Proceedings of Conference on Business Venturing, Fall 2017
Nov. 3, 2017, pp.149-153

DO ENTREPRENEURIAL INTENTIONS MATTER? AN EMPIRICAL INVESTIGATION THROUGH THE EYES OF GLOBAL ENTREPRENEURSHIP MONITOR

Canisius Yego*
가천대학교 석사
전성민**
가천대학교 교수

Abstract

Intentions influence behaviors and, consequently, individual and organizational outcomes. The ability to understand intentions becomes a central issue. The objective of this study was to present and test an Entrepreneurial Intentions (EI) model. Drawing on a generally utilized paradigm, the theory of planned behavior and Shapero's model of the Entrepreneurial Event (SEE), we show the impact of individual and contextual factors on the intention development. Relying on the Global Entrepreneurship Monitor data(GEM), we test a EI conceptual model.

The EI conceptual model is tested using the dataset of GEM over 30 countries and 3 subgroups. All the variables of interest indicate positive and significant effect on EI. Our results indicate that EI is influenced by Perceived Opportunity(PO), Perceived Capability(PC) and Government Support & Policy(GSP).

Ⅰ. Introduction

Do Entrepreneurial Intentions matter? Intentions have been recognized as a significant factor in the managerial literature (Fini, Grimaldi, Marzocchi, & Sobrero, 2012). Previous contributions demonstrate that intentions can be used to foresee both individual behavior (Ajzen, 1991) and organizational results, such as development and improvement (Mitchel, 1981). Therefore, the ability to comprehend and to predict intentions becomes a strong point of interests to policy makers, organizational leaders, and entrepreneurs themselves.

Intention models are placed under the umbrella of Banduras' Social Cognitive Theory (SCT), the focal principle of SCT is that people can impact their own activities (Ratten and Ratten, 2007). It proposes a system for predicting, comprehending, and changing human conduct. Within this concept, intention models contribute in predicting action.

In the entrepreneurship field, numerous researchers have concentrated on intentions (Bird, 1988; Krueger, Reilly, and Carsrud, 2000). Intentions have been proven to be the best indicators of individual practices especially when the behavior is uncommon, difficult to observe or includes erratic time lags (Krueger and Brazeal, 1994). The foundation of new ventures and the creation of new incentive in existing ones, which have been distinguished by Bird (1988) as the two results of EI, are great examples of such practices/behaviors.

With the emergence of new organizations over time, the pre-organizational occurrences such as decisions to venture into entrepreneurship as a career are not only important but interesting (Bird 1988; Katz and Gartner 1988). Therefore, we can attach intentions to the emergence of organizations; however, the timings of their beginning may be relatively unplanned, it can be as a result of opportunities that arise

* canisius.yego@yahoo.com
** smjeon@gachon.ac.kr

abruptly.

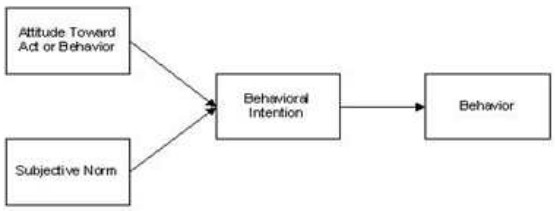
In its least difficult frame, intentions can be used to predict behavior; on the other hand, certain particular states of mind anticipate aim. Intentions subsequently fill in as a course to better comprehend the act itself (Ajzen 1987, 1991). In that capacity, intentions fill in as critical interceding factors between the demonstration of beginning a business venture and potential exogenous impacts. Aims toward conduct are completely basic to understanding different forerunners.

This study utilizes GEM data to identify the EI patterns of countries across the globe, identifying in specific what affects it. What do individuals respond to before venturing into the entrepreneurship world? Do external factors such as government support & policy influence EI? GEM develops annual measurement for entrepreneurial activities (EI included) in different countries and also the factors that affect them and their link with economic growth (Mok, 2005)

Ⅱ. Literature Review

2.1 The Theory of Reasoned Action

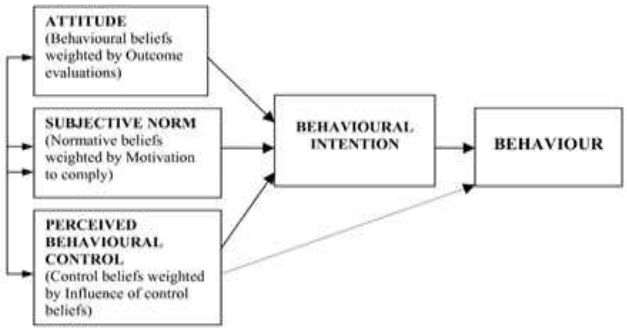
Theory of reasoned action (Fishbein & Ajzen 1975; Ajzen & Fishbein 1980) generally asserts that the central cause of action/behavior is the intention, more specifically behavioral intentions, that is, what one anticipates to do or not to do. The intention, on the other hand, is dictated by attitude (evaluation of the action/behavior) and a subjective norm (evaluation of other available options) (Trafimow, 2009).



<Figure 1> Theory of Reasoned Action

2.2 The Theory of Planned Behavior

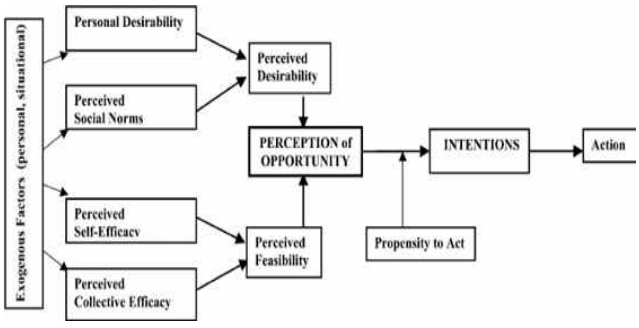
TPB distinguishes three attitudinal predecessors of expectation. Two mirror the apparent attractive quality of playing out a behavior: individual attitude toward results of the behavior and perceived social standards/norms. The third, perceived behavioral control, reflects observations that the behavior is individually controllable. The perceived behavioral control reflects the apparent feasibility of playing out the behavior and is accordingly identified with the view of situational competence (self-efficacy). TPB additionally determines forerunners of each of these attitudes.



<Figure 2> Theory of Planned Behavior

2.3. The Theory of Planned Behavior

Shapero's model of the Entrepreneurial Event (SEE) is another important theory in entrepreneurship intentions world. It has been referred as an implicit intention model and more specifically to the entrepreneurship domain (Krueger, Reilly & Carsrud, 2000). In this model, the intentions to venture into business is said to be derived from the propensity to act upon opportunities, perceptions of its attractiveness and lastly, the likelihood of its success (Krueger, Reilly & Carsrud, 2000).



<Figure 3> Shapero's Model of the Entrepreneurial Event (SEE)

Ⅲ. Method and Data

3.1 Data & Variables

We utilized GEM data. Owing to information availability the period of study is from 2007 to 2015, and the data is reported annually for all countries. EI is described as the rate of 18-64 of the population (people involved in any phase of entrepreneurial action excluded) who are inactive business visionaries and who intend to start a business inside three years. GSP is the degree to which public policies boost enterpreneurship (entrepreneurship as an important economic issue)

PO is the rate of 18-64 of the population who see great chances to begin a firm in the zones they live and PC as the rate of 18-64 of the population who trust they have the required abilities and knowledge to begin a business

3.2 Econometric Model

This study uses panel data analysis.It takes into account the transversal information and the time period of nine years to check whether the variables of interest have an effect on EI. We run and exhibit the results of both fixed (equation (1)) and random effect (equation(2)) models. However, having run the Hausman test, we apply the random effect for the general model and Europe and fixed effect for South America and Asia.

The models:

$$EI_{it} = \beta_1 GSP_{it} + \beta_3 PO_{it} + \beta_4 PC_{it} + \beta_5 lnGDP_{it} + \beta_6 lnP_{it} + \alpha_i + \varepsilon_{it} \quad \ldots\ldots\ldots(1)$$

$$EI_{it} = \beta_1 GSP_{it} + \beta_2 PO_{it} + \beta_3 PC_{it} + \beta_5 lnGDP_{it} + \beta_6 lnP_{it} + u_{it} + \varepsilon_{it} \quad \ldots\ldots\ldots(2)$$

Where: αi = unknown intercept for each entity, uit = between entity error & εit = error term and within entity error for equation 1 and 2 respectively

Ⅳ. Results & Conclusion

In summary, our results shows that GSP has a strong influence on EI across all our tests i.e.our model and the subgroups.The results are depicted in the tables below. Both PO and PC indicate a significant influence on EI. PO and PC (efficacy) fit suitably within the framework of the TPB proposed by Ajzen (1988) which postulates perceived behavioral control as a determinant of intention behaviors. In the same vein, the findings agree with Conner & Sparks(2005) who found self-efficacy as a variable that significantly stimulates intentions

The study focused on exploring the determinants of EI by employing individual and contextual domain variables. The study found government support as strong direct determinants of entrepreneurial behaviors i.e they influence EI to a large extent. Similarly, on the personal domain, the belief of the existence of opportunities and personal capabilities was also seen to influence intentions.

Reference

Ajzen, I.(1987). Attitudes, Traits, and Actions: Dispositional Prediction of Behavior in Personality and Social Psychology, *Advances in Experimental Social Psychology,* 20, 1-63.

Ajzen, I.(1991). The Theory of Planned Behavior. *Organizational Behavior and Human Decision Processes,* 50(2), 179-211

Bird, B.(1988). Implementing Entrepreneurial Ideas: The Case for Intention, *Academy of Management Review,* 13(3), 442-453

Conner, M., & Sparks, P.(2005). Theory of Planned Behaviour and Health Behaviour. *Predicting Health Behaviour,* 2, 170-222.

Fini, R., Grimaldi, R., Marzocchi, G. L., & Sobrero, M. (2009). The Foundation of Entrepreneurial Intention. In Summer Conference, 17-19.

Katz, J., & Gartner, W. B.(1988). Properties of Emerging Organizations. *Academy of Management Review,* 13(3), 429-441.

Krueger, N. F., & Brazeal, D. V.(1994). Entrepreneurial Potential and Potential Entrepreneurs. *Entrepreneurship Theory and Practice,* 18, 91-91.

Krueger, N. F., Reilly, M. D., & Carsrud, A. L.(2000). Competing models of EI. *Journal of business venturing,* 15(5), 411-432

Ratten, V., & Ratten, H.(2007). Social Cognitive Theory in Technological Innovation. *European journal of Innovation Management,* 10(1), 90-108.

Mitchel, J.(1981). The Effect of Intentions, Tenure, Personal, and Organizational Variables on Managerial Turnover. *The Academy of Management Journal,* 24(4): 742–751.

Mok, K. H.(2005). Fostering Entrepreneurship: Changing Role of Government and Higher Education Governance in Hong Kong. *Research Policy,* 34(4), 537-554.

Morris, M. H., & Lewis, P. S.(1995). The Determinants of Entrepreneurial Activity: Implications for Marketing. *European journal of marketing,* 29(7), 31-48.

Trafimow, D.(2009). The Theory of Reasoned Action A Case Study of Falsification in Psychology. *Theory & Psychology,* 19(4), 501-518.

Table 1: Entrepreneurial Intention Model

VARIABLES	OLS	Random Effect	Fixed Effect
GDP	-6.25***	-3.44***	4.38**
	(0.63)	(1.28)	(1.98)
P	6.48***	3.82***	-3.27
	(0.59)	(1.44)	(12.10)
GSP	2.12***	1.31**	1.27**
	(0.68)	(0.53)	(0.53)
PO	0.17***	0.18***	0.14***
	(0.03)	(0.04)	(0.05)
PC	0.44***	0.21***	0.08
	(0.0431)	(0.0640)	(0.07)
CONSTANT	-88.01***	-46.79**	34.15
	(7.72)	(19.07)	(201.40)
Observations	219	219	219
R-squared	0.690		0.165
Number of country1		30	30

Standard Errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table 2: Entrepreneurial Intention Model – South America

VARIABLES	OLS	Random Effect	Fixed Effect
GDP	-0.02*	0.01	0.01
	(0.01)	(0.01)	(0.01)
P	1.78e-07**	5.34e-09	-9.52e-09
	(7.02e-08)	(6.99e-08)	(3.41e-07)
GSP	12.32***	6.96***	6.67***
	(2.44)	(1.46)	(1.50)
PO	0.31***	0.40***	0.40***
	(0.11)	(0.11)	(0.11)
PC	0.247	0.353**	0.353**
	(0.19)	(0.15)	(0.16)
Constant	-29.32**	-26.43**	-25.81
	(12.46)	(11.11)	(20.52)
Observations	58	58	58
R-squared	0.581		0.655
Number of country1		7	7

Standard Errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table 3: Entrepreneurial Intention Model – Europe

VARIABLES	OLS	Random Effect	Fixed Effect
GDP	-3.92***	-3.01**	-1.63
	(0.99)	(1.41)	(2.59)
P	4.25***	3.99**	-3.92
	(1.00)	(1.60)	(8.26)
GSP	0.69*	1.02**	1.09**
	(0.38)	(0.40)	(0.43)
PO	0.05***	0.14***	0.17***
	(0.02)	(0.03)	(0.04)
PC	0.05	0.10**	0.08*
	(0.06)	(0.05)	(0.05)
Constant	-41.96***	-49.72***	69.92
	(9.34)	(19.16)	(136.4)
Observations	82	82	82
R-squared	0.372		0.500
Number of country1		11	11

Standard Errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table 4: Entrepreneurial Intention Model – Asia

VARIABLES	OLS	Random Effect	Fixed Effect
GDP	-1.94	-1.94	-8.77***
	(3.39)	(3.07)	(2.42)
P	5.01*	5.01**	4.91***
	(2.772)	(2.476)	(17.17)
GSP	5.91***	5.91***	4.19***
	(1.92)	(1.64)	(0.95)
PO	-0.01	-0.01	0.45***
	(0.110)	(0.11)	(0.10)
PC	0.27*	-0.005	0.27**
	(0.14)	(0.11)	(0.08)
CONSTANT	-91.43***	-91.43***	-965.50***
	(23.84)	(20.37)	(307.5)
Observations	23	23	23
R-squared	0.835		0.842
Number of country1		4	4
Country1 fe			YES
Year fe			YES

Standard Errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1