



Hybrid entrepreneurs' second-step choice: The nonlinear relationship between age and intention to enter full-time entrepreneurship

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ABSTRACT

Entrepreneurs who run venture startups parallel to wage employment engage in so-called hybrid entrepreneurship. Not all hybrid entrepreneurs, however, eventually leave the wage employment to become a full-time entrepreneur (second-step entrepreneurship). Significant research has focused on first-step entrepreneurial choice (to engage in a business start-up), but much less has focused on a second-step entrepreneurial choice, which captures the transition to full-time entrepreneurship. The present study, which examines the second-step entrepreneurial choice, reveals a U-shaped relationship between age and the intention to enter full-time entrepreneurship. Interestingly, this contrasts with prior studies on the effects from age in the first-step entrepreneurship choice, demonstrating an inverted U-relationship between age and venture startup.

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1. Introduction

In practice, it is common that entrepreneurial activities are initiated parallel to wage employment, which researchers have labeled hybrid entrepreneurship (Folta et al., 2010; Raffiee and Feng, 2013). The decision to make a full-time commitment to entrepreneurship, therefore, is likely taken when the business is already operating. Moreover, such a decision may, in fact, never be taken at all. Rather, the individual might decide to continue his or her dual commitment to wage employment and the business or even withdraw from the business in favor of the wage employment. As we illustrate in Fig. 1, the entrepreneurial choice among hybrid entrepreneurs can be conceptualized to occur in two steps. In a first step, the entrepreneur chooses whether to engage in a business startup, which we conceptualize as a first-step entrepreneurial choice. In a second-step entrepreneurial choice, the individual might decide to leave wage employment and become a full-time entrepreneur. This second-step choice has been neglected in the entrepreneurship literature; therefore, we examine this subject in the present study.

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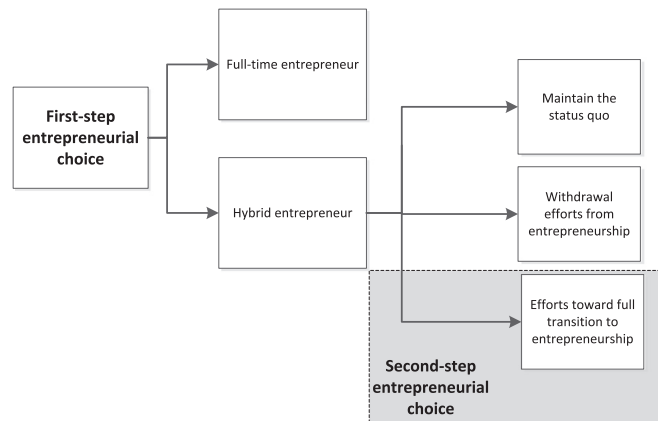


Fig. 1. Entrepreneurial choice as a two-step process.

Age has proven relevant for entrepreneurial behavior in relation to the first-step choice (Kautonen et al., 2014; Lévesque and Minniti, 2006; Singh and DeNoble, 2003). Economic reasons have been used to explain a positive linear relationship (Lévesque and Minniti, 2006) or sometimes an inverted U-shaped relationship (Kautonen et al., 2014), between age and venture startup. Research has also examined the ‘entrepreneurial ladder’ metaphor, which implies that the older people become, the less likely they are to think of themselves as future entrepreneurs (van der Zwan et al., 2010). Some scholars have suggested, however, that being more mature when entering entrepreneurship may ensure that the individual is prepared more effectively to cope with interferences with other roles (Arenius and Minniti, 2005; Grandey and Cropanzano, 1999; Herslund and Tanvig, 2012).

In the present study, we expect that age is also relevant for the second-step entrepreneurial choice, in which entrepreneurial entry has taken place but is still combined with wage employment. We believe that other reasons than those used to explain the first-step entrepreneurial choice may be at play. For hybrid entrepreneurs, the decision may be based on how compelling the individual finds it to self-realize oneself through the entrepreneurial role and in doing so leave the wage-role behind. Such an explanation may, however, not necessarily result in a positive linear relationship or an inverted U-shaped relationship. Thus, the objective in the present study is to examine age in relation to the second-step entrepreneurial choice.

2. Methods

2.1. Sample

As part of a larger study targeting 882 venture owners (the population of ventures in the creative sector of a Swedish county in 2012), we distributed a questionnaire via postal mail. Of the 749 venture owners reached, 256 responded, yielding a response rate of 34.2%. A possible nonresponse bias was analyzed by *t*-tests comparing respondents to nonrespondents in terms of entrepreneurial tenure, taken from the register of entrepreneurs. This test indicated no significant differences between the two groups (t -value = -1.30 , $p = n.s.$), suggesting that a nonresponse bias is unlikely. To be included in testing the present study's hypotheses, the respondents had to meet two criteria: (1) engaging in wage employment and (2) active engagement in an entrepreneurial venture at the time of data collection. These two criteria were met by 103 respondents, whose average age was 47.7 years, with 51.5% female and 48.5% male. In terms of marital status, 45.6% were married, 31.1% were cohabitating without marriage, 5.8% were in a relationship, and 17.5% were single. Furthermore, 81.6% had children, and 68.0% had earned a university degree. The hybrid entrepreneurship duration on average was 9.7 years, with the average net income from the entrepreneurship venture in 2011 being 322,000 Swedish kronor (SEK) and net income from the employment being 328,000 SEK.

2.2. Variables

The dependent binary variable was coded 1 if the individual intended to transition within one year from hybrid- to full-time entrepreneurship, and 0 otherwise. It is important to note that the present study measured the *intention* to transition, rather than the actual transition. As such, there may be a discrepancy between intentions and real actions (Ajzen et al., 2004). To test the assumption that entrepreneurial intention strongly indicates future entrepreneurial action, in 2014 (two years after the initial data collection) we attempted to contact the 103 hybrid entrepreneurs to ask whether they had transitioned to full-time entrepreneurship. We reached 87 of the original respondents. Of these, 26.53% reported that they had transitioned to full-time entrepreneurship, whereas in the first survey, 24.27% of the respondents indicated they would

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