Consequences of reward-oriented motivation and security-oriented motivation for business growth motivation among small business owners

Prasastyoga, B.

Chapter 3

Tomorrow is Another Day: How Motives of Entrepreneurship Relate to the Pursuit of Business Growth

Prasastyoga, B., Van Leeuwen, E., & Harinck, F. (2020). Tomorrow is another day: How motives of entrepreneurship relate to the pursuit of business growth. *Applied Psychology: An International Review, 0*(0), 1-25.

Abstract

Past research has suggested that small business growth plays an important role in economic growth. This paper presents three studies that examined the psychological process underlying the relationship between motives of entrepreneurship and business growth pursuit by focusing on the role of time perspective. The results from three studies (Study 3.1, N = 142, and Study 3.2, N = 181, mostly Western small-business owners; Study 3.3, N = 254, Indonesian small-business owners) demonstrated that opportunity-based entrepreneurship was positively associated with business growth pursuit through by increasing future time perspective (Studies 3.1 to 3.3), whereas necessity-based entrepreneurship was negatively associated with business growth pursuit by increasing present time perspective and decreasing future time perspective (Study 3.3). These findings help explain why some business owners avoid business growth by highlighting the vital role of time perspective in explaining *why* and *how* motives of entrepreneurship relate to the pursuit of business growth across social and cultural contexts.

Introduction

The growth of small businesses provides considerable contributions to the economy (e.g., Obi et al., 2018). Growing enterprises play an important role in boosting innovation and economic growth (OECD, 2000). The expansion of small businesses also produces important economic output in developing countries, such as employment (Nichter & Goldmark, 2009; Scott & Bruce, 1987; Wiklund, Davidsson, & Delmar, 2003). Surprisingly, despite the considerable benefits of business growth, many small-business owners are not actively involved in the pursuit of growth (e.g., Gundry & Welsch, 2001). This renders the investigation of factors that support or hinder the pursuit of business growth crucial, particularly since our knowledge of these factors is limited (Wiklund et al., 2003).

Previous research has shown that small-business owners possess different motives of entrepreneurship (e.g., Reynold, Bygrave, Autio, Cox, & Hay, 2002). Some small-business owners engage in entrepreneurship because they would like to exploit and pursue entrepreneurial opportunities voluntarily (opportunity-based small-business owners), whereas others engage in entrepreneurship because they have no other viable options for work (necessity-based small - business owners). Past studies suggest that opportunity-based small-business owners are more likely to be growth-oriented than necessity-based small-business owners (Berner, Gómez, & Knorringa, 2012; Verheul & van Mil, 2011). This indicates that the extent to which small-business owners are motivated to pursue business growth can be rooted in their motives of entrepreneurship. However, to the best of our knowledge, the mechanisms that can explain *why* and *how* opportunity-based small-business owners tend to be more motivated to pursue business growth than necessity-based small-business owners do remain unclear. The aim of the present research was thus to examine the psychological mechanisms underlying the relationship between motives of entrepreneurship and the pursuit of business growth by focusing on the role of time perspective. The present research may provide new insights into factors accounting for variation in levels of business growth motivation, as well as novel information that can be useful for policy makers and practitioners when designing programs and policies aimed at assisting small businesses to grow.

Motives of entrepreneurship

In the Global Entrepreneurship Monitor (GEM), Reynolds, Camp, Bygrave, Autio, and Hay (2001) introduced two categories of motives of entrepreneurship, namely opportunity-based entrepreneurship and necessity-based entrepreneurship. Opportunity-based entrepreneurship is

driven by the motivation to pursue and exploit business opportunities. Small-business owners who are opportunity-based engage in entrepreneurial activity due to their own choice to take advantage of business opportunities, which they believe may lead to certain desired rewards (Sahasranamam & Sud, 2016). Indeed, opportunity-based entrepreneurship is often associated with a concept called 'pull' entrepreneurship in which the business venturing is mostly voluntary (Gilad & Levine, 1986; Amit & Muller, 1995).

Necessity-based entrepreneurship, on the other hand, refers to the motive to engage in entrepreneurial activity due to a lack of viable options for work. Block and Wagner (2010) found that necessity-based entrepreneurs in Germany tended to be unemployed for a long time before they decided to start their businesses. Van der Zwan, Thurik, Verheul, and Hessels (2016) demonstrated that compared to opportunity-driven entrepreneurs, necessity-driven entrepreneurs actually prefer being wage-employed to being self-employed. This supports the notion that necessity-driven entrepreneurs' engagement in entrepreneurship is primarily due to the absence of viable employment options. This is why necessity-based entrepreneurship is often associated with 'push' entrepreneurship in which the business venturing is mostly involuntary (Gilad & Levine, 1986; Amit & Muller, 1995).

Time perspective

Time perspective is a cognitive process that compartmentalizes human experience into time frames and plays a big role in our decision-making processes (e.g., Laureiro-Martinez, Trujillo, & Unda, 2017; Zimbardo & Boyd, 1999). Prior research differentiated time perspective into present time perspective (i.e., an orientation towards the present), future time perspective (i.e., an orientation towards the future), and past time perspective (i.e., an orientation towards the past; Webster, 2011; Adams & White, 2009; Simons, Vanstreenkiste, Lens, & Lacante, 2004; Zimbardo, Keough & Boyd, 1997).

On a daily basis, individuals may put an overemphasis on one of the orientations, which results into temporal bias (e.g., Keough, Zimbardo, & Boyd, 1999; Mooney, Earl, Mooney, & Bateman, 2017; Rönnlund & Carelli, 2018). However, it is important to note that time perspective is conceptualized as a malleable cognitive structure (Zimbardo & Boyd, 2008; Kooij, Kanfer, Betts, & Rudolph, 2018). This implies that one's inclination to overemphasize a certain time frame is flexible, and can be influenced by various external factors.

Time perspective is a vital element in entrepreneurial behavior and business growth. For example, Gielnik, Zacher, and Frese (2012) revealed that business owners who were inclined to focus on opportunities and possibilities in the future were more likely to achieve venture growth. Similarly, a study by Przepiorka (2015) showed that entrepreneurs who were future-oriented were more likely to achieve entrepreneurial success. These studies support the notion that time perspective is an important variable determining business owners' business growth intentions and growth-related activities. Since this paper focuses on business growth, which will happen in the future but needs to be prepared today, this paper focuses on future time perspective and present time perspective in an entrepreneurial context.

Motives of entrepreneurship, time perspective, and business growth intentions

In the current research, we propose that the two motives of entrepreneurship would relate to variation in levels of business growth pursuit (i.e., business growth intentions and growth-pursuit behaviors) among small-business owners due to time perspective in the context of entrepreneurship. Many opportunities and rewards in the realm of business (e.g., a new niche in the market, higher profits) can only be exploited in the future, but in order to do so, one should prepare for them in the present. For example, Berry (1998) suggested that small firms need to put a long-term strategic planning in place in order to achieve long-term benefits, such as turnover growth. Given that many opportunities and rewards can only be seized in the future, small-business owners who are primarily driven by the pursuit of opportunities may be more motivated to be future-oriented in running their businesses.

Furthermore, opportunity-based small-business owners engage in entrepreneurship due to their own choice. In other words, being a business owner is an identity that they have deliberately chosen. This suggests that they have a favorable regard for their identity as a business owner. In other words, they may see that they can gain positive feelings and meanings from being a business owner. Given that individuals are motivated to preserve an identity that they perceive positively (e.g., Dutton, Roberts & Bednar, 2010; Tajfel & Turner, 2004), opportunity-based small-business owners may be motivated to maintain and protect their entrepreneurial identity and the business from which it is derived.

As a result, they will be motivated to focus on the long-term existence and sustainability of their businesses, rendering them strongly future-oriented in running their businesses. Due to their future time perspective, they will be more likely to understand why the pursuit of business

growth matters, and hence more inclined to pursue business growth. Indeed, the benefits of business growth (e.g., long-term survival of the business [Rauch & Rijsdijk, 2013]) are rarely immediate. It is thus possible that the benefits of business growth can only be foreseen by those who are strongly future-oriented. We therefore hypothesized that:

> *Hypothesis 1a:* Opportunity-based entrepreneurship would have a positive indirect association with business growth intentions via future time perspective

Given the absence of other viable options for work, necessity-based small-business owners may be more inclined to focus on present-oriented tasks aimed at ensuring that their businesses can function and generate a sufficient income each day. This task is vital for them due to the fact that they have no other ways of earning a daily income should their businesses fail. In other words, the idea of losing their businesses in the present, which are their only means of generating income now, is a direct threat to the well-being of necessity-based small-business owners. Because individuals give more attentional priority to potential threatening information and situations than neutral information and situations (Notebaert, Crombez, van Damme, Durnez, & Theeuwes, 2013; Koster, Crombez, van Damme, Verschuere, & De Houwer, 2004), necessity-based small-business owners are likely to focus their attention more on ensuring that their businesses can function properly in the present, rather than on its long-term viability.

Necessity-based small-business owners are also generally less satisfied with their entrepreneurship, and more willing to end their businesses when there are better alternatives for work available (Kautonen & Palmross, 2010). This suggests that they do not place much value on their role as a business owner. After all, they are 'pushed' into being a business owner involuntarily. This may prompt them to be less interested in focusing on the long-term viability of their businesses. We therefore hypothesized that:

> *Hypothesis 1b and 1c*: Necessity-based entrepreneurship would have a negative indirect association with business growth intentions via future time perspective *(1b)* and present time perspective *(1c)*

Motives of entrepreneurship, time perspective, and growth-pursuit behaviors

We argue that the two motives of entrepreneurship also relate to growth-pursuit behaviors via time perspective. The pursuit of business growth involves a long-term process that requires small-business owners to take concrete actions. For example, Robson and Bennett (2000) found

that seeking external advice on business strategy and staff recruitment was positively correlated with the subsequent growth of a firm. Moreover, writing formal business plans and communicating these plans with the employees are important for subsequent business growth among family firms (Upton, Teal, & Felan, 2001). Based on these studies, it makes sense to expect that opportunity-based small-business owners engage in concrete growth-pursuit activities in the present because they are more able to foresee the importance and the benefits of future business growth. Necessity-based small-business owners, on the other hand, are less able to foresee the benefits and importance of future business growth because they are mostly present-oriented, and less future-oriented in running their businesses. As a consequence, they are less inclined to engage in growth-pursuit activities in the present. Therefore, we hypothesized that:

> *Hypothesis 2a*: Opportunity-based entrepreneurship would have a positive indirect association with current engagement in growth-pursuit behaviors via future time perspective
>
> *Hypothesis 2b and 2c*: Necessity-based entrepreneurship would have a negative indirect association with current engagement in growth-pursuit behaviors via future time perspective (*2b*) and present time perspective (*2c*)

Overview of the studies

In three studies, we investigated the notion that time perspective in the context of entrepreneurship plays an important role in the process through which motives of entrepreneurship relate to the pursuit of business growth. Studies 3.1 and 3.2 were conducted among a sample of mostly Western small-business owners. Study 3.3 was conducted among a sample of Indonesian small-business owners who were recruited in Indonesia. Employing a sample of Indonesian small-business owners whose characteristics and backgrounds were distinct from those of Western small-business owners allowed us to examine the generalizability of our results to a different cultural and economic context. The full model is depicted in *Figure 3.1*.

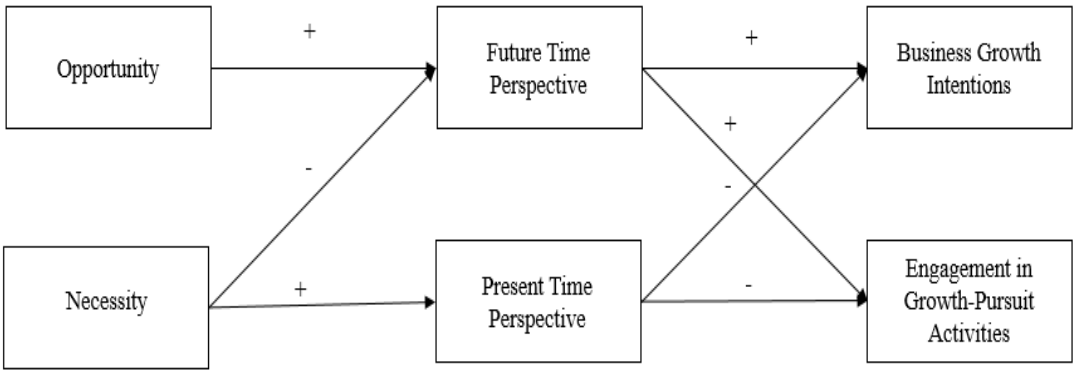

Figure 3.1. Full hypothesized model

Studies 3.1 and 3.2

Study 3.1 and Study 3.2 were conducted to test Hypotheses 1a and 1b. Both studies were very similar, with only some minor differences (e.g., sample size, different wording in items). Due to their similar nature, the two studies are reported in a single section.

Method

Participants and design

One hundred and forty two small-business owners (Study 3.1; 82 female and 60 male, M_{age} = 37.37, SD_{age} = 11.08) and one hundred and eighty one small-business owners (Study 3.2; 118 female and 63 male, M_{age} = 39.22, SD_{age} = 11.59)[1] recruited from an online crowdsourcing platform (Prolific Academic) participated in return for a small monetary fee. On average, participants in Study 3.1 had been a business owner for 4.79 years (*SD* = 5.13, one participant did not clearly report their period of entrepreneurship), and those in Study 3.2 had been a business owner for 6.01 years (*SD* = 5.75). In Study 3.1, about 70.4 % of all participants reported that they had ≤ 1 employee in their firms (*M* = 1.97, *SD* = 3.78) with a range from 0 to 28 employees, while in Study 3.2 about 63.6% of all participants had ≤ 1 employee (*M* = 3.87, *SD* = 8.46) with a range from 0 to 48 employees. Ninety-nine participants (69.7%) in Study 3.1 and one hundred twenty-nine participants (71.30%) in Study 3.2 had a college degree. In terms of

country of origin, we recruited small-business owners from the United Kingdom (64% in Study 3.1 and 57% in Study 3.2) and from other countries, mostly from the United States of America and Europe (see Appendix A).

Procedure and measures

In both studies, participants were asked to complete an online questionnaire. All participants were welcomed and presented with an informed consent. After indicating that they agreed to participate in this research, they proceeded to complete several scales (i.e., motives of entrepreneurship scale, future time perspective scale, business growth intentions scale), which are described below.

Motives of entrepreneurship. To measure motives of entrepreneurship, participants were asked to complete a scale consisting of opportunity-motives items (e.g., "I become a business owner because I would like to pursue opportunities that entrepreneurship offers"; $\alpha = .86$ [Study 3.1]; "I am a business owner because I would like opportunities that entrepreneurship offers"; $\alpha = .84$ [Study 3.2]) and three necessity-motives items (e.g., "I become a business owner since I have no other means of generating income"; $\alpha = .74$ [Study 3.1]; "The only reason why I am a business owner is because this is the only way of fulfilling my basic necessities now"; $\alpha = .87$ [Study 3.2]). Participants were asked to indicate how true each item was for them on a 7-point scale (*1 = definitely not true, 7 = definitely true*). This scale was developed by the authors.

Future time perspective. To measure future time perspective in the context of entrepreneurship, participants were subsequently presented with a fourteen-item future time perspective subscale taken from the Balanced Time Perspective Scale by Webster (2011). The items in the subscale were modified to fit the context of entrepreneurship (e.g., "I look forward to the future of my business", "I have many future aspirations with respect to my business). In Study 3.1, participants were instructed to rate the extent to which each statement was true for them (*1 = very untrue of me, 7 =very true of me*; $\alpha = .97$). In Study 3.2, participants were instructed to indicate their level of agreement with each item (*1 = strongly disagree, 7 = strongly agree*; $\alpha = .98$).[2]

Business growth intentions. A single item in a format by Davis and Warshaw (1992) and suggested by Ajzen and Fishbein (1980) was presented to participants for the assessment of their growth intentions. They were asked to rate how likely it was that a statement (i.e., "I intend to grow my business") applied to them on a 7-point scale, which ranged from *1 = extremely unlikely*

to *7 = extremely likely*. Participants were also presented with a business growth intentions scale adopted from Zampetakis, Bakatsaki, Kafestios, and Moustakis (2016), in which they were asked to rate the extent of their agreement with two items (i.e., "I want my business to be as large as possible", "I want a size I can manage myself or with a few key employees" [reverse coded]) on a 7-point scale, ranging from *1 = strongly disagree* to *7 = strongly agree*. Due to a non-significant relationship between the two items in Study 3.1 (r = .14), a low relationship between them in Study 3.2 (r = .16), and a non-significant relationship between the reverse-scored item and the single item mentioned earlier (r = -.12 [Study 1]; r = -.14 [Study 2]), we decided to drop the reverse-scored item ("I want a size I can manage myself or with a few key employees"), leaving one item ("I want my business to be as large as possible") only in this scale. Since the correlation between this item and the single item mentioned earlier ("I intend to grow my business) was modest and significant (r = .47, p < .01 [Study 3.1]; r = .51, p < .01 [Study 3.2]), we decided to combine them together into a single scale. Moreover, we conducted reliability analyses showing that the internal consistency was low when the reverse-scored item was also included in the scale (α = .40 [Study 3.1]; α = .44 [Study 3.2]). When this item was excluded, the internal consistency of the scale significantly improved (α = .64 [Study 3.1]; α = .67 [Study 3.2]).

Lastly, participants were requested to answer several questions about their firms (i.e., the number of employees and history of entrepreneurship) and demographic questions such as gender, age, country of origin, and education. Participants were subsequently debriefed, thanked, and paid for their participation.[2]

Results

Preliminary analyses

Structural equation modeling (SEM) using Mplus 7.4 (Muthén & Muthén, 1998-2015) was employed to analyze the data. For the examination of the structural model, MLM estimator was chosen for its robustness to non-normality in data that contain no missing values (Muthén & Muthén, 1998-2015). Given our main focus on examining the relationships among constructs instead of the relationships among items within the constructs, item parceling was conducted. For unidimensional variables, item parceling was conducted by means of an item-to-construct balance method. For multidimensional variables, item parceling was conducted by means of domain-representative technique (Kishton & Widaman, 1994; Little et al., 2002; Mashuri & van Leeuwen, 2017).[3]

The criterion of goodness of fit by Hu and Bentler (1999) was used to assess the goodness of fit of the hypothesized model. The criterion suggests that RMSEA values lower than .08 and CFI and TLI values above .90 are indicators of good fits to the data. The results of the assessment of the goodness of fit revealed that the hypothesized model fitted to the data well, both in Study 3.1 (RMSEA = .051, 90% CI = [0.000, 0.097], CFI = .990, TLI =.984) and Study 3.2 (RMSEA = .040, 90% CI = [0.000, 0.083], CFI = .995, TLI =.992).

Hypothesis testing

In line with Hypothesis 1a, opportunity-based entrepreneurship was positively associated with business growth intentions via future time perspective (Study 3.1 β = .53, *SE* =.07, $p < .01$, 95% CI [0.392, 0.668]; Study 3.2 β = .53, *SE* =.06, $p < .01$, 95% CI [0.408, 0.647]). However, contrary to Hypothesis 1b, future time perspective was not a significant mediator in the relationship between necessity-based entrepreneurship and business growth intentions (Study 3.1 β = .02, *SE* =.07, $p = .84$, 95% CI [-0.129, 0.159]; Study 3.2 β = -.01, *SE* =.05, $p = .78$, 95% CI [-0.106, 0.080]).

We also examined the total effects of motives of entrepreneurship on business growth intentions, the total effects of motives of entrepreneurship on future time perspective, and the total effect of future time perspective on business growth intentions for exploratory reasons (see Appendix B). The comparison between the model tested in Studies 3.1 and 3.2 and an alternative model can be found in Appendix C, and the comparison between the model tested in Study 3.3 and an alternative model can be found in Appendix D. The correlations among our variables of interest in Studies 3.1 and 3.2 are presented in Tables 3.1 and 3.2 on the next page.

Table 3.1

Means, standard deviations, and correlations (composite scores) among variables in Study 3.1

Variables	Mean (SD)	1	2	3	4
1. Opportunity	4.76(1.38)		-.18*	.53**	.46**
2. Necessity	4.00(1.57)			-.09	-.05
3. Future time perspective	5.02(1.33)				.71**
4. Growth intentions	4.53(1.40)				

Table 3.2

Means, standard deviations, and correlations (composite scores) among variables in Study 3.2

Variables	Mean (SD)	1	2	3	4
1. Opportunity	5.08(1.37)		-.30*	.67**	.53**
2. Necessity	3.20(1.73)			-.26**	-.04
3. Future time perspective	5.21(1.40)				.63**
4. Growth intentions	4.28(1.56)				

Discussion

The current findings are in line with the notion that opportunity-based entrepreneurship is positively associated with business growth intentions via future time perspective. However, necessity-based entrepreneurship was not found to be negatively associated with business growth intentions via future time perspective. Therefore, Hypothesis 1a, but not Hypothesis 1b, was supported by the data.

It is also worth noting that the comparison between the hypothesized model and an alternative model in Study 3.1 yielded a different outcome than that in Study 3.2. That is, a fit improvement could be gained by adding direct paths from opportunity and necessity motives to business growth intentions in Study 3.2, but not in Study 3.1. We addressed this inconsistency in Study 3.3.

Study 3.3

Study 3.3 was conducted among a sample of small-business owners in the Republic of Indonesia. In contrast to most of Western nations in Studies 3.1 and 3.2, the Republic of Indonesia is categorized as a developing country. The context of entrepreneurship and the characteristics of small-business owners here may be different from those in developed countries. For instance, small-business owners in developing countries have a more limited access to finance for business growth, their businesses are usually informal (i.e., not registered in the government), and the business environment tends to constrain business growth (Nichter & Goldmark, 2009). Reynolds et al. (2001) suggested that many small-business owners in developing countries start their businesses out of the need to escape unemployment. This may be related to the fact that the social security system for unemployed citizens in developing countries is not as secure and extensive as in developed countries. Given these differences, conducting Study 3.3 in a sample of Indonesian small-business owners would allow us to test the generalizability of the results obtained in Studies 3.1 and 3.2 to different social, cultural, and economic contexts. Moreover, Study 3.3 included the examination of Hypotheses 1c to 2c. Thus, the full hypothesized model that included present time perspective and growth-pursuit behaviors was examined in this study.

Method

Participants, firm characteristics, and design

The study was a cross-sectional study conducted in the greater Jakarta metropolitan area, which consists of Jakarta and its surrounding cities (i.e., Bogor, Depok, Tangerang, and Bekasi). This area is known as the melting pot of Indonesian cultures as well as an important economic center of Indonesia (Susilo, Joewono, Santosa, & Parikesit, 2007). Two hundred and fifty four Indonesian small-business owners residing in the area (105 female and 149 male, M_{age} = 34.71, SD_{age} = 7.52) participated in structured interviews for a monetary compensation.[4] On average, participants had been a business owner for 5.01 years (SD = 3.40), and their current firms had been

operating for 4.43 years (*SD* = 3.01). Two hundred thirty-one participants (90.90%) reported that they had ≤ 5 employees in their firms (*M* = 2.51, *SD* = 2.02), range 0 - 15. One hundred and ninety-two participants (75.60 %) reported that they had either a bachelor degree or only a senior high school degree. Information concerning firm characteristics is presented in Appendix E.

Procedures and measures

Research assistants who had received instructions in how to conduct a structured interview conducted the interviews in Indonesian. Each interview lasted approximately 25 minutes. Research assistants recruited participants in one of two ways. Ninety-five participants were contacted and approached through personal contacts. Those interested in participation were subsequently scheduled for an interview. In addition, one hundred fifty-nine participants were randomly approached in their business establishments (e.g., shops, restaurants, offices). Research assistants visited various areas in the Greater Jakarta Area where small businesses were commonly found, such as markets or small shopping centers. In both recruitment procedures, research assistants were instructed to approach and recruit small-business owners specializing in diverse types of industry, ranging from service industry to raw materials industry. There was a minimum of three buildings in between two participants' business establishments to ensure that participants' responses to the interview questions were independent of neighboring participants' responses. The interviews included a scale used in the previous studies (i.e., motives of entrepreneurship [$\alpha_{opportunity}$ = .93; $\alpha_{necessity}$ = .91]) and a number of new scales that are described below. A table containing an overview of the measures used in Studies 3.1, 3.2, and 3.3 can be found in Appendix F.

Future time perspective. Future time perspective in the context of entrepreneurship scale consisted of five items (e.g., "I like to plan far ahead in running my business", "In running my business, I care about how my business will fare in the future", α = .97), to which participants were asked to respond on a 7-point scale (*1 = completely disagree, 7 = completely agree*).

Present time perspective. The present time perspective in the context of entrepreneurship scale consisted of three items (e.g., "In running my business, I mostly focus on how my business operates day by day", "In running my business, the current condition of my business is the thing that I mainly focus on", α = .91).[5] Participants were asked to respond to each item on a 7-point scale (*1 = completely disagree, 7 = completely agree*).

Business growth intentions. The business growth intentions scale consisted of two items from a business growth intentions scale (Zampetakis et al., 2016), one item from the business

growth intentions scale (i.e., " I intend to grow my business") used in Studies 3.1 and 3.2, and five items that were developed by the authors (e.g., "Making my business grow is something that I would very much like to do", "I plan to perform strategies to grow my business", α = .96). Participants were asked to respond to each item on a 7-point scale, ranging from *1 = extremely unlikely* to *7 = extremely likely*.

Growth-pursuit behaviors index. The growth-pursuit behaviors index consisted of four dimensions related to areas crucial for business growth, namely marketing, network, skills, and finance. These dimensions were chosen based on past research on factors affecting business growth. A study by Brush, Ceru, and Blackburn (2009) demonstrated that marketing strategies and financial ability play a crucial role in determining whether or not a company can grow fast. Without focusing on finance and marketing, a company will have a hard time increasing their sales and revenues. The study also demonstrated that having good quality of human resources in the company, consciously managing the rate of growth, and carefully managing customer relationships are important contributing factors to the realization of company growth, which we believe require owner's entrepreneurial skills. Indeed, Sambasivan, Abdul, and Yusop (2009) found that entrepreneurs' qualities and management skills positively contribute to the venture growth performance. Lee & Tsang (2002) revealed that networking has a positive effect on venture growth. The underlying explanation for the positive effect is that connections and other resources through business partners may help business owners generate new ideas and solve problems, which will eventually facilitate their business growth.

In this index, each dimension was assessed with a list of three different growth-pursuit behaviors. Participants were asked to indicate whether or not they had engaged in specific growth pursuit behaviors in the past twelve months (e.g., Marketing: "Have you been marketing your products digitally, such as via social media or internet?" [α = .47]; Network: "Have you been a member of a small business community where you can build network with other small-business owners?" [α = .81]; Personal skills: "Have you attended seminars/trainings/courses, or following education for your business growth?" [α = .57]; Finance: "Have you sought assistance or loans from banks/NGOs/government, or other institutions, for your business growth?" [α = .38]). Participants were asked to respond to each item in the list in a yes/no format. Although the internal consistency of most of the subscales was low, index construction was still justified because it was formed based on aggregates of causal indicators forming a latent behavioral variable that can be

valid despite low internal consistency (Bollen & Lenox, 1991). In addition, behaviors listed in a measure assessing a latent behavioral variable do not always need to co-occur (e.g., Gabriel, Banse, & Hug, 2007), and thus a low internal consistency is often inevitable.

Several questions concerning their firm characteristics and demographic questions were also presented to participants. Upon completion, participants were thanked, debriefed, and given their compensations.[6]

Results

Preliminary analyses

Structural equation modelling (SEM) using Mplus 7.4 (Muthén & Muthén, 1998-2015) was employed to analyze the data, using the same approach as in Studies 1 and 2. The analysis of goodness of fit revealed that the hypothesized model did not fit the data well (RMSEA = .083, 90% CI = [0.068, 0.099], CFI = .97, TLI =.96). Thus, it was necessary to revise the model in order to improve its fit. Given that previous research has shown that motives of entrepreneurship can be associated with growth orientation and proactiveness (e.g., Berner et al., 2012; van der Zwan et al., 2016), it is likely that the inclusion of direct paths from motives of entrepreneurship to growth-pursuit behaviors would improve the model fit. We, therefore, compared the hypothesized model with an alternative model which included direct paths from motives of entrepreneurship to growth-pursuit behaviors. The analysis of goodness of fit revealed that the alternative model fitted the data well (RMSEA = .079, 90% CI = [0.063, 0.095], CFI = .98, TLI =.97). Moreover, the chi-square of the alternative model ($\chi2$ (54) = 138.743) was significantly different from that of the hypothesized model ($\chi2$ (56) = 154.370; $\Delta\chi2$ (2) = 15.769, p = .00), indicating that there was a fit improvement gained by adding direct paths from motives of entrepreneurship to growth-pursuit behaviors. Thus, we revised our hypothesized model by including direct paths from motives of entrepreneurship to growth-pursuit behaviors. The correlations among our variables of interest are presented in Table 3.3 on the next page.

Table 3.3

Means, standard deviations, and correlations (composite scores) among variables in Study 3.3

Variables	Mean (SD)	1	2	3	4	5	6
1. Opportunity	5.39(1.20)		-.41*	.81**	.33**	.77**	.57**
2. Necessity	3.71(1.65)			-.47**	.74**	-.46**	-.64**
3. Future time perspective	4.88(1.28)				-.35**	.88**	.66**
4. Present time perspective	4.99(1.28)					-.37**	-.64**
5. Growth intentions	5.26(1.17)						.67**
6. Growth-pursuit behaviors	5.71(1.05)						

Hypothesis testing

Hypotheses 1a, 1b, and 1c. Opportunity-based entrepreneurship was positively associated with business growth intentions via future time perspective (β = .72, *SE* =.04, $p < .01$, 95% CI [0.642, 0.787]). Necessity-based entrepreneurship was negatively associated with business growth intentions via future time perspective (β = -.12, *SE* =.04, $p < .01$, 95% CI [-0.200, -0.036]), but not via present time perspective (β = -.02, *SE* =.02, $p = .34$, 95% CI [-0.065, 0.023]). These results provided support for Hypothesis 1a and 1b, but not Hypothesis 1c. The finding regarding Hypothesis 1b appears incongruent with Studies 3.1 and 3.2 and will be discussed in the General Discussion.

Hypotheses 2a, 2b, and 2c. In support of Hypothesis 2a, opportunity-based entrepreneurship was positively associated with growth-pursuit behaviors via future time perspective (β = .46, *SE* =.08, $p < .01$, 95% CI [0.200, 0.439]). Moreover, in support of Hypotheses 2b and 2c, necessity-based entrepreneurship was negatively associated with growth-pursuit behaviors via future time perspective (β = -.08, *SE* =.03, $p <$. 01, 95% CI [-0.129, -0.022]) and present time perspective (β = -.16, *SE* =.04, $p <$. 01, 95% CI [-0.241, -0.069]).

Discussion

Study 3.3 demonstrated that opportunity-based entrepreneurship was positively associated with both business growth intentions and engagement in growth-pursuit behaviors via future time perspective. On the other hand, necessity-based entrepreneurship was negatively associated with current engagement in growth-pursuit behaviors via both future time perspective and present time perspective. Interestingly, when it came to business growth intentions, their association with necessity-based entrepreneurship was significant via future time perspective only. This implies that present time perspective did not play a significant role in mediating the relationship between necessity-based entrepreneurship and business growth intentions. The possible explanation as to why this mediating role was not significant will be discussed further in the General Discussion.

General Discussion

The results of the three studies confirmed the vital role of time perspective in explaining *why* and *how* motives of entrepreneurship relate to the pursuit of business growth. Across three studies, opportunity-based entrepreneurship was found to be positively associated with the pursuit of business growth (i.e., business growth intentions and engagement in growth-pursuit behaviors) via future time perspective. It supports the idea that opportunity-based small-business owners pay a lot of attention to the long-term viability and future of their businesses, which makes it more likely for them to understand and foresee the benefits of business growth. In other words, future time perspective in the context of entrepreneurship is a variable that may facilitate opportunity-based small-business owners' intentions to pursue business growth as well as engagement in growth-pursuit behaviors.

In terms of necessity-based entrepreneurship, the results were mixed. Study 3.3 indicated that necessity-based entrepreneurship was negatively associated with both business growth intentions and current engagement in growth-pursuit behaviors via lower levels of future time perspective. However, Studies 3.1 and 3.2 did not find a negative link between necessity-based entrepreneurship and growth intentions nor a negative link between necessity-based entrepreneurship and future time perspective. There are two possible explanations for this inconsistency. First, it is possible that participants in Studies 3.1 and 3.2 were strongly present-oriented, but not necessarily less future-oriented. Given that present time perspective and future time perspective are two different constructs (Keough et al., 1999), being strongly present-oriented does not automatically cause one to be less future-oriented.

We cannot verify this as we did not include a measure of present time perspective in Studies 3.1 and 3.2.

Second, there is a cultural and social difference between the participants in Study 3.1 and 3.2 on one hand, and Study 3.3 on the other hand, which might explain the different findings between the studies. Participants in Studies 3.1 and 3.2 were mostly from Western countries in which the economic as well as the social structures are generally different from those in Indonesia. For example, the social security systems in Western countries are more developed than those in Indonesia. The well-developed social security systems allow necessity-based small-business owners in Western countries to receive social security benefits from their governments should they have no income due to the failure of their businesses to survive in the present. In other words, Western small-business owners would still have the financial capacity to meet their basic needs, despite the fact that their businesses fail to generate a sufficient daily income. Therefore, necessity-based small-business owners in Western countries may not always neglect the future and the growth of their businesses because the pressure to focus on ensuring that their businesses can function properly in the present at the exclusion of all else may not be as high as it is in places in which social security systems are less well-established.

Results from Study 3.3 showed that present time perspective was unrelated to the intentions to pursue business growth. Unlike future time perspective which was found to be positively associated with both business growth intentions and current engagement in growth-pursuit behaviors, present time perspective was negatively related to current engagement in growth-pursuit behaviors, but not growth intentions. The reluctance of small-business owners who were strongly present-oriented in running their businesses to engage in growth-pursuit behaviors may have been caused by the fact that they were fully occupied with present-oriented activities related to the daily functioning of their businesses. They were simply busy focusing on present-oriented tasks of daily survival, thereby ignoring growth-pursuit behaviors that might have benefits only in the future but not today.

Limitations and suggestions for future research

There are limitations to this research and suggestions that future researchers may want to take into account. Firstly, the studies presented in this paper were cross-sectional and correlational in nature, which means that we cannot infer causal links. Thus, future research can employ a longitudinal design in which participants' engagement in growth-pursuit behaviors is measured at a one point in time, and business growth intentions and time perspective are

measured at a later point in time. This method will allow researchers to examine the causal links between variables.

Secondly, we tested the prediction that small-business owners who are necessity-based are inclined to be more present-oriented in running their businesses, and thus are less likely to intend to grow their businesses and engage in growth-pursuit behaviors. This prediction is based on the rationale that necessity-based small-business owners tend to focus on tasks in the present (e.g., ensuring that their businesses can generate sufficient daily income, ensuring that their businesses fare well in the present) as they find these tasks crucial or urgent. However, the current research did not include an assessment of small-business owners' perceived urgency of present-oriented tasks. As a result, we cannot definitely conclude that the tendency to be present-oriented in running a business among small-business owners who are inclined to be necessity-based actually results from the fact that they perceive present-oriented tasks as highly important. Future research may tap into small-business owners' perception regarding present-oriented tasks, particularly their perceived urgency of these tasks. That way, it could examine whether necessity-based small-business owners are inclined to be present-oriented because they perceive present-oriented tasks as highly crucial for their survival, or perhaps there are other factors at play (e.g., lack of knowledge on the importance of focusing on long-term business plans).

Thirdly, we measured participants' engagement in growth-pursuit behaviors by using a self-report measure. Thus, it is possible that participants' responses may have been influenced by social desirability bias. However, we believe that the measure of growth-pursuit behaviors used in the current research is still valuable as it taps into activities related to multiple aspects of business that are crucial for business growth, such as marketing, network, skills, and finance. This measure allowed us to examine engagement in growth-pursuit behaviors in a holistic manner.

Implications

With regards to theoretical implications, previous research suggests that the aspiration to pursue business growth is positively associated with opportunity-based entrepreneurship, and negatively associated with necessity-based entrepreneurship (e.g., Reynolds et al., 2002). The results of the three studies yield a model that provides us with novel insights into the role of time perspective in the association between motives of entrepreneurship and the pursuit of business growth. Given that the studies were conducted among small-business owners in various cultures, this model can be useful for explaining variations in levels of willingness to pursue business growth

among small-business owners across different social and cultural contexts. As such, the model contributes to our knowledge of factors that account for variations in levels of willingness to pursue business growth (Wiklund et al., 2003).

With regards to practical implications, the current findings provide valuable information that should be taken into account when designing strategies aimed at stimulating business growth among small-business owners. As outlined in the Introduction, the growth of small businesses benefits both the business owners themselves as well as the economies they are part of on various levels. However, many small-business owners avoid the pursuit of business growth (e.g., Gundry & Welsch, 2001). This fact prompts policy makers and practitioners to design programs for assisting small businesses to grow. These programs (e.g., trainings, loan programs) are usually focused on providing small-business owners with tools and resources needed for business growth, such as skills or working capital. However, the current findings revealed that the lack of business growth pursuit among small-business owners may also stem from their time perspective in running the business. Many small-business owners, particularly those who engage in entrepreneurship out of necessity, are busy focusing on present-oriented tasks because they want their businesses to function well on a daily basis. They cannot afford losing their businesses as they have no other means of generating income. Such circumstances lead to a pressure to focus on present-oriented tasks, which are deemed essential for survival.

In an effort to boost small business growth, it is undoubtedly important to look more closely at the exclusive focus on present-oriented tasks among necessity-based small-business owners. One way to address this issue may be by providing some form of social security benefits that can serve as a 'safety net' for necessity-based small-business owners. For instance, policy makers can create policies in which individuals who engage in entrepreneurship due to the absence of other options for work will receive a monthly benefit when they are willing to actively participate in programs aimed at assisting small businesses to grow. The presence of a monthly benefit that can help cover basic necessities may reduce the pressure to focus attention solely on present-oriented tasks for the sake of survival. This will leave more ‘attentional resources’ that can be utilized to focus on the future as well as the long-terms plan concerning business growth.

Conclusion

Why do small-business owners who are mainly driven by the exploitation and pursuit of business opportunities tend to be eager to pursue business growth, while those who are mainly driven by a necessity tend to be less interested in pursuing business growth? The work presented in this paper sheds some light on the answer to this question. Small-business owners whose entrepreneurship is driven by the pursuit of opportunities are more likely to be future-oriented and engage in the pursuit of business growth, while those whose entrepreneurship is driven by the need to make a living are not future-oriented, and thus are less likely to engage in the pursuit of business growth. This lends support to the notion that small-business owners' time perspective plays a vital role in explaining *why* and *how* opportunity- based small-business owners and necessity-based small-business owners differ in their levels of business growth pursuit. In essence, this article conveys a very important message: Instead of thinking that tomorrow is another day, small-business owners who want their business to thrive should think that tomorrow is a day that they must prepare from today.

Appendix A

Frequency of nationalities in Study 3.1 and Study 3.2

Countries of origin	N (Study 3.1)	N (Study 3.2)
United Kingdom	91	104
United States of America	19	43
Portugal	8	5
Greece	3	4
Spain	3	3
Germany	2	1
Italy	2	2
The Netherlands	0	1
Latvia	2	1
Belgium	2	0
Sweden	0	1
Canada	1	2
France	1	0
Estonia	1	1
Slovenia	1	0
Ukraine	1	1
Poland	0	1
Bulgaria	0	1
Colombia	1	0
Mexico	1	1
El Salvador	0	1

Turkey	1	1
China	1	0
India	1	2
South Africa	0	4
UAE	0	1

Appendix B

Total effects

Opportunity-based entrepreneurship positively predicted growth intentions (β = .67, *SE* =.07, p< .01 [Study 3.1]; β = .69, *SE* = .07, p < .01 [Study 3.2]). However, necessity-based entrepreneurship did not significantly predict growth intentions (β = .10, *SE* =.10, p = .28 [Study 3.1]; β = .14, *SE* = .08, p = .07 [Study 3.2]). Moreover, in both studies, opportunity-based entrepreneurship positively predicted future time perspective (β = .59, *SE* =.07, p < .01 [Study 3.1]; β = .70, *SE* = .05, p < .01 [Study 3.2]), and yet necessity-based entrepreneurship did not significantly predict future time perspective (β = .02, *SE* =.08, p = .84 [Study 3.1]; β = -.02, *SE* = .06, p = .78 [Study 3.2]). Future time perspective positively predicted growth intentions in Studies 1 and 2 (β = .91, *SE* =.06, p < .01 [Study 3.1]; β = .76, *SE* = .07, p < .01 [Study 3.2]).

Appendix C

Comparisons with an alternative model (Studies 3.1 and 3.2)

The alternative model was similar to the model in Studies 3.1 and 3.2, but also included direct paths from opportunity and necessity motives to business growth intentions. The aim of testing this alternative model was to check whether or not there was a significant difference in model fit when future time perspective was treated as a partial (as opposed to full) mediator in the model. As suggested by Burnham and Anderson (2004), the comparison with the nested model was based upon the chi-square difference test results. In Study 3.1, the chi-square of the alternative model (χ2 (16) = 19.110) was not significantly different from that of the hypothesized model (χ2 (18) = 24.654; $\Delta\chi$2 (2) = 5.54, p = .06), indicating that there was no fit improvement gained by adding direct paths from opportunity and necessity motives to business growth intentions. In Study 3.2,

however, the chi-square of the alternative model ($\chi 2$ (15) = 13.306) was significantly different from that of the hypothesized model ($\chi 2$ (17) = 21.895; $\Delta \chi 2$ (2) = 8.66, $p < .05$) implying that there was a fit improvement gained by adding direct paths from opportunity and necessity motives to business growth intentions.

Appendix D

Comparisons with an alternative model (Study 3.3)

We compared the model tested in Study 3.3 with an alternative model that also included direct paths from opportunity and necessity motives to business growth intentions. The chi-square of the alternative model ($\chi 2$ (52) = 132.837) was not significantly different from that of the hypothesized model ($\chi 2$ (54) = 138.743; $\Delta \chi 2$ (2) = 5.93, $p = .051$), indicating that there was no fit improvement gained by adding direct paths from opportunity and necessity motives to business growth intentions.

Appendix E

Firm characteristics Study 3.3

Characteristics	N / Mean
Mean annual gross income	Rp. 425.900.000 (US$ 29.705)
Family business (*N*)	46
Franchise (*N*)	11
Location (*N*)	
Jakarta	100
Bogor	35
Depok	48
Tangerang	42
Bekasi	29
Industry categories (*N*)	
Service	128
Retail	70
Manufacture	33
Distribution	17
Raw materials providers	6

Product categories (*N*)	
Non-digital services	69
Digital (services/goods)	28
Foods and beverages	59
Basic necessities	23
Electronics	4
Medicines	2
Fashion	29
Art products	1
Accessories	12
Books/stationeries	6
Furniture	4
Construction materials	1
Others	16

Appendix F

Overview of scales

Studies 3.1 and 3.2	Study 3.3
Motives of entrepreneurship scale scale	Motives of entrepreneurship (used in Studies 3.1 and 3.2)
Modified version of FTP subscale (Webster, 2011)	Future time perspective scale (developed by authors)
Business growth intentions (a single item in a format by Davis &Warshaw [1992] & suggested by Ajzen and Fishbein [1980], a single item from Zampetakis et al. [2016])	Present time perspective scale (developed by authors) Business growth intentions (one item from Studies 3.1-3.2, five items developed by authors) two items from Zampetakis et al. [2016]) Growth pursuit index (developed by authors)

Footnotes

[1]As defined in the EU recommendation 2003/361, small businesses are business entities that have fewer than 50 employees, and their turnover/balance sheet total is ≤ € 10 m. These criteria were used in Study 3.1 (based on a number of employees) and Study 3.2 (participants were directly asked if their businesses fell into the criteria). The criteria of a small business used in Study 3.3 was based upon the definition of a small business outlined in Indonesia's law no. 20, 2008 (i.e. assets ≤ 500 million rupiahs [excluding lands and buildings], or an annual turnover ≤ 2.5 billion rupiahs).

[2] In Studies 3.1 and 3.2, participants were also presented with additional scales and questions for exploratory purposes, such as financial scarcity scale, scarcity of work scale, modified items concerning short-term thinking by van der Lee (2016), a GEM survey question concerning opportunity-necessity entrepreneurship, a modified six items concerning future time perspective from Zimbardo Time Perspective Inventory (Keough, Zimbardo, & Boyd, 1999), an opportunity-necessity entrepreneurship question by Kautonen and Palmross (2010), the second item of the business growth intentions scale by Zampetakis, Bakatsaki, Kafetsios, & Moustakis (2016; i.e., I want a size I can manage myself or with a few key employees), a question concerning motives of entrepreneurship (i.e., Generally speaking, do you presently experience running your business as a necessity or an opportunity?) , an open-ended question regarding the description of their businesses, and an entrepreneurial intentions measure by Torres and Watson (2013). Results are available upon request.

[3]The results of EFA (principal axis factoring, oblique rotation) suggested that all variables were unidimensional in Studies 3.1 and 3.2.

[4] Due to time constraints, a few participants took the questionnaires home, and therefore completed them on their own.

[5]Present time perspective scale initially consisted of five items. We excluded two items because of loading issues with necessity-based entrepreneurship scale.

[6]Participants were also presented with several scales and questions for exploratory reasons, such as a question concerning perceived opportunity, financial scarcity scale, scarcity of work scale, a question that asks participants to describe their businesses, a scale measuring plans on engaging growth-pursuit behaviors in the future, questions concerning their perceived importance of growth-

pursuit behaviors for business growth, and the Balanced Time Perspective Scale by Webster (2011).