

Motivation as success factor for Entrepreneurs in rural areas of Sweden.

Case: Fotfavoriten AB, Nipsoft AB & Mickes Måleri i Ådalen AB

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Abstract

The aim of this paper is to answer to a research question: “*How does the entrepreneur’s motivation affect the success of the company in rural areas?*” The theoretical framework conducted for this study discusses rural entrepreneurship and motivation as a success factor. Relevant material for this study is gathered by utilizing the databases of Halmstad university and Google Scholar. A case study approach is used and academic literature on the topic is reviewed. Different motivational factors of entrepreneurs in rural areas were identified based on this study. Further studies in this field is encouraged to strengthen this topic and/or provide with other aspects missing in this research due to limitations.

Keywords: Entrepreneurship, Rural Areas, Motivation, Case Study

Introduction

Interest in entrepreneurial factors influencing behaviour has increased dramatically in recent years among academics and practitioners Goetz et al. (2009). The same can be applied to the drastic growth of Entrepreneurs and interest for entrepreneurial start-ups in rural areas around the world (Ahmad et al., 2012). Some researchers (Ahmad et al., 2012) state that there is hardly any difference between entrepreneurship and rural entrepreneurship, others (Osborne., 1988; Buss & Lin, 1990) oppose, emphasizing on the economic, culture and social factors. Motivation is a studied area and as success factor there are different suggestions of factors that may influence or control motivation whit in an individual, factors such as: psychological, personality reasons and social and or economic aspects (Hughes, 2006). Several researchers state that there

are different types of entrepreneurs, using “push” and “pull” to describe motivation factors among entrepreneurs stating that they have different outcomes on entrepreneurial success (Hughes, 2006; Hisrich & Brush, 1985). It can be found that there is a lack of research between motivation as a success factor among rural entrepreneurs. Therefore, we aim to conduct a study on the motivation factors influencing success connected to rural areas of Sweden using three entrepreneurs from Sollefteå to answer the research question: *“How does the entrepreneur’s motivation affect the success of the company in rural areas?”* In this research, general insights to the theories of rural entrepreneurship and motivation as a success factor will be presented, as well as the answer to research question. In the analysis part we are going to discuss, first in the within- case analysis, and then in the cross-case analysis, how the entrepreneur’s motivation can affect the success of a company in rural Sweden. Hence, any other factors that may affect or influence a company in rural areas are not discussed in detail. Rural entrepreneurship is not a new field of research in the scenes of global studies. However, there are no previous studies conducted within this particular topic in Sweden therefore we argue that this limitation is of great interest and significance to the research of rural entrepreneurship and also to Swedish businesses in rural area as well as Swedish researchers within this field.

Theoretical framework

Entrepreneurship in rural areas

First it is important to define what rural area is. The definition varies on the geographical location therefore the definition of rural area will be limited to Sweden. Glesbygdverket (2008), constructs their definition of rural areas based upon availability and the size of population. An area with a population of minimum 3000 people and an availability of accessing location with basic services within a five minute car drive is classified as urban area (Glesbygdverket, 2008). Areas that are located between 5- 45 minutes’ car drive away from previous described location are classified as rural area (Glesbygdverket, 2008). Glesbygdverket, (2008) states that 24% of Sweden’s population lives in rural areas.

Entrepreneurship can be defined as the practice of starting new organisations or modernizing mature organizations as a result of identified opportunity (Onuoha, 2007). According to Schumpeter (1965), entrepreneurs can be defined as individuals recognizing market opportunities through technological or organizational innovation. Others, such as Drucker (1970) consider entrepreneurship as risk taking. Eroglu & Picak (2011) summarize

entrepreneurship as risks, innovation and creative thinking driven by recognition of opportunities. Entrepreneurship can also be considered as a main engine of economic growth (Carree & Thurik, 2005).

Rural entrepreneurship can be defined as an individual living in a rural location and contributing to that area's economic wealth (Petrin, 1994). Hoy (1983) describes a rural entrepreneur with following characteristics: independent, risk-taking, optimistic, innovative and hardworking. Rural entrepreneurship is in fact entrepreneurship but with focus on creating new employment and opportunities in rural areas (Hoy, 1983). Rural entrepreneurship is defined by Wortman (1990) as a creation of new organizations that presents new products or services and creates new markets in rural environment. Others, such as Buss & Lin (1990), state that it is not possible to truly define rural entrepreneurship, and if and how it distinguishes from entrepreneurship in urban areas due to lack of research of this field. Ahmad et al. (2012) states that rural entrepreneurship as definition does not particularly differ from entrepreneurship in urban areas but that there are differences in regards of preconditions and possibilities but should be acknowledged as a crucial and significant factor and contributor to a country's economic development.

According to Osborne (1988) and Buss & Lin (1990) many economists, and development specialist, believes that rural economies are hostile to entrepreneurship since rural markets are small and undiversified where capital is scarce and often a shortage of skilled labour and infrastructure can be underdeveloped and support service for business are weak. Osborne (1988) state that the expectation to fail are higher than for entrepreneurs in urban areas. The growth of rural firms is limited due to several factors such as limited demand from local market, poor access to other regional markets and lack of opportunity for networking (Fuller-Love et al., 2006). Smallbone et al., (2002) also acknowledge the difficulties of success for small firms in rural areas, stating disadvantages, such as distance from key markets, access to finance and support structures but also states that encouraging small business is critical for economic success in rural areas. Some research have been conducted on the difference of male and female entrepreneurship in rural areas stating that females generally start small scale businesses with low investments often combined with part-time work (Bock, 2004).

Motivation as success factor

Motivation is a studied area and as motivation can also be a success factor, there are different suggestions of factors that may influence or control motivation in an individual (Hughes, 2006). The factors are: psychological, personality reasons and social and or economic aspects (Hughes, 2006). According to Lee (1997), the attitude and motivation of an entrepreneur towards the opportunity is crucial to ensure success and that the entrepreneur mind-set, ability to recognize opportunities and able to take risks are of great need in the early stages of entrepreneurship.

Hughes (2006) empathises on the relevance, whether motivation is a choice or circumstance and if the entrepreneur has been “pushed” or “pulled” and presents a categorization of three different groups of motivations: *classic*, *forced* and *work-family*. Classic can be described as an individual being pulled into entrepreneurship attracted by independence, challenge and financial opportunity, while forced were described as motivation due to job loss or difficulty of finding employment resulting in being pushed into entrepreneurship which could be a positive aspect for individuals of greater insecurity (Hughes, 2006). According to Moore & Mueller (2002), involuntary or long-term unemployment could be a strong motivation factor. Work-family can be described as motivation to flexibility of being able to balance work and family, factors Hughes (2006) points out is more important to women than men. Hughes (2006) states in her study that different types of motivation is linked to different types of business and economic success. For example, classic entrepreneurs appear to have higher capital, income and operate in incorporated, non-home based businesses, while work-family entrepreneurs have lower income, work less hours and most likely be unincorporated, working alone and lastly; forced entrepreneurs are more likely found in incorporated businesses with lower salary but working more hours than the other two types (Hughes, 2006). Also Hisrich & Brush (1985), have conducted studies resulting in categorization of push and pull factors, were push were connected to factors of frustration and boredom and pull factors connected to interest in business.

Swierczek & Ha (2003) conducted a study of motivation among Vietnamese entrepreneurs with the result of challenge and achievement being significantly higher valued as motivator than necessity and security which might not be representative in a bigger context but useful among SME owners in Vietnam. However, according to Chu (2000), in a study of Chinese entrepreneurs, different motivations were found for starting up as an entrepreneur depending

the gender. Chu, (2000) states that female entrepreneurs are motivated by family, while male entrepreneurs motivate by start-up of business, which Chu (1990) explains as culture related. However, Hisrich & Özturk (1999) state, that there have been no findings in previous studies stating that there exist any substantial differences between countries or gender.

Methodology

This study provides general theoretical insights into the theory regarding rural entrepreneurship and motivation as success factor among entrepreneurs, with an aim to answer a research question: “*How does the entrepreneur’s motivation affect the success of the company in rural areas?*” The theoretical background provides a foundation for the following analysis of three entrepreneurs in a rural area of Northern Sweden. Secondary data is used to analyse the three chosen case-entrepreneurs. Secondary data was collected in form of research articles, which are selected by their relevance to increase the reliability of the study from the databases of Halmstad University and Google Scholar. Search words used for this research were: “Rural Entrepreneurship”, “Entrepreneurship Motivation” and “Motivation Success Factor”. The Swedish case study companies chosen for this research are Fotfavoriten AB, Nipsoft AB and Mickes Måleri i Ådalen AB. All the cases were collected from the database Diva. These case studies were chosen as they all represent entrepreneurs in the rural areas of Sweden. The three-case study approach was chosen to gain in-depth knowledge and to create a basis for a clear and direct analysis. According Eisenhart & Graebner (2004), a study of multiple cases follows a replication rather than sampling logic. This strengthens the results by replicating the pattern matching and increases confidence in the strengthening of the guiding theory (Eisenhart & Graebner, 2007). As Eisenhart (1989) stated, the data analysis for the case study is the most difficult and least structured. To overcome the latter, along the within-case perspective, the cross- case perspective was also done for further validating the findings.

Analysis

Within-case analysis

Fotfavoriten AB

The Swedish based company Fotfavoriten AB was founded by Ewa Wörman in 1997 and was a well-established and successful business with five employees in 2004. Fotfavoriten AB is based in Sollefteå in northern Sweden, a small city classified as rural area, providing foot care to customers with foot problems, often due to other health issues. This can be classified as a

niche market with limited competition in the area due to its rural location. Wörman comes from a background as a nurse but due to lack of work in Sollefteå she was facing termination of employment. At this period, Wörman was introduced to the idea of re-education with specialization in foot care; something she initiated during her spare time in 1996, a few months before her employment were terminated.

During interviews with Hubner & Søylen (2004), Wörman states that women have not learned how to run a business and do not see their big qualities as potential entrepreneurs, and that was the reason why she waited a year after termination to start Fotfavoriten AB as she was uncertain of her own competence and knowledge of running a business. Fotfavoriten AB expanded with one more employee a year later and with three more during the upcoming three years, and expanding the company's area of operation. New opportunities were presented to Fotfavoriten AB when Sollefteå Kommun advertised for a foot therapist, which was a position that Wörman applied for, but without success, since Sollefteå Kommun would only hire a private person, and not a company. Wörman recognized the opportunity, and through connections of a local retirement home that explicitly wanted Fotfavoriten ABs services, combined with a letter to Sollefteå Kommun, managed to turn them around, accepting Fotfavoriten AB presenting them with a new customer representing majority of their business.

A few years into her Entrepreneurship with Fotfavoriten AB, Wörman joined krAft educational program for business and leadership in order to improve and develop her knowledge in business, which was a step she views as a key factor to Fotfavoriten AB's success. According to Hubner & Søylen (2004), Wörmans attitude of carefulness and structured plan is more profitable and secure, than the motivation of starting up a company only to make money, and building an business idea on common sense, competence and caution. Wörman states that her motivation to entrepreneurship lies with a need for more education, improving her skills, creating her own possibilities and time for herself. It is also due to the support from her family that she felt confident to take the risk of starting Fotfavoriten AB (Hubner & Søylen, 2004).

Nipsoft AB

The Swedish based company Nipsoft AB was founded by Fredrik Larsson in 2000, and was at 2004, a well established and successful business with six employees. Nipsoft AB is based in Sollefteå in Northern Sweden, a small city classified as rural area, providing data system

services. This can be classified as a niche market with limited to non competition in the area due to its rural location with good opportunities to grow.

With an academic background and a degree in economics, as well as being a trained technician, Larsson states that he has always wanted to be independent, but planned to do so later in life rather than straight after his graduation. His path to entrepreneurship went through employment at a telecom company that did not provide satisfaction, but when Larsson indicated on changing form of employment the opportunity to consult from his own company was presented. Nipsoft AB was founded and the telecom company became its biggest client. Within months, Larsson expanded with two new employees. In 2003, the telecom company went bankrupt resulting in difficulties for Nipsoft AB, but was later turned around to their benefit through signing on the new telecom operator in Sollefteå, as well with Landstinget in Västernorrland. Larsson's motivation towards entrepreneurship lies within the need for development and education, not just for himself but for his employees as well. Not long after founding Nipsoft AB, Larsson joined krAft educational program for business and leadership education, in order to improve his knowledge in entrepreneurship, business and leadership. Through krAft Larsson also experienced support from others in the same position, giving motivation to continue with developing Nipsoft AB (Hubner & Sølilen, 2004).

Mickes Måleri i Ådalen AB

The Swedish based company Mickes Måleri i Ådalen AB was founded by Micael Gabrielsson in 1986, and was at 2004 a company of five employees. Mickes Måleri i Ådalen AB is based in Kramfors in Northern Sweden, a small city classified as rural area, providing different products and services within the painting business, real estate and catering. This can be classified as a difficult branch in rural Sweden with limited lucrative opportunities due to lack of niche, high competition in close area and partly season oriented business.

Gabrielsson can be described as a jack of all trades with a background as a painter without other educational merits, but with great experience of starting up businesses, which often resulted in bankruptcy. Due to bad investments and limited knowledge in business, Gabrielsson often lacked finance, which motivated him to make new attempts by starting a company with the aim of making quick money. Over the years, Gabrielsson continued with putting companies into bankruptcy. The successful catering business was sold to an employee due to lack of administrative knowledge, for instance. Instead, Gabrielsson bought a paint shop that became

the foundation of Mickes Måleri i Ådalen AB, but he was still operating real estate and as a painter at the same time. In 2000, 14 years after Mickes Måleri i Ådalen AB was founded, Gabrielsson came in contact with Kraft educational for business and leadership education. This became a wakeup call for Gabrielsson, who now discovered the importance of education and networking among similar entrepreneurs exchanging experience and insights of their business. Due to Gabrielsson's commitment to education, he gained important knowledge and also changed his motivation from quick money to a more strategic attitude, stating that he believes that he should focus on his best skills and develop these (Hubner & Sjøilen, 2004).

Cross- case analysis

As analysed in the within-case analysis, the three companies operate in different business areas, their owners come from different educational backgrounds, and they have mixed motives of becoming entrepreneurs, but they have one thing in common, which is operating in rural areas of Sweden.

Fotfavoriten AB's founder was pushed into entrepreneurship, while both founders of Mickes Måleri i Ådalen AB and Nipsoft AB sought entrepreneurship, but with different purposes. Hughes (2006), argues that there is a great relevance whether the motivation for entrepreneurship is a choice or circumstance, whether the entrepreneur has been "pushed" or "pulled". Fotfavoriten AB's owner were pushed into entrepreneurship due to loss of employment, which is something that Moore & Mueller (2002), state being a strong motivating factor. Using Hughes (2006) categorization of motivation group, Wörman is classified as work-family based, even though, Wörman wants to work alone, for a shorter time, and independently. Mickes Måleri i Ådalen AB and Nipsoft AB were pulled into entrepreneurship due to different factors of motivation and can be classified to belong to the classic motivation group emphasizing on independence, challenge and financial opportunity (Hughes, 2006).

Fotfavoriten AB and Nipsoft AB were successful companies from the beginning, while Mickes Måleri i Ådalen AB struggled for 14 years. It can be argued that the ground for their success is due to their attitude and motivation, hence the entrepreneur's ability to recognize opportunities and take risk in the early stages of entrepreneurship is crucial to ensure their success (Lee, 1997). Both Fotfavoriten AB and Nipsoft AB, recognized opportunities when opportunities occurred while Mickes Måleri i Ådalen AB was constantly searching for easy opportunities outside of his field of expertise in hope of fast financial gain. Nipsoft AB and Fotfavoriten AB

were both operating in specialized fields facing low competition with great opportunities to develop, while Mickes Måleri i Ådalen AB were facing hard competition and repeated bankruptcy. Nipsoft AB and Fotfavoriten AB had also both big contracts covering for their majority of business. At the same time Mickes Måleri i Ådalen AB were handling different customers in different businesses.

Rural entrepreneurship is defined by Wortman (1990) as creation of new organizations that presents new products or services and creates new markets in rural environment. This definition is mostly adaptable to Nipsoft AB and Fotfavoriten AB with focus in niche markets with low competition and strong possibilities for development, which is not adaptable to Mickes Måleri i Ådalen AB. Hoy (1983) describes a rural entrepreneur with following characteristics: independent, risk-taking, optimistic, innovative and hardworking. It can therefore be argued that all three entrepreneurs are classified as rural entrepreneurs, hence, Mickes Måleri i Ådalen AB founder Gabrielsson, can be described as an independent and hardworking risktaker. Hughes (2006) highlights different factors that may influence or control motivation in an individual, such as; psychological, personality, social and or economic aspects. Larsson became an entrepreneur with an academic background, Wörman with education as a nurse and Gabrielsson as a painter. Both Wörman and Larsson had an interest in education and personal development, which they both stated to be their key motivation from the beginning, while Gabrielsson focused on fast financial gain. Larsson expressed a need to be independent, and Wörman to gain time for herself and create possibilities for personal development.

Smallbone et al., (2002) acknowledge the difficulties of success for small firms in rural areas, stating disadvantages, such as distance from key markets, access to finance and support structures. Wörman and Larsson expressed increased motivation and sense of security due to the support they found among family and business network, something Gabrielsson discovered later on. All of the entrepreneurs connected themselves with krAft with positive results, such as increased knowledge through education, network benefits and support, which all stated were motivational factors and which they all believed to influence their success (Hubner & Søylen, 2004).

	Fotfavoriten AB	Nipsoft AB	Mickes Måleri i Ådalen AB
Educational background	YES	YES	NO
Educational driven	YES	YES	NO (yes, after 10 years)
Pushed to Entrepreneurship	YES	NO	NO
Pulled to Entrepreneurship	NO	YES	YES
Motivated by Financial Gain	NO	YES	YES
Motivated by Independence	NO (yes, later on)	YES	NO
Emotional Support	YES	YES	NO
Niche market	YES	YES	NO
Opportunity recognition	YES	YES	NO
Opportunity seeking	NO	NO	YES

Table 1. Overview of factors of motivation and rural entrepreneurship.

Conclusion

This research provided insights on a general level to the topic of rural entrepreneurship and motivation as a success factor. The research question was answered through following findings: Motivation as success factor differs between entrepreneurs by the purpose of their entrepreneurship. It can be stated based upon this research that educational interest and motivation is a success factor in rural entrepreneurship. It can also be concluded that changed

educational interest can come late in an entrepreneurs' life and still have positive effects, therefore the conclusion can be made that it is not bound to an early stage of entrepreneurship. However, motivation by fast financial gain with neither the benefits of a niche market or ability of opportunity recognition can be concluded as unsuccessful. Other aspects for motivation is the sense of support given to the entrepreneur from either family or support from business network which was stated as key factors for motivation for the successful entrepreneurs. This research also concludes that motivation and ability to recognize opportunity in the early stage of rural entrepreneurship is a crucial success factor.

Future research

The reliability of this research could be increased due to the limitation of three cases studied. A new study of Swedish rural entrepreneurs and motivational factors for success conducted in a larger scale, not limited to northern Sweden, would be suggested. There is also the aspect of culture differences that should be taken into consideration whether it has significance to the motivational factors of entrepreneurs since there is a disagreement among researchers whether culture or geographical differences influence entrepreneurship in rural areas. Therefore, a study of rural entrepreneurs might not be representative and reliable in another context. Conducting a new study in another culture or geographical setting or an international would bring more insight to the topic and strengthen the current knowledge.

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