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The creation of opportunity is an opportunity to create: Entrepreneurship as an outlet for the legacy motive

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ABSTRACT

As evidence has accumulated that entrepreneurs may pay a financial penalty for their career choice, researchers have struggled to explain the motivation that might lead individuals to pursue the creation of new firms, technologies, and opportunities. We introduce the desire to leave a legacy as both a common source of motivation for many entrepreneurs, and a source of variation, as entrepreneurs who wish to leave a legacy must decide what they would like to leave behind, and whom they wish to benefit from that act. We discuss the implications of the different kinds of legacies for entrepreneurs and their organizations, particularly at founding and exit, when the legacy motive is likely to be particularly salient.

Contents

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I didn't appreciate what it meant to a founder, the creator of the Macintosh, to be asked to step down from the very division that he created, to leave the very product that he believed was going to change the world. So, I think because we came from such different experiences, mine from the East Coast in corporate America and Steve as a start-up entrepreneur in Silicon Valley, I wasn't as sensitive as I wish I had been on that. (John Sculley; from Greelish, 2011*).*

Many corporate leaders and policy makers can relate to the regret John Sculley expressed due to his misperceptions regarding the motives of entrepreneurs and the consequences resulting from these gaps in understanding. Yet, despite increasing scholarly attention to the cognitive processes of entrepreneurs (Mitchell et al., 2007; Shepherd, Williams, & Patzelt, 2015), the question of why individuals choose to pursue entrepreneurial opportunities has proven surprisingly vexing. In particular, scholars have struggled to explain why people would choose to start new companies when a majority of entrepreneurs would be better served financially by pursuing employment commensurate with their education and experience at established firms (Hamilton, 2000; Moskowitz & Vissing-Jorgeson, 2002).

Many scholars have examined the possibility that risk preferences might account for this discrepancy, but findings have been mixed. Stewart and Roth (2001) found a positive relationship between risk seeking and entrepreneurship, but Miner and Raju (2004) found no relationship, Xu and Ruef (2004) found entrepreneurs to be risk averse, and Begley (1995) suggested a curvilinear relationship with entrepreneurs disproportionately moderate in their risk preferences.

The evidence that income and risk cannot adequately explain entry into entrepreneurship is perhaps less surprising given the uncertainty surrounding the creation and exploitation of opportunities at the heart of the entrepreneurial endeavor (Alvarez & Barney, 2007, 2010; Alvarez, Barney, & Anderson, 2013; Shane, Locke, & Collins, 2003). While entrepreneurs undoubtedly prefer more money to less, and may also prefer exploiting opportunities skewed in favor of the potential for very large payoffs, neither the range of possible outcomes nor their probabilities is available to entrepreneurs at the time they choose to initiate the creation of an opportunity (Alvarez & Barney, 2007, 2010; Baker & Nelson, 2005). Thus, Alvarez and Barney (2007: 19) argue that "the potential gains to these activities – gains that cannot be anticipated even probabilistically – do not play a major role in deciding whether or not to engage in entrepreneurial actions."

Research on entrepreneurial motivation beyond payoff structure has produced some interesting findings regarding entrepreneurial motivation, but this research has been difficult to build on (Shepherd et al., 2015; Grégoire, Cornelissen, Dimov, & Burg, 2015). One challenge has been inconsistent findings. For example, Shane et al. (2003) reviewed the literature on entrepreneurial motivation, and found mixed results for tolerance for ambiguity that mirrors the mixed results on risk tolerance. Other factors, such as locus of control and self-efficacy, were stronger in entrepreneurs than the general population, but firm founders scored similarly to managers who worked for others, suggesting the link was not based on entrepreneurship (Shane et al., 2003). Another challenge has been the large number of variables examined in a relatively small number of articles (Grégoire et al., 2015). Thus, for Zhao and Seibert (2006) to conduct a meta-analysis of the big five personality traits (McCrae & Costa, 1997) on entrepreneurship, they had to cobble together 58 different variables from 23 studies, after ruling out numerous studies that measured aspects of motivation and personality that did not map cleanly onto one of the big five personality traits. In the absence of a more comprehensive framework, scholars of entrepreneurial motivation will continue to struggle to build on each other's work. Zhao and Seibert (2006) note that wide credibility intervals, such as those for their constructed measures of extraversion and conscientiousness, often indicate unmeasured moderators. Such moderators could be an indication entrepreneurs differ, not only from managers and the general population, but from each other as well. In their review of entrepreneurial decision making, Shepherd et al. (2015) found that differences in aspirations and attitudes help explain how individuals perceive opportunities, whether they decide to start a business, and when entrepreneurs exit their businesses. Despite the evidence they find indicating heterogeneity of entrepreneurial motives, Shepherd et al. (2015) find it hard to explain much of this heterogeneity, because so much of the research on entrepreneurship has ignored non-economic motives entirely. This ambiguity has led to calls for additional research into the effects of a broader set of motivational drivers of entrepreneurship (Hisrich, Langan-Fox, & Grant, 2007; Shepherd et al., 2015) — factors that can capture the differences that exist between entrepreneurs and non-entrepreneurs, shed light on differences between groups of entrepreneurs with their own distinct motives, and help integrate the complex and sometimes contradictory findings of previous work.

Thus, prior work suggests that the decision to start a new firm is not based on extrinsic rewards, and we suggest that the choice may instead be governed by intrinsic motivation stemming from the act of creation itself. While the intrinsic desire to create has received relatively little attention in the entrepreneurship literature, psychologists have shown that an inner drive to make a lasting impact is a strong personality trait of many productive and creative individuals, and that creating new companies might be one particularly promising outlet for such motivation (Erikson, 1968; Kotre, 1984; McAdams, 1993, 2006). More specifically, we theorize that the desire to leave a legacy, manifested in the creation and successful development of new firms, markets, and products that can endure beyond the entrepreneurs' involvement with their own creations, constitutes a central aspect of entrepreneurial motivation.

To develop a conceptual model of how the legacy motive can shape entrepreneurial behavior throughout the life of new organizations, we begin by discussing the research on the psychology of the legacy motive and its implications for how the creation of new firms, products, and markets might help to satisfy the desire to make a lasting impact. Next, we draw upon the

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