

# The Entrepreneurial Motivations of Nonemployer Entrepreneurs

Robert Barbato  
Richard DeMartino  
Paul H. Jacques

---

**A** nonemployer business is one that has no paid employees. The number and revenues of nonemployer businesses are increasing at a faster rate than other businesses, and they are an increasingly important alternative to other forms of entrepreneurship. Yet very little is known about these businesses. This study uses a survey of 1,600 MBA alumni to compare the entrepreneurial motivations of nonemployer entrepreneurs to conventional entrepreneurs and no entrepreneurs. The findings indicate that nonemployer entrepreneurs differ in important ways, and future research is needed to understand more fully this large and important group of entrepreneurs.

---

Although there are many studies of entrepreneurs and business owners, rarely do those studies focus on those who own a nonemployer business. Likewise, studies of business ownership seldom make a distinction between employer and nonemployer businesses. This is somewhat surprising, since according to 2002 Census data, there are 17.6 million nonemployer businesses, representing an increase of 2.2 million in the last five years. In addition, nonemployer businesses generated \$770 billion in annual revenues in 2002, a 31 percent increase since 1997 (U.S. Census 2004). The number of nonemployer establishments and their revenues grew at a much faster rate than employer businesses (U.S. Census 2004). The U.S. Census Bureau, which gathers data on nonemployer businesses from IRS tax forms, defines a nonemployer business as follows:

A nonemployer business is one that has no paid employees, and has annual business receipts of \$1,000 or more (\$1 or more in the construction industries), and is subject to federal income taxes. Most nonemployers are self-employed individuals operating very small unincorporated businesses, which may or may not be the owner's principal source of income. Many nonemployer businesses are part-time ventures, and an individual might operate more than one. (U.S. Census 2004: 8)

Nonemployer businesses are becoming increasingly important as the economy adjusts to the layoffs of the past

decade. Some have noted that the increase in nonemployer businesses is partly the result of older dislocated workers, who now have the means to finance a new venture and have lost the motivation to search for employment (Rigsby 2002). Nonemployer businesses are also often started by younger entrepreneurs, who benefit from the inexpensive start-up costs often associated with Web-based new ventures (Rigsby 2002).

While the literature studying entrepreneurs continues to grow, the increasing importance of nonemployer businesses and the lack of research on these businesses creates a need to explore and better understand how entrepreneurs who own nonemployer businesses differ from other entrepreneurs. In this article we compare nonemployer entrepreneurs to traditional entrepreneurs, and in particular we examine the differences in entrepreneurial motivations, using a survey of 1,600 MBA alumni spanning several years. In addition, we use the same survey to compare nonemployer entrepreneurs to alumni who are employed as nonentrepreneurs. These comparisons are particularly relevant for two reasons. First, by surveying a homogeneous group of MBA alumni, we smooth out differences in education level, business education, and career prospects. This allows for a more meaningful comparison. Secondly, by comparing nonemployer entrepreneurs to both traditional entrepreneurs and nonentrepreneurs, we are able to evaluate the extent to which nonemployer entrepreneurs are distinctive as an entrepreneurial group.

## Entrepreneurial Motives *Achievement, Autonomy, and Flexibility*

The suggestion that entrepreneurs have distinctive characteristics has been explored since the early writings of Schumpeter (1934). Since then many researchers have reported finding characteristics that distinguish entrepreneurs from nonentrepreneurs, and several of these studies have explored the motives of entrepreneurs. Among the better known studies, McClelland argued early on that entrepreneurs were higher in achievement motivation (McClelland 1961, 1964), and this research gained support in some studies of high performing entrepreneurs (Smith et al. 1987; Johnson 1990). In reviewing prior quantitative and qualita-

tive research, Shane et al. (2003) concluded that need for achievement is positively related to entrepreneurial activity. In addition to achievement motivation, other researchers compared entrepreneurs to their corporate counterparts and found that a preference for autonomy differentiated entrepreneurs from managers (Sexton 1985). Lumpkin and Dess (1996) argued that one of the key dimensions of an entrepreneurial orientation is autonomy. In a survey of 300 alumni, it was determined that intending entrepreneurs have more positive attitudes toward independence (Douglas and Shepherd 2002), and other studies determined that entrepreneurs are more satisfied with their work than nonentrepreneurs largely because of the autonomy they enjoy (Hundley 2001). More recently, with the advent of increasing numbers of female entrepreneurs, studies of psychological characteristics of entrepreneurs have noted differences between male and female entrepreneurs, and, in particular, have concluded that some entrepreneurs are motivated by the flexibility to balance work and family goals in a way that is not available to those who work in a corporate setting (Buttner 1993; DeMartino and Barbato 2003; Parasuraman et al. 1996).

### ***Distinguishing Among Entrepreneurial Types***

Since this article examines nonemployer entrepreneurs, it is of particular importance to this study that several researchers not only found differences in motivation between entrepreneurs and nonentrepreneurs, but they also saw differences among different types of entrepreneurs.

Carland et al. (1984, 1988) advised researchers to make a distinction between entrepreneurs and small business owners. Others argued that the various studies of achievement motivation and autonomy were fragmented and called for additional research examining various types of entrepreneurs (Ginsberg and Buchholtz 1989). Yoo and Cooper (1991) classified entrepreneurs into two types: craftsmen, who prefer personal autonomy, and opportunists, who are more motivated by financial gain. Although there are pros and cons to measuring entrepreneurial propensity, Miner (1997a, 1997b) in particular has argued that studies of entrepreneurial propensity should acknowledge the different types of entrepreneurs that are being studied, and he has also found that these differences are reflected within a group of potential entrepreneurs. Still others have found that entrepreneurial propensity within entrepreneurs differs according to their culture, and they have argued that entrepreneurs should be grouped differently in this way (Mueller and Thomas 2001). As more researchers continue to conclude that entrepreneurs cannot be placed into one category, it becomes increasingly important to identify different types of entrepreneurs and to study the distinctions among these different types.

Researchers have also made comparisons between business owners and entrepreneurs. A study comparing 428 business owners to corporate managers in terms of achievement motivation found that entrepreneurs are higher in achievement motivation than corporate managers (Stewart et al. 1998); however, the study then went on to make a distinction between those small business owners who were not entrepreneurs and those who were entrepreneurs. When this distinction was made, the study concluded that small business owners were not higher in achievement motivation than corporate managers. This study did not make a distinction between employer and nonemployer businesses; however, 79 percent of the business owners studied employed fewer than 10 employees. In a survey of entrepreneurs who were mostly but not exclusively nonemployer entrepreneurs, Feldman and Bolino (2000) found that autonomy and flexibility were primary career motivators.

There is one more distinction among entrepreneurial types that has been explored by previous researchers, that is, the home-based business. Home-based businesses have been studied more than nonemployer businesses, and although it cannot be said that a home-based business is the same as a nonemployer business, we can gain insight into nonemployer entrepreneurs by examining some of the characteristics of home-based business owners.

Most studies of the motivations of home-based business owners focus on increased autonomy as a primary motivator. A review of the literature on Australian home-based business owners (Earles et al. 2006) revealed that they were motivated by a combination of extrinsic and intrinsic factors, including the autonomy to pursue interests and balance lifestyle needs. This finding was consistent with an earlier study that interviewed 46 home-based business owners (Jurik 1998). In this study most of the respondents with home-based self-employment reported having more freedom than their employed counterparts. Home-based business owners also reported increased autonomy through the ability to pursue interests that were enjoyable. A survey of 62 home-based textile artists asked owners to indicate why they felt successful (Soldressen 1998). A majority of owners indicated that their business was successful because they were doing something they enjoyed. In a study of white-collar workers who worked at home, researchers concluded that workers chose home-based work to reduce family conflicts (Ammons and Markham 2004). In one of the few studies that compared home-based entrepreneurs to nonhome-based entrepreneurs, Loscocco and Smith-Hunter (2004) found that home-based entrepreneurs experience less work-family conflict, worked fewer hours, and had more flexibility. Finally, a study of home-based female entrepreneurs that used both focus groups and surveys, concluded that autonomy and balancing work-family life were among

the important reasons for operating a business from home (Walker and Webster 2004).

### ***The Motives of Nonemployer Entrepreneurs***

Although the previously cited studies argue that different types of entrepreneurs, and small business owners in particular, have different entrepreneurial motives, no study to date has examined the entrepreneurial motives of nonemployer entrepreneurs, nor has there been an attempt to distinguish between the motives of nonemployer businesses and employer businesses. In fact, there are very few studies of nonemployer businesses, despite the large number of nonemployer businesses and despite the relatively high growth of these businesses, although observers have suggested that nonemployer entrepreneurs desire greater control over their lives (Daugherty 2001).

Despite this, it is possible to draw tentative conclusions based on the nature of nonemployer businesses, which, by their definition, are not capable of the growth associated with other businesses. And since previous studies have seen differences between traditional entrepreneurs and small business owners, it can be suggested that owners of nonemployer businesses may also differ from owners of employer businesses. As has been discussed, there is support in the literature that entrepreneurs are different from nonentrepreneurs in terms of their career achievement motivation, autonomy, and orientation toward balancing family needs with work needs. Since nonemployer businesses by their definition are not capable of the growth associated with other businesses, then it can be hypothesized that owners of nonemployer businesses will not exhibit the same entrepreneurial propensities as employer entrepreneurs, who own businesses that provide the opportunity for growth. In particular, the characteristics of nonemployer businesses limit what they can accomplish in terms of traditional measures of entrepreneurial achievement and autonomy; however, those who choose to own nonemployer businesses may be trading off achievement for greater flexibility in more evenly balancing career goals with family goals (family orientation). At the same time, it is possible that

**Hypothesis 1a: Nonemployer entrepreneurs will be lower in achievement motivation than employer entrepreneurs.**

**Hypothesis 1b: Nonemployer entrepreneurs will be lower in autonomy motivation than employer entrepreneurs.**

**Hypothesis 1c: Nonemployer entrepreneurs will have higher family orientation than employer entrepreneurs.**

While previous studies may guide us to examine the differences between nonemployer entrepreneurs and employer entrepreneurs, the same reasoning would apply to comparisons of nonemployer entrepreneurs to nonentrepreneurs. The suggestion that owners of nonemployer businesses are distinct from nonentrepreneurs is inherent in the nature of nonemployer businesses, in that there exists the opportunity for greater autonomy and flexibility, since these businesses are smaller and do not require the management of others. In the same sense, a nonemployer business cannot grow as large as a business with employees, and this puts constraints on traditional measures of entrepreneurial achievement. It may be true that nonemployer entrepreneurs represent a midway point between nonentrepreneurs and employer entrepreneurs in terms of achievement motivation. However, it would be expected that nonemployer entrepreneurs are at the high end in terms of autonomy motivation and the motivation to balance career and life goals.

**Hypothesis 2a: Nonemployer entrepreneurs will be higher in achievement motivation than nonentrepreneurs.**

**Hypothesis 2b: Nonemployer entrepreneurs will be higher in autonomy motivation than nonentrepreneurs.**

**Hypothesis 2c: Nonemployer entrepreneurs will have higher family orientation than nonentrepreneurs.**

### **Survey and Methods**

A survey was administered to MBA alumni of a well-established business school. This MBA program was exclusively full time and admitted primarily traditional students in their late 20s to early 30s. Respondents were asked approximately 140 career-related questions pertaining to career status, decisions, choices, motivators, etc. The survey was administered to the entire population of MBA alumni, totaling approximately 5,800 individuals. More than 2,400 alumni responded to the survey, providing a response rate of 42 percent. This study reports results from those alumni graduating in the previous 20 years. This subcategory was selected for several reasons. First, prior to 1978 few alumni were systematically interested in pursuing careers in entrepreneurship. Second, prior to 1978 the demographic composition, in terms of gender diversity, dual income families, and other key variables explored in this research, were small and in flux. The sample excludes unusable responses and alumni who graduated more than 20 years after the study was conducted—creating a total sample size of 1,607. This analysis classifies respondents into three mutually exclusive categories: entrepreneurs

who own nonemployer businesses (n=73), entrepreneurs who own an employer business (n=182), and nonentrepreneurs (n=1352).

### **Measures and Statistical Analysis**

Respondent group classifications were determined in the following manner. Individuals who own nonemployer businesses (nonemployer entrepreneurs) were designated by respondents indicating self-employment status and also working in a single-person occupation such as private attorney, consultant, etc. Individuals who own employer businesses (employer entrepreneurs) were designated by subjects indicating entrepreneurship as a profession, self-employment, and having either started/purchased their own company/franchise. Nonentrepreneurs included individuals who self-reported to be both full-time employed and also did not identify themselves as either self-employed or as an entrepreneur.

Consistent with the above literature review, the survey requested information relative to three career motivations (directly or indirectly employed) to distinguish and clarify entrepreneurial activity—career achievement, autonomy, and flexibility that permits balance between career and family interests (family orientation). Response options for each item ranged from “not at all important” to “very important.” Achievement orientation was operationalized by a six-item scale and subjects indicated their ratings of importance of each item when making their career decision. Measures of this construct were items capturing the subject’s self-rating of importance of the following in their career decision: ability to pursue interesting and exciting work, ability to create wealth, and exposure to entrepreneurial opportunities. The career achievement scale was created in a way that parallels items contained in the Work Orientation scale initially developed by Spence and Helmreich (1978) and subsequently extended by DeLong (1982) and Orrange (2002). This technique resulted in a measurement of achievement orientation that was continuous in nature and one that could be assumed to be normally distributed.

Autonomy as a career motivator was measured by a three-item scale. The construct was operationalized by the respondents’ self-reporting of their desire to be free from close supervision, desire for company ownership, and desire to become self-employed. This view of the autonomy construct contains items that reflect both the global view of the job autonomy construct as characterized by Hackman and Oldham’s (1980) Job Diagnostic Survey, but also acknowledge the multidimensional nature of the construct as suggested by the work of Nicholson (1984). As above, the creation of the autonomy scale resulted in a measure that was continuous in nature and one that did not depart from assumptions of normality.

Family orientation as a career motivator was measured by an eight-item scale. The construct was operationalized by the respondents’ self-reporting of their perceived importance of family-friendly employment policies, spouse/partner cocareer issues, geographic location, geographic restrictions, family obligations, children/school requirements, and quality of life. The family orientation scale was created in a way that parallels items contained in the Family Orientation scale initially developed by Spence and Helmreich’s (1978) research and those identified by the study initiated by Burke and Kong (1996). More recently, a study published by Orrange (2002) utilized items similar to those used in this research.

To verify the discriminant validity of this survey’s instrument, these 17 items were factor-analyzed and three interpretable factors with eigenvalues greater than 1.0 were identified. These factors corresponded to autonomy, family orientation, and career advancement orientation. Scale reliabilities (alpha), were 0.65, 0.79, and 0.67, respectively. These reliabilities are reasonable and adequate given that they represent items that mirror those in the preestablished instruments described above. Procedures used for this portion of the analysis were as detailed by Fabrigar et al. (1999).

Other measures used in this research consisted of single-item self-reports of marital status (married, partnered, divorced, or single), income status relative to partner (primary, equal, secondary), and sex (male/female). For the purposes of addressing the research questions outlined above, marital status was operationalized as married/partnered for the basis of comparisons with subjects who indicated they were single. Income status was grouped by married/partnered subjects who indicated they were either the primary or equal income earners in their household as compared to married/partnered subjects who reported that they were secondary income earners in the relationship.

As discussed above, the focus of this study was to identify contrasting attributes of nonemployer entrepreneurs, employer entrepreneurs, and nonentrepreneurs. This assessment entailed analysis of a number of pairwise comparisons. Myers and Well (2003) caution researchers to compensate for inflated alpha risks when performing such evaluations. To properly address this issue when comparing the scale means of group pairs, multiple comparisons were analyzed via conventional univariate analysis of variance followed by post-hoc tests using Bonferroni correction algorithms as per the procedure described by Shaffer (1995) and Miller (1991). According to Myers and Well (2003), the Bonferroni test is a conservative and robust test as compared to alternative ranking/multiple hypothesis testing methodologies.

To guard against the escalation of statistical risk when comparing estimates of group proportions, we applied a conventional chi-square test of differences in proportions followed by the Marascuilo procedure as identified by

Marascuilo and McSweeney (1977). P-values associated with the Marascuilo procedure were calculated according to the method presented by Abramowitz and Stegum (1972).

**Findings**

Means, standard deviations, and scale correlations associated with the group scale scores for each of the variables are included in Table 1.

Construct	Scale Mean	Std. deviation	Achievement Orientation	Autonomy
Achievement orientation	2.294	.437	-	
Autonomy	1.846	.610	.406**	-
Family orientation	1.981	.495	-.030	.142**

\*\* p<.01 (two-tailed)

**Achievement Orientation and Entrepreneurship Type**

Mean scores on the achievement orientation showed that employer entrepreneurs were highest on this dimension, followed by nonemployer entrepreneurs with nonentrepreneurs scoring the lowest. When achievement orientation was analyzed and controlled for the influence of respondent's age (p<.001), a comparison of means revealed a statistically significant difference between the nonemployer entrepreneurs and employer entrepreneurs supporting Hypothesis 1a. Mean scale scores were as follows: nonemployer entrepreneurs, 2.330; employer entrepreneurs, 2.537; and nonentrepreneurs, 2.229. Results of the Bonferroni post-hoc test (Miller 1991) indicate that differences in mean achievement orientation scores between nonemployer business owners and nonentrepreneurs was not statistically significant (p=.137) failing to support Hypothesis 2a. See Table 2 for analysis details.

**Autonomy and Entrepreneurship Type**

When autonomy motivation is analyzed and controlled for the influence of respondent's age, a comparison of means reveals a number of statistically significant differences among the nonemployer entrepreneurs, employer entrepreneurs, and nonentrepreneurs. While age was used as a control variable, it did not have any practical effect on the results since its impact was below significance levels (p=.491). Mean scale scores for the autonomy construct were as follows: nonemployer entrepreneurs, 2.276; employer entrepreneurs, 2.634;

and nonentrepreneurs, 1.730. Results of the Bonferroni post-hoc test (Miller 1991) suggest that the motivation for autonomy was more important for employer entrepreneurs than any of the other two groups (p<.001). One particularly noteworthy finding associated with this construct was that nonemployer entrepreneurs' weighting of the importance of autonomy when choosing their current occupation was not statistically different (p=.255) than their nonentrepreneurial counterparts. See Table 2 for analysis details. This finding supports both Hypotheses 1b and 2b.

**Family Orientation and Entrepreneurship Type**

On the measure of family orientation, the results of a comparison of means, controlled for the influence of respondent's age (p=.002), were as follows: nonemployer entrepreneurs, 2.271; employer entrepreneurs, 1.979; and nonentrepreneurs, 1.934. Results of the Bonferroni post-hoc test (Miller 1991) suggest that the prospect of entering a career that could also enable the subject to address family priorities was clearly more important for nonemployer business owners than for any of the other two groups (p<.001). This confirms Hypotheses 1c and 2c. A comparison of family orientation scale scores for employer entrepreneurs versus nonentrepreneurs did not result in statistically significant (p=.676) differences. See Table 2 for analysis details.

Reference Group (I)	Comparison Group (J)	Achievement Mean Difference (I-J)	Autonomy Mean Difference (I-J)	Family Orientation Mean Difference (I-J)
Nonemployer entrepreneurs	Employer entrepreneurs	-.207***	-.358***	.292***
Nonemployer entrepreneurs	Non-entrepreneurs	.101	.546***	.338***
Employer entrepreneurs	Nonemployer entrepreneurs	.207***	.358***	-.292***
Employer entrepreneurs	Non-entrepreneurs	.308***	.904***	.045
Non-entrepreneur	Nonemployer entrepreneurs	-.101	-.546**	-.338***
Non-entrepreneur	Employer entrepreneurs	-.308***	-.904***	-.045

\*\*\* p<.001 (two-tailed)

### Demographic Differences and Entrepreneurial Type

Previous literature has noted that demographic differences, especially gender differences, play a role in entrepreneurial motivations, with female entrepreneurs having a higher family orientation. The importance of gender increased when marital status was included (DeMartino and Barbato 2003). With this in mind, the data were analyzed to determine the extent to which there are gender differences among entrepreneurial types. The analysis of the data reveals significant gender-related differences among nonemployer entrepreneurs, employer entrepreneurs, and nonentrepreneurs. Of note, the employer entrepreneur group consists of 13.7 percent females, which suggest that females who are employer entrepreneurs are significantly underrepresented ( $p < .001$ ) compared to what would be expected given female representation in the sample as a whole (25.9%). Conversely, the female nonemployer entrepreneur is overrepresented as referenced against the proportion of females represented in the sample. Table 3 illustrates the nature of gender representation in the sampling distribution by entrepreneurship category. The chi-square statistic associated with a test of proportion of these data suggests that the proportion of females represented across the three categories of entrepreneurs differs significantly ( $p < .001$ ). Table 6 reflects the results of the Marascuilo procedure discussed above. The statistics in Table 6 indicate the significance of differences in all possible pairwise comparisons of differences in proportions of females represented in each of the entrepreneurial classifications.

	<i>Nonemployer Entrepreneurs</i>	<i>Employer Entrepreneurs</i>	<i>Non-entrepreneur</i>	<i>Totals</i>
Male				
n	39	157	994	1190
Male percentage in category	53.4	86.3	73.5	74.1
Female				
n	34	25	358	417
Females percentage in category	46.6	13.7	26.5	25.9
Totals (n)	73	182	1352	1607
Total sample percentage	4.5	11.3	84.1	100

$\Pi^2 = 30.488, p < .001$

The analysis also reveals significant differences in marital status among the entrepreneurial types. For example, while single individuals comprised 24.7 percent of the sample, non-

employer entrepreneurs were less than half that proportion (11.9%). Married/partnered subjects were overrepresented in the nonemployer entrepreneur group as compared to nonentrepreneurs. Tables 4 and 6 show the results of a chi-square test of differences ( $p = .009$ ), as well as pairwise comparisons.

	<i>Nonemployer Entrepreneurs</i>	<i>Employer Entrepreneurs</i>	<i>Non-entrepreneur</i>	<i>Totals</i>
Married/partnered				
n	59	139	972	1170
Married/partnered percentage in category	88.1	80.3	74.0	75.3
Single				
n	8	34	341	383
Single percentage in category	11.9	19.7	26.0	24.7
Totals (n)	73	182	1352	1607
Total sample percentage	4.3	11.1	84.5	100

$\Pi^2 = 9.383, p = .009$

In addition, nonemployer entrepreneurs were significantly overrepresented among those with secondary incomes, and primary/equal income earners are disproportionately nonentrepreneurs. Fully 27.5 percent of nonemployer entrepreneurs were secondary income producers compared to 5.1 percent of the entire sample. Differences among the entrepreneurial types were highly significant ( $p < .001$ ; see Tables 5 and 6).

	<i>Nonemployer Entrepreneurs</i>	<i>Employer Entrepreneurs</i>	<i>Non-entrepreneur</i>	<i>Totals</i>
Primary/equal income earner				
n	50	159	1286	1495
% primary/equal in category	72.5	89.8	96.8	94.9
Secondary income earner				
n	19	18	43	80
% secondary income in category	27.5	10.2	3.2	5.1
Totals (n)	69	177	1329	1575
% of total sample	4.4	11.2	84.4	100

$\Pi^2 = 9.383, p = .009$

**Table 6. Differences in Proportion of Samples Represented in Study Groups by Sex, Marital Status, and Income Status**

<i>Reference Group (I)</i>	<i>Comparison Group (J)</i>	<i>Proportion Female in Sample: Mean Proportion Difference (I-J)</i>	<i>Marital Status: Mean Proportion Difference in Samples Who Are Married/ Partnered (I-J)</i>	<i>Income Status: Mean Proportion Difference in Sample Who Are Primary Wage Earners (I-J)</i>
Nonemployer entrepreneurs	Employer entrepreneurs	.329***	.078	-.173**
Nonemployer entrepreneurs	Nonentrepreneur	.201**	.143**	-.243***
Employer entrepreneurs	Nonentrepreneur	-.128***	.063	.070**

\*\*p<.01

\*\*\*p<.001

**Limitations**

A number of limitations impact this analysis, and these should be kept in mind before drawing conclusions. All survey data were self-reported and, as a consequence, subject to a number of cognitive and motivational biases. Paulhus (1991) and Brown (1991) argued that the reporting of findings based on retrospective data is inherent in all survey research related to individual’s reporting of previous motives. Particular risk factors including memory distortion, self-serving, and social desirability bias may be intertwined with these results. Also, the stratified sample employed (MBA graduates of similar age) may be impacted by spurious factors that were not included in the model testing described above.

As is always the case in studies of self-reported data, there is a threat to the ability to generalize the study’s findings. Risks associated with these types of data include monomethod (single source) bias, which involves the collection of data at a single point in time. As a result, there is the potential for the confounding of artifacts related to the data collection with the constructs this research intended to measure (Avolio et al. 1991; Doty et al. 1993; Podsakoff et al. 2003). Research by Fitzgerald et al. (1997) suggests that by focusing respondent’s attention on specific entities, recall and reporting biases may be minimized and we believe that the specificity of the items and the nature of item content are consistent with that aim. Finally, a meta-analysis by Crampton and Wagner (1994) found that distortions associated with

self-reports are not common in research that stems from individual level data. We believe that the item order and specificity of the focal issue additionally minimized the possibility of self-report biases.

While the use of cross-sectional studies affords an attractive alternative to longitudinal studies, questions persist pertaining to the quality of data that results from the cross-sectional approach. Beckett et al. (2001) found that the quality of self-reported assessment of past events was “quite high across a range of topics” (p. 622), and hence it would be logical to extend the arguments supported by that example of social science research to this particular research effort. Another limitation of the study results from the possibility that the nonemployer entrepreneurs studied may only be temporarily nonemployer entrepreneurs. Perhaps they are between jobs or they may be taking time out from other employment while they raise a family. Perhaps they have decided to explore a career as a nonemployer entrepreneur, but they will soon tire of this or fail and move into some other form of employment. It is noteworthy that a high number of nonemployer entrepreneurs in this study are women, and this could indicate a higher percentage of nonemployer entrepreneurs who have temporarily left the workforce while they have dependent children at home. Further studies would be strengthened by studying long-term nonemployer entrepreneurs.

**Conclusions**

Nonemployer entrepreneurs represent an important and growing type of entrepreneur about whom we know very little. Even though many researchers have shown that it is important to distinguish among types of entrepreneurs, there has been little research on these entrepreneurs, even though they are one of the largest groups of entrepreneurs. While previous studies have concluded that employer entrepreneurs are distinctive in that they have a higher level of achievement motivation, and they are more motivated to seek autonomy and flexibility, no studies that have confirmed whether the same can be said of nonemployer entrepreneurs. This study provides evidence that nonemployer entrepreneurs are distinctive from employer entrepreneurs in important ways. Nonemployer entrepreneurs are weaker in achievement motivation than employer entrepreneurs. In fact, nonemployer entrepreneurs are more likely to resemble nonentrepreneurs than entrepreneurs. However, nonemployer entrepreneurs are quite different from nonentrepreneurs in other ways. Nonemployer entrepreneurs are motivated by the autonomy that comes from self-employment, but less so than employer entrepreneurs. Nonemployer entrepreneurs did score higher than both employer entrepreneurs and nonentrepreneurs in flexibility and how it affects the ability to manage work-family balance.

Given the nature of a nonemployer business, it is possible that nonemployer entrepreneurs are trading off the more typical entrepreneurial goals of growth and economic success in favor of greater autonomy and the flexibility to balance one's personal and work life. Nonemployer businesses offer an income that is limited, but they also place fewer constraints on the entrepreneur's freedom and flexibility. This may be particularly appealing to married/partnered entrepreneurs, whose income is secondary to the spouse's/partner's income, and, in fact, these individuals are an overrepresented minority of nonemployer entrepreneurs. The study also reveals a majority (58%) of the female entrepreneurs are nonemployer entrepreneurs. In contrast, less than 20 percent of the male entrepreneurs are nonemployer entrepreneurs. It may be that female entrepreneurs are more attracted to both the flexibility and life-work balance that nonemployer businesses offer.

The findings of this study may have policy implications especially for those providing assistance to entrepreneurs and small business owners. It is important to understand and acknowledge the different motivations of nonemployer entrepreneurs so that assistance programs reflect motivations that are different than traditional entrepreneurs, who are often driven by high levels of achievement and motivated to grow their business. It is important for policy-makers to know that there are many entrepreneurs who are motivated to create a balance between work and life, and loan programs, job creation programs, and other assistance programs should reflect this motivation as well as the more traditional ones. Likewise, nonemployer entrepreneurs as well as those who coach them, including accountants and other advisors, should understand the difference between personal goals

and financial goals. This distinction should also be reflected in those research studies that seek to measure entrepreneurial success using traditional outcome measures such as growth in revenues.

This study has shown that there is a difference between employer entrepreneurs and nonemployer entrepreneurs, and future studies of entrepreneurs need to take this into consideration so that future researchers can avoid the problem of conceptualizing entrepreneurs so broadly that they miss the distinctions among different types of entrepreneurs. However, there are several additional questions which this study has not been able to answer. For instance, do established nonemployer entrepreneurs wish to remain as such, or is it more common for a nonemployer entrepreneur to seek growth and to hire workers? Do those nonemployer entrepreneurs who have aspirations of growth differ from those who wish to remain as nonemployer entrepreneurs? Another important question that this study did not try to answer has to do with the gender implications of the research. Are there gender differences that would moderate the differences between nonemployer entrepreneurs and traditional entrepreneurs? These questions were outside the scope of this study, however, future research into these questions would shed light on this important subcategory of entrepreneurs.

As the number of nonemployer businesses continues to grow and greater numbers of individuals choose nonemployer business as a career, it will become more important to better understand the nonemployer entrepreneur. Future studies will need to examine larger and more representative samples of nonemployer entrepreneurs to begin answering additional questions that were beyond the scope of this study.

## References

- Abramowitz, M., and I.A. Stegun, eds. 1972. *Handbook of mathematical functions with formulas, graphs, and mathematical tables*. Washington: U.S. Government Printing Office.
- Ammons, S. K., and W.T. Markham. 2004. Working at home: Experiences of skilled white collar workers. *Sociological Spectrum* 24, 191-238.
- Avolio, B. J., F.J. Yammarino, and B. M. Bass. 1991. Identifying common-methods variance with data collected from a single source: an unresolved sticky issue. *Journal of Management* 17(3), 571-587.
- Beckett, M., J. DaVanzo, N. Sastry, C. Panis, and C. Peterson. 2001. The quality of retrospective data. *The Journal of Human Resources* 36(3), 593-625.
- Brown, J. D. 1991. Accuracy and bias in self-knowledge. *Handbook of Social and Clinical Psychology*, C. R. Snyder and D. F. Folsyth, eds. New York: Pergamon Press, pp. 158-178.
- Burke, R. J., and Y. P. Kong. 1996. Career-priority patterns among managerial and professional women in Singapore. *Psychological Reports* 78(3), 1304-1308.
- Buttner, E. H. 1993. Female entrepreneurs: How far have they come? *Business Horizons* 2, 59.
- Carland, J. W., F. Hoy, W. R. Boulton, and J. A. Carland. 1984. Differentiating entrepreneurs from small business owners: A conceptualization. *Academy of Management Review* 9(2), 354-359.

- Carland, J. W., J. C. Carland, F. Hoy, and W. R. Boulton. 1988. Distinctions between entrepreneurial and small business ventures. *International Journal of Management* 5, 98-103.
- Crampton, S. M., and J.A. Wagner. 1994. Percept-percept inflation in micro organizational research: an investigation of prevalence and effect. *Journal of Applied Psychology* 79(1), 67-76.
- Daugherty, S. 2001. Nonemployers are not nonfactors in economy. *Business North Carolina* 21(8), 10.
- Delong, T.J. 1982. The career orientations of MBA alumni: A multi-dimensional model. *Career Issues in Human Resource Management*, Ralph Katz, ed. Englewood Cliffs, NJ: Prentice-Hall, 50-64.
- DeMartino, R., and R. J. Barbato. 2003. The differences among women and men MBA entrepreneurs: Exploring family flexibility and wealth creation as career motivators. *Journal of Business Venturing* 18(6), 815-832.
- Doty, H. D., W. H. Glick, and G. P. Huber. 1993. Fit, equifinality, and organizational effectiveness: A test of two configurational theories. *Academy of Management Journal* 36(6), 1196-1250.
- Douglas, E. J., and D.A. Shepherd. 2002. Self-employment as a career choice: Attitudes, entrepreneurial intentions, and utility maximization. *Entrepreneurship, Theory & Practice* 26(3), 81-90.
- Earles, W., R. Lynn, and R. Pierce-Lyons. 2006. Characteristics of home-based businesses: Essential background for future research. Paper presented at the International Council for Small Business, June 2006.
- Fabrigar, L. R., D.T. Wegener, R. C. MacCallum, and E. J. Strahan. 1999. Evaluating the use of exploratory factor analysis in psychological research. *Psychological Methods* 4(3), 272-299.
- Feldman, D. C., and M. C. Bolino. 2000. Career patterns of the self-employed: Career motivations and career outcomes. *Journal of Small Business Management* 38(3), 53-68.
- Fitzgerald, L. F., F. Drasgow, C. L. Hulin, M. J. Gelfand, and V.J. Magley. 1997. The antecedents and consequences of sexual harassment in organizations: A test of an integrated model. *Journal of Applied Psychology* 82(4), 578-589.
- Ginsberg, A., and A. Buchholtz. 1989. Are entrepreneurs a breed apart? A look at the evidence. *Journal of General Management* 15(2), 32-41.
- Hackman, J. R., and G. Oldham. 1980. *Work redesign*. Reading, MA: Addison-Wesley.
- Hundley, G. 2001. Why and when are the self-employed more satisfied with their work? *Industrial Relations* 40(2), 293-316.
- Johnson B.R. 1990. Toward a multidimensional model of entrepreneurship: The case of achievement motivation and the entrepreneur. *Entrepreneurship: Theory and Practice*, 14(3), 39-54.
- Jurik, N. C. 1998. Getting away and getting by: The experiences of self-employed homeworkers. *Work and Occupations* 25(1), 7-35.
- Loscocco, K., and A. Smith-Hunter. 2004. Women home-based business owners: Insights from comparative analyses. *Women in Management Review* 19(3), 164-173.
- Lumpkin, G. T., and G. G. Dess. 1996. Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review* 21(1), 135-172.
- Marascuilo, L.A., and M. McSweeney. 1977. *Nonparametric and distribution-free methods for the social sciences*. Belmont, CA: Wadsworth.
- McClelland, D. C. 1961. *The achieving society*, Princeton, NJ: Van Nostrand.
- McClelland, D. C. 1964. Need achievement and entrepreneurship: A longitudinal study. *Journal of Personality and Social Psychology* 1(4), 389-392.
- Miller, R. G., Jr. 1991. *Simultaneous statistical inference*. New York: Springer-Verlag.
- Miner, J. B. 1997a. Testing a psychological typology: Relation to subsequent entrepreneurial activity among graduate students in business management. *Proceedings of the USASBE Annual National Conference*, 39-54.
- Miner, J. B. 1997b. *The 4 routes to entrepreneurial success*. San Francisco, CA: Berrett-Koehler.
- Mueller, S. L., and A. S. Thomas. 2001. Culture and entrepreneurial potential: A nine country study of locus of control and innovativeness. *Journal of Business Venturing* 16(1), 51-75.
- Myers, J. L., and A. D. Well. 2003. *Research Design and Statistical Analysis*. Mahway, NJ: Lawrence Erlbaum Associates.

- Nicholson, N. 1984. A theory of work role transitions. *Administrative Science Quarterly* 29(2), 172-191.
- Nonemployer Statistics. 2002. US Census Bureau: EPCD.
- Orange, R. M. 2002. Aspiring law and business professionals' orientations to work and family life. *Journal of Family Issues* 23(2), 287-317.
- Parasuraman, S., Y. S. Purohit, V. M. Godshalk, and N. J. Beutell. 1996. Work and family variables, entrepreneurship career success, and psychological well-being. *Journal of Vocational Behavior* 48, 275-300.
- Paulhus, D. L. 1991. Measurement and control of response bias. *The measure of personality and social psychological attitudes*, J. P. Robinson, P. R. Shaver, and L. S. Wrightsman, eds. San Diego, CA: Academic Press, pp. 17-60.
- Podsakoff, P. M., S. B. MacKenzie, J. Lee, and N. P. Podsakoff. 2003. Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology* 88(5), 879-903.
- Rigsby, G. G. 2002. Smallest of small businesses gain ground. *The Business Journal of Milwaukee* 22(44).
- Schumpeter, J. A. 1934. *The theory of economic development*. Cambridge, MA: Harvard Press.
- Sexton, D. L. 1985. The entrepreneur: A capable executive and more. *Journal of Business Venturing* 1(1), 129-140.
- Shaffer, J. P. 1995. Multiple hypothesis testing. *Annual Review of Psychology* 46(1), 561-584.
- Shane, S., E. A. Locke, and C. J. Collins. 2003. Entrepreneurial motivation. *Human Resource Management Review* 13(2), 257-279.
- Smith, N., J. Bracker, and J. B. Miner. 1987. Correlates of firm and entrepreneur success in technically innovative companies. *Frontiers of Entrepreneurship Research*. Wellesley, MA.: Babson College, 327-347.
- Soldressen, L. S., S. S. Fiorito, and Y. He. An exploration into home-based businesses: Data from textile artists. *Journal of Small Business Management* 36(2), 33-44.
- Spence, J. T., and R. L. Helmreich. 1978. *Masculinity and femininity: Their psychological dimensions, correlates, and antecedents*. Austin, TX: University of Texas Press.
- Stewart, W. H., W. E. Watson, J. C. Carland, and J. W. Carland. 1998. Proclivity for entrepreneurship: A comparison of entrepreneurs, small business owners, and corporate managers. *Journal of Business Venturing* 14(2), 189-214.
- Walker, E., and B. Webster. 2004. Gender issues in home-based businesses. *Women in Management Review* 19(7), 404-412.
- Yoo, C. Y., and A. C. Cooper. 1991. The development and interpretation of entrepreneurial typologies. *Journal of Business Venturing* 6(2), 93-114.

### About the Authors



**ROBERT BARBATO** (rbarbato@cob.rit.edu) is a professor of management in Rochester Institute of Technology's E. Philip Saunders College of Business.



**RICHARD DEMARTINO** (rdemartino@saunders.rit.edu) is an associate professor of management in Rochester Institute of Technology's E. Philip Saunders College of Business and the director of the Albert J. Simone Center for Innovation and Entrepreneurship.



**PAUL H. JACQUES** (pjacques@wcu.edu) is an assistant professor of management in the Global Management and Strategy Department at Western Carolina University.