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Subjective perception of entrepreneurship. Differences among countries[☆]Fernando Crecente-Romero^{a,*}, Mónica Giménez-Baldazo^a, Luis F. Rivera-Galicia^b^a Department of Economics and Management, University of Alcalá, Spain^b Department of Economics, University of Alcalá, Spain

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ABSTRACT

Entrepreneurship is a field of growing interest for economic research. Entrepreneurs contribute actively to economic growth, because they create employment and wealth. Knowledge and entrepreneurship play an important role in economic progress and they lead the from a management economy towards an entrepreneurial economy. Understanding entrepreneurial activity is essential to characterize both entrepreneurs and their businesses so that public policies that intend to promote and support the creation of companies are effective and efficient. This research proposes a new classification of countries using statistical tools, taking into account the countries present in GEM (Global Entrepreneurship Monitor) for years 2004, 2009 and 2014. This classification allows to analyze the evolution of the perception of entrepreneurial opportunities, as well as to identify the cultural patterns of entrepreneurship. The results show that entrepreneurial activity does not depend only on economic development, but also on behavioral economics.

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1. Introduction

1.1. Entrepreneurship as a regional phenomenon

Entrepreneurship is another factor in production function that appears and develops in a concrete region or economy as productive resources. Some studies analyze them from a supply and demand perspective (Verheul & van Stel, 2007), as the rest of productive resources. Demographic characteristics of population, industrial needs or individual attitudes towards entrepreneurial activity and individual valuation of risk determine supply, that is, labor market. Latent opportunities in a segment or in the products/services market of the area explain demand. The bigger the diversity of consumers, technological advances and business development in a region, the bigger the demand of entrepreneurs because they create supply chain decentralization (business services development, “spin-off” creation, etc.). Fig. 1 shows that adequacy between supply and demand of entrepreneurs determines entrepreneurship rate balance in a region.

However, supply and demand reach this balance only in the long term as a consequence of market adjustments, when only those entrepreneurs with an efficient management remain. Access of new entrepreneurs to areas or regions with an entrepreneurship rate above the equilibrium causes an increase of competence. One way to compete is increasing costs, so margins decrease and the probability of

entrepreneurial failure then increases. Only those companies that can manage their costs efficiently will remain in the sector, and the market will eject the rest of the firms. On the other side, if entrepreneurs decide to invest using a strategic criteria in a new market niche, company survival opportunities might increase, because of the higher margin the company can get until the area reaches balance rate. Demographic conditions of regions determine the factors that facilitate business access, especially urban areas development and agglomeration economies they create, taking advantage of the networks that big cities generate (Lamotte & Colovic, 2013; Liang, Wang, & Lazear, 2014; Nijkamp, 2000).

Nevertheless, developing countries don't need a deep urban development to get a dynamic entrepreneurial activity, because chances appear in the more unstable and adverse environments. Peters (2003) reaches these conclusions in his research about entrepreneurship in south India.

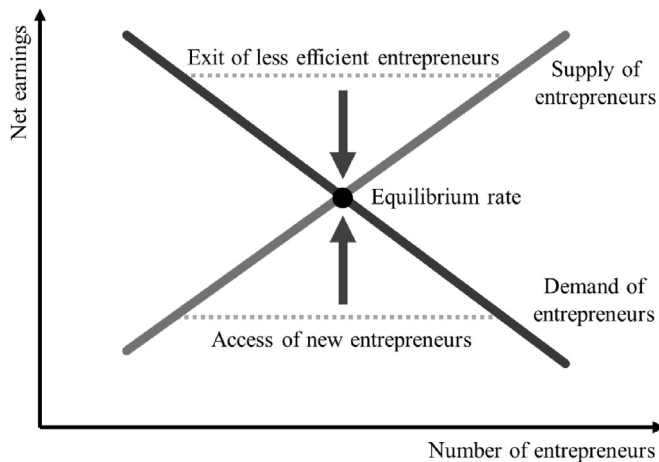
Classical entrepreneurs have an attitude towards uncertainty and an ability to get something good from the failure, so they have entrepreneurship vision and the talent to detect opportunities, not only in the market, but also in time and in the influence area. Entrepreneurs decide to create a business because they perceive sectorial, strategic or market opportunities (Falck, 2007; Grebel, 2007). For example, remarkable market opportunities are the lack of the same kind of companies in the city, city growth expanding the market or liberalization of the market in the region.

Nevertheless, entrepreneurship different from strategic aspects or need is equally significant. Personal or family issues in order to choose time and location are also important reasons. Entrepreneurs want to maximize their life quality when they locate their companies as close as possible to their home. Personal reasons condition the election of the sector: entrepreneurs can continue with a previously existing

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Source: Own elaboration based on Verhuel assumptions.

Fig. 1. Entrepreneurship rate balance. Source: Own elaboration based on Verhuel assumptions.

business, because of inheritance or because entrepreneurs buy the company they work for (buying participations from another partner). The main reason to choose the activity area is prior knowledge and experience they already gather, their level of studies or their skills from professional career (knowledge of customers, suppliers, production processes, etc., Landström, 2008 or Landström, Harirchi, & Aström, 2012).

One of the strengths of Global Entrepreneurship Monitor (GEM) is that their reports provide data about the flow and the reasons that lead from “potential” to “nascent” entrepreneur. In most occidental economies, need reasons lead this change while opportunity reasons arise very few times. De Martino and Barbato (2003) determine that in order to know exactly the reasons that lead an entrepreneur to start and activity you need to make a comparison between groups of entrepreneurs with the same educational level.

1.2. Environmental conditions and their use

Environments are all those circumstances that directly (or indirectly) condition behavior and results of any entity, and is a decisive element to succeed in any activity. For example, according to ecological population theory (Hannan & Freeman, 1977), environment is the main factor that determines the success of a company, over company's characteristics or entrepreneur skills. The environment creates opportunities that condition the demand of entrepreneurial activity in a region, through technological advances, globalization and business fabric (Acs, Morck, & Yeung, 2001; Blanchflower, Oswald, & Stulzar, 2001; Urbano & Turró, 2013; Verheul, Wennekers, Audretsch, & Thurik, 2001). Technological innovations, especially information and communication technologies innovations, improve competitiveness of small and medium businesses because they allow productive specialization due to the development of new products and services that companies offer to the rest of the world (Carree & Thurik, 2005). Globalization creates a lot of market niches, but can also have negative effects on companies, because of the decrease of survival possibilities due to the increase of international competence. Only those firms that are more competitive and more able to adapt themselves to different cultures and consumers remain.

Bruner and Alarcón (2004) analyze environment as a facilitator of entrepreneurship from a structure-conditions-results perspective. They consider market variables such as technology, product characteristics, market share and market barriers (access and exit). Depending on the market structure, companies tend to move away from perfect competence conditions, using price or technology to try to get more market power and better results. But developing entrepreneurship dynamics does not need a complete stable environment: Peters (2003) shows

the ability of Indian entrepreneurs to take advantage of an adverse and unstable environment. Furthermore, economic growth and accumulation above the balance level of new companies implies a decrease in market niches and therefore a decrease in the expectative of becoming an entrepreneur (Muhammad, 2012).

Urban spaces and good means of transportation and communication, both internal and external, contribute more to the huge industrial cluster and metropolitan regions design, and allow taking advantage of the existing networks (Nijkamp, 2000). Cities have a great impact in the development of entrepreneurial activity, especially those with dense population levels, high percentage of qualified workers, as well as a solid structure of small and medium companies (Audretsch & Fritsch, 1994). Besides, entrepreneurship boom takes place in these areas, especially with the outsourcing of the economy and the rise of services to companies sector, which demands more companies with low capital requirements and few access limitations. Launching a company in an economy with a balanced productive system in all the vital activity sectors contributes to generate a favorable ecosystem for business development and creativity. And also spreads the existence of a wide supplier's offer and possible collaborators to take advantage of economies of scale and improve synergies appearance, both positive and negative.

On the other hand, the perception of the economic situation and the environment has a great influence when thinking about starting a new business. Therefore, in crisis moments, opportunities perception remains stable and increases the consideration of self-employment as a professional option, but the fear of failure in business development increases. When this situation takes place, to avoid possible decreases in entrepreneurship activity rate (among others because of the greater difficulties to get financial aid), public institutions increase entrepreneurship activity support, as a way to access to employment through unemployment subsidy as well as fiscal incentives that promote business creation (Crecente, 2011; Levie, Autio, Acs, & Hart, 2014).

2. Data description and methodology

Multiple variables and methodologies show the impact and factors that determine entrepreneurship activity. At an international level, the main contributions to the study of entrepreneurship are: GEM's research and entrepreneurship survey; OECD's entrepreneurship indicators program; Entrepreneurship Global Survey of the World Bank; and European Commission's entrepreneurship survey (Eurobarometer). From all of them, GEM is the oldest (from 1999) and the widest in international coverage (up to 87 countries participate in their reports).

GEM reports have 3 great strengths: first of all, robustness of data, concretely, GEM makes a survey in each country to more than 2.000 people from working population (among 18 and 64 years old), as well as to a panel of more than 35 local experts. Secondly, the object of analysis is the entrepreneur as an individual and the surrounding environment, not as a company. Third, they take into account all phases of the entrepreneurship dynamics, because they consider attitudes and perceptions of entrepreneurs in the different steps they make (potential, nascent, new and already established entrepreneur).

GEM model analyzes different variables from entrepreneurship dynamic. Quantitative variables use percentages, while qualitative variables use Likert's scale with 5 values (from fully agrees to totally disagrees). The most significant variables are the following:

- Total Entrepreneurial Activity Rate (TEA): this rate takes into account the kind of entrepreneurship (need versus opportunity), gender (male versus female) or the step of the process (potential, nascent, new, established or irregular entrepreneurs).
- Entrepreneurial perceptions, attitudes, intentions and aspirations from different entrepreneur groups.
- Expert perceptions about: entrepreneurial opportunities and capacity; motivation mechanisms; funding; government policies; education training; services and commercial infrastructures access; opening to

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