Mentoring Nascent Entrepreneurs: What Leads to Intention?*

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Abstract

The identification of the entrepreneurs' capacity and the obstacles of university/graduate school students have been assuming a growing importance in the development of mentoring directed towards the entrepreneurship and start-up processes. This study aims to identify the factors that most contribute for the intention to start up a business. The research also tries to identify the profile of a potential entrepreneur student concerning several characteristics: entrepreneurial capacity, obstacles and mentoring.

We used the modeling testing of the data collected from 139 university/graduate school students. Research findings include the idea that entrepreneurial mentoring is moderating effect on entrepreneurial intention. On the other side, personal entrepreneurial capacity has an important role in shaping motivation to start-up a business and entrepreneurial obstacle have a negative impact in the intention to start-up. Contribution and suggestions are provided for the further research.

Key words: Entrepreneurial Mentoring, Capacity, Obstacle, Intention

Ⅰ. Introduction

According to previous research entrepreneurial capacity in the field of competitive advantage, Hult(2002) has found that entrepreneurship coupled with sustainable competitive advantage and entrepreneurial usefulness sustain the creativeness of new firm within the existent firm and the renovation of continual firm. Lyon, Lumpkin and Dess(2000), Lumpkin and Dess(2001), Hult, Hurley and Knight(2004), Li, Huang and Tsai(2008) have found that entrepreneurial orientation is positively related to business performance.

A possible solution for SMMEs and entrepreneurs is the introduction of mentoring. Mentoring entrepreneurs is the function of nurturing and supporting entrepreneurs by providing them with professional skills development and moral support in an attempt to positively impact on the business's sustainability. The study is the first of its kind in that it relates specifically to entrepreneurship mentors. This study empirically endeavours to determine the basic profile of entrepreneurship mentors in Korea and their skills sets. The study aims to represent the importance of the skills as represented in the model and to understand the entrepreneurship mentoring environment in Korea.

Ⅱ. Theoretical Framework and Hypotheses

2.1 Entrepreneurial Capacity

An entrepreneurial orientation refers to the methods, practices, and decision-making activities that cause new entry which can be performed by joining new or founded markets with new or surviving goods or services(Miller, 1983; Lumpkin and Dess, 1996). According to an entrepreneurial orientation, the most important purpose of firm is finding opportunities in competition with other entrepreneurial firm. Entrepreneurial skill is an intelligent merchant skill has rapid decision to undergo risk-taking. While Newbert, Gopalakrishnan and Kirchoff(2008) defined that as dynamic capability that the firm improves based on their past experience, collected tacit knowledge and learning by doing.

Entrepreneurial capacity is applied from entrepreneurial orientation, which linked with capability. It is learn and a new knowledge assists enterprise more create and finish than mean performance. This research gives dynamic capabilities that include specific organizational process such as strategic decision-making and the likelihood that creates value of firms through the improvement of resources. Therefore entrepreneurial capacity is purposed to indicate the degree of a firm to hold the competency to meet new integrations of resources and capabilities. There are two groups of researchers setting the dimension of entrepreneurial orientation. The first group has three dimensions:

innovativeness, risk-taking, and proactiveness(Covin and Slevin, 1989; Zahra and Covin, 1995; Weerawardena and O'Cass, 2004; Luo, Zhou and Liu, 2005; Wiklund and Shepherd, 2005; Keh, Nguyen and Ng, 2007; Green, Covin and Slevin, 2008; Jantunen, Nummela, Puumalainen and Saarenketo, 2008; Runyan, Droge and Swinney, 2008), and another has five dimensions: innovativeness, risk-taking, proactiveness, competitive aggressiveness and autonomy(Lumpkin and dess, 1996; Lee and Peterson, 2000; Li, Huang and Tsai, 2008). The concept of entrepreneurial capacity in this study is adopted those of Covin and Slevin's entrepreneurship orientation.

2.2 Entrepreneurial Obstacles

The perception of lack of financial support does not affect the probability of being in any of the stages ofthe entrepreneurial process. It does not seem to discourage respondents in setting up a business and becoming entrepreneur. The same holds true for the lack of sufficient information. Also, the fact of perceiving an unfavorable economic climate does not play a role in switching through the whole entrepreneurial system, although in the last two binary regressions concerning levels of high involvement, this variable does have a significant effect. The fact that a respondent perceives it to be difficult to start a business due to complex administrative procedures has a negative impact on the probability of being in the more 'active' levels of entrepreneurship. Furthermore, if one is more risk tolerant, one is more likely to move to a higher engagement level in the entrepreneurial system than staying in the present engagement level.

2.3 Entrepreneurial Experience

Prior business ownership experience impacts on an experienced habitual entrepreneur's mindset as well as his or her knowledge base to identify and exploit business opportunities. Comparing novice and habitual entrepreneurs may offer some important insight into the heterogeneity of entrepreneurial behavior that may contribute to a more informed evaluation process by private equity firms.

2.4 Entrepreneurial Mentoring

Mentors must use their education, their skills as mentors and their experience as skilled businesspeople/entrepreneurs to assist mentees to achieve certain goals(Bell, 1996). The mentor's skills and experience are fundamental to the mentor-mentee relationship. As in the case of entrepreneurship mentors, these skills not only include the

above, but also the entrepreneurial and business skills of the mentor. The following will detail these skills in terms of the multiplicative entrepreneurial performance model(Antonites and Van Vuuren(2001)

The Entrepreneurship Performance Model is based on the Motivational and Expectation theory of Vroom in De V Maasdorp and Van Vuuren in Marx et al.(1998). The Vroom theory of motivation and expectation assists in the development of the above training model and the basis of Vroom's theory relates to personal achievement.

The concept of what motivates the entrepreneur has been extensively researched. Timmons(1999) discuss the theory of motivation based on the research of McClelland and Atkinson who believe there are three needs that motivate individuals. Firstly, the need for achievement, secondly, the need for power and thirdly, the need for affiliation. Longenecker, Moore and Petty(2003) accentuate the fact that motivation for the entrepreneur is based on the potential rewards. These rewards can be broken into three categories; namely, profit, independence and personal fulfillment.

Business skills are those skills required by both mentors and entrepreneurs in order to equip them to start and manage a business.

2.5 Entrepreneurial Intention

"Entrepreneurial intention" is one's willingness in undertaking entrepreneurial activity, or in other words become self employed. The opposition of self-employment is becoming a waged or salaried individual(Tkachev and Kolvereid, 1999). From this perspective, measuring entrepreneurial intentions may be regarded as measuring latent entrepreneurship(Verheul, Thurik and Grilo, 2006).

Hypothesis1: *Entrepreneurial capacity have a positive impact on entrepreneurial experience.*

Hypothesis2: *Entrepreneurial obstacles have a negative impact on entrepreneurial experience.*

Hypothesis3: *Entrepreneurial experience have a positive impact on entrepreneurial experience.*

Hypothesis4: *The relationship between entrepreneurial experience and entrepreneurial intention is moderated by entrepreneurial mentoring*

III. Methods

3.1 Sample

The data of this study were gathered via survey(using 7-point Likert sacles) in 2012. A sample of 139 university/graduate school students in Korea.

<Table 1> Confirmatory factor analysis

Construct and Scale Items	Estimate	C.R.	Cronbach's α
Entrepreneurial Capacity		-	.734
EC1	.648		
EC2	.576	5.834	
EC3	.839	7.446	
Entrepreneurial Obstacle		-	.800
EO1	.730		
EO2	.661	6.496	
EO3	.707	6.840	
EO4	.517	5.141	
EO5	.669	6.547	
Entrepreneurial Experience		-	.849
EE1	.824		
EE2	.788	9.843	
EE3	.832	10.051	
Entrepreneurial Intention		-	.874
EI1	.671		
EI2	.857	8.769	
EI3	.876	8.910	
EI4	.789	8.205	

chi-spuare/df=128.582/80, GFI=.896, AGFI=.844, NFI=.876, TLI=.932, CFI=.948, RMSEA=.066

<Table 2> Descriptive statistics and correlations

Variables	Mean	SD	1	2	3
1. Entrepreneurial Capacity	4.378	1.161			
2. Entrepreneurial Obstacle	5.392	.833	-.131		
3. Entrepreneurial Experience	2.416	1.263	.389**	-.090	
4. Entrepreneurial Intention	4.579	1.367	.630**	-.126	.323**

Note: **: p< .01. *: p < 0.05. ,n=139

3.2 Measures

SEM with AMOS 18.0 tested the fit of the measurement, structural, and moderation models using maximum likelihood(ML) estimation. ML was chosen based on the normal distribution of the data, sample size, and measurement using interval-level scales(Schermelleh-Engel, Moosbrugger, and Muller 2003). The standard two-step process was used, where CFA were conducted before testing

the structural and moderation models(Anderson and Gerbing 1988).

Model fit was assessed using several methods. We assessed the χ^2 statistic, which evaluates the difference between the specified model's convariance structure and the observed convariance structure(Bollen, 1989). We reviewed the standardized residual matrices to identify large residuals(positive of negative) that contributed most to poor fit. Modification indices based on Lagrangian multiplier(LM) tests were used to identify parameters not specified, which if specified would contribute to better model fit. However, modifications contrary to theory or logic were not made.

Several other statistics were used to assess fit. These included root mean square error of approximation(RMSEA), comparative fit index(CFI), and adjusted goodness of fit(AGFI). These indices adjust for model complexity(Kline, 1998; Bollen, 1990), as the χ^2 statistic is sensitive to model complexity. We used the following cutoff criteria:

(1) for "acceptable" model fit: RMSEA < 0.08; AGFI > 0.90; CFI > 0.90; and (2) for "good" model fit: RMSEA < 0.06; AGFI > 0.90; CFI > 0.95. These criteria are generally accepted(Hu and Bentler, 1999; Kline, 1998; Bollen, 1989; Bagozzi and Yi, 1988; Bagozzi and Yi, 1990).

IV. Analysis and Results

4.1 Measurement Model Results: CFA

We first evaluated EC, EO, EE and EI separately, and then evaluated them together. Results of the CFA were χ^2 = 128.582, df = 80, p = .000; RMSEA = 0.066; AGFI = 0.844; CFI = 0.948. All parameter estimates were significant at the p < .05 level, indicating convergent validity. The composite reliability for EC, EO, EE, EI was 0.73, 0.800, 0.849, 0.874(see Table 1).

4.2 SEM Results for the Structural and Moderation Models

Following the finalization of the measurement model, we fit the data to a structural model in order to test our structural and moderation hypotheses. First, we examined the full model with no moderation: the result was good fit with χ^2= 124.903, df = 80, p = .000; RMSEA = 0.066; AGFI = 0.837; CFI = 0.944(see Table 3).

<Table 3>- Structural Equation Modeling Results

	Path	Standardized Loadings	S.E.	C.R.	Results
H1	EE←EC	.483	.131	4.340	Accepted**
H2	EE←EO	-.018	.067	-.391	Rejected
H3	EI←EE	1.646	.361	4.015	Accepted*

chi-spuare/df=124.903/80, GFI=.899, AGFI=.848, NFI=.880, TLI=.937, CFI=.952, RMSEA=.064

Note: **: p< .01. *: p < 0.05.

Next, we accounted for moderation by Entrepreneurial mentoring by specifying two-group nested SEM models(i.e., the standard method of testing moderation). We measured Entrepreneurial mentoring by calculate the average mentoring variables. Two groups were formed, split approximately on the median:(1) High(n = 76); and(2) Low(n=63)

Anderson and Gerbing's(1982) χ^2 difference test was used to evaluate if the differences in the modeled relationships are statistically significant across groups(Anderson and Jack, 1999; Anderson, Kirkwood and Jack, 1998; Anderson and Gerbing, 1988). First, the unconstrained model(where both paths of EE and EI were allowed to vary freely across groups) was tested and resulted in χ^2=271.459, df=186). Second, the constrained models were tested: the constrained model(where only the EE-EI path was specified as equal across groups) resulted in χ^2 =277.974, df=187. The χ^2 results of the constrained model was significantly higher than the unconstrained model(p<0.05). Details are reported in Table 4.

<Table 4> Results of χ^2 Test: Entrepreneurial Mentoring

Model	χ^2	df	CFI	RMSEA	$\triangle \chi^2$	P-Value
Free Model	271.459	186	.823	.058		.000
Constraint Model EI ← EE	277.974	187	.910	.060	6.515	.000

Ⅴ. Discussion

This study showed, by means of a empirical study, that the Korea entrepreneurship mentor does have a critical role to play in improving entrepreneurial performance. The current profile of the entrepreneurship mentor is analysed and

revealed in this study.

Additional research is required particularly on the issue of mentor-mentee matching and whether alternative systems or methods could be devised to encourage double-loop learning and facilitate access to futher support for the new-start businesses involved in any programme.

To conclude, we believe that a mentoring programme may deliver effective support to entrepreneurs when they require it, as they move through a development life-cycle, and that it may be cost-effective than up-front prescribed training in the long run.

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초기창업자 멘토링: 어떻게 창업의도로 연결되는가?*

이일한*

국문요약

대학과 대학원 학생의 창업역량과 창업장애물의 인식은 멘토링의 발전에 중요성을 가정하고 있다. 본 연구는 대부분의 사업을 시작하는 창업의도에 대해 기여하는 요인을 확인하는 것을 목표로 하고 있다. 창업능력과 창업장애물이 창업경험에 미치는 영향력을 검증하고자 하며, 다음으로 창업경험이 창업의도에 미치는 영향력을 검증하고자 하며, 마지막으로 창업경험과 창업의도간의 관계에 창업멘토링의 조절효과를 검증하고자 하였다.

우리는 139개의 샘플을 사용하였으며, 연구 결과는 창업역량은 창업경험의 유의한 영향력을 미치는 것으로 나타났으며, 창업장애물은 창업경험에 미치는 영향력이 유의하지 않게 나타났으며, 창업경험은 창업의도 유의한 영향력을 미치는 것으로 나타났으며, 마지막으로 창업경험과 창업의도 간의 관계에 대한 창업멘토링 조절효과는 유의하게 나타났다.

향후에는 창업멘토링의 영향력을 세분화할 필요성이 제기되며, 본 연구에서는 창업멘토링의 측정문항을 외국 문헌의 자료를 인용하여 사용하였기에 우리나라 실정에 약간은 맞지 않다는 한계점이 있다.

핵심주제어: 창업멘토링, 창업역량, 창업장애물, 창업의도