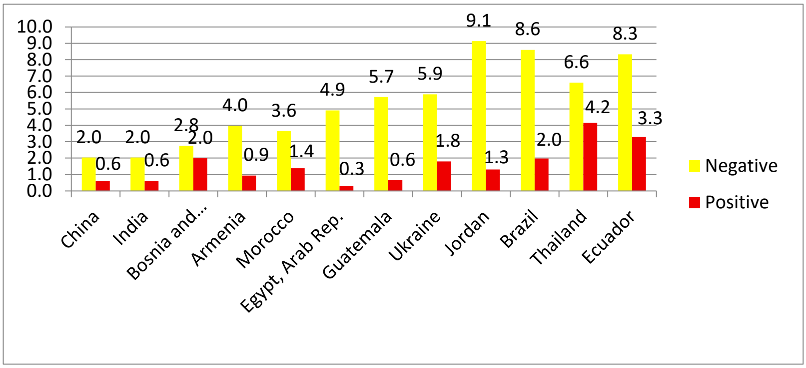

Figure 7.4 Business exit motivations (Positive and negative): Percentage of early-stage entrepreneurs

Source: *GEM India Survey 2024–25*

7.4 Entrepreneurial Resilience: Intentions to Re-enter After Business Exit

Figure 7.5 presents the percentage of entrepreneurs who exited their businesses in the last 12 months compared to those who persisted in the business and had a motivation to start a new business within the next three years. This data highlighted their entrepreneurial resilience in the system. In India, 64.4% of entrepreneurs who exited their businesses are motivated to start another business in the next three years. This figure is different from proportion of entrepreneurs who did not exit their business which is 28.4%. This substantial gap depicts the emotional resilience and willingness of Indian entrepreneurs to start a venture encouraging a more dynamic entrepreneurial culture.

Similar observations have been found among the entrepreneurs in Thailand, Jordon, Egypt, Bosnia and Herzegovina showcasing high business re-entry rates at 82.5%, 74.4%, 71.8% and 69.7% compared to 30.7%, 54.5%, 39.5% and 37.3% respectively. These findings highlight the role of previous experiences in shaping resilience of the individuals in these countries in the face of risks and uncertainties. Interestingly in China, the resilience of re-entering the business rates at 53.6% compared to 6.6% of business non-exiters highlights the strong ability to bounce back towards entrepreneurial engagement.

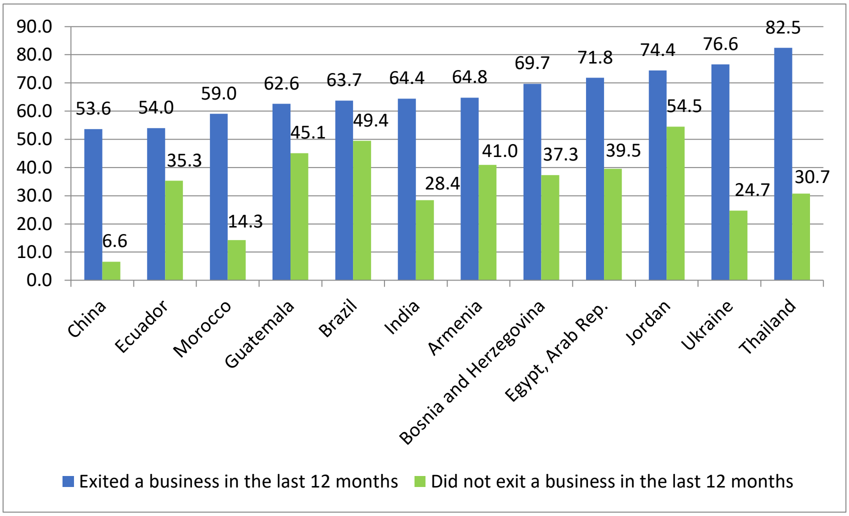

Figure 7.5 Intentions to re-enter after business exit: A comparison across low-income level economies

Source: *GEM India Survey 2024–25*

Policy Focus

To enhance entrepreneurial motivation among early-stage adults in India, factors such as mentoring, financial support mechanisms, encouraging second-chance entrepreneurship and the eradication of stigma linked with failure should be focused on to augment the spirit and resilience of entrepreneurs in India.

References:

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