

Entrepreneurial Motivation



Objectives

- Understand how *entrepreneurial motivation* encompasses the factors by which goal-directed behavior is initiated, energized, and maintained
 - Self-efficacy
 - Cognitive motivation
 - Tolerance for ambiguity

The Opportunity Analysis Canvas™

ENTREPRENEURIAL MINDSET Achievement Individualism Control Focus Optimism		ENTREPRENEURIAL MOTIVATION Self-efficacy Cognitive motivation Tolerance for ambiguity		ENTREPRENEURIAL BEHAVIORS	
MACROECONOMIC CHANGES	INDUSTRY CONDITIONS		COMPETITION		OPPORTUNITY IDENTIFICATION
	INDUSTRY STATUS		VALUE CURVE		

Self-efficacy

- Defined as your belief in your ability to accomplish a specific task
 - Intersects the entrepreneurial mindset and entrepreneurial motivation
- Related to control and confidence
 - ...but tied to a specific task or activity
- Top predictor of individual performance in a wide variety of tasks

Cognitive motivation

- *Cognition* = the process of thought
- Individuals **high** in need for cognition (thinking) tend to seek, acquire, think, and reflect on relevant information
- Individuals **low** in need for cognition tend to rely on experience, assumptions, and luck

Tolerance for ambiguity

- Defined as the tendency to perceive ambiguous situations as desirable rather than threatening
- Necessary factor for entrepreneurs based on dynamic nature of markets and competition
- Important to be able to make complex decisions quickly with limited information

Cognitive biases and heuristics common in entrepreneurship

- Overconfidence
- Representativeness
- Counterfactual thinking

Overconfidence of entrepreneurs

- Refers to an individual tendency to overestimate one's capabilities, knowledge and skills
 - Results in being overly optimistic of the future
- Helps entrepreneurs to successfully face multiple hurdles of starting and managing
- Valuable to persuading others
- Explains why most new ventures fail



Representativeness of entrepreneurs' decisions

- Defined as the tendency of judging the probability of an event based on how representative that event is for a class or category of events
 - Stereotyping
- Willingness to generalize based on small samples of events
- Results in inaccurate perceptions of reality

Counterfactual thinking by entrepreneurs

- Defined as the tendency to think about ‘what might have been if..’
- Often negative in nature
 - With a sense of regret or disappointment due to missed opportunities
- Can result in pursuing mediocre opportunities for new ventures
 - Fear that they may ‘miss out’ on a success

Summary

By understanding the components of the *entrepreneurial motivation*, you can assess and enhance your own.

- Do you have high **self-efficacy**?
- Do you exhibit high **cognitive motivation**?
- What is your **tolerance for ambiguity**?

For next time, review chapter 4 of
“The Opportunity Analysis Canvas”

