MIRROR, MIRROR ON THE WALL, WHO IS THE MOST ENTREPRENEURIAL OF THEM ALL? (INTERACTIVE PAPER)

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ENTREPRENEURIAL CHARACTERISTICS

INTERACTIVE PAPER

MIRROR, MIRROR ON THE WALL, WHO IS THE MOST ENTREPRENEURIAL OF THEM ALL?

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Principal Topic

Recent empirical studies have shown that many employees would prefer to be self-employed and that some employees are engaged in start-up activities. We investigate the factors determining an employee’s preference for being self-employed, entrepreneurial intention and the decision to take steps to start a new venture. We argue that a cluster of psychological characteristics related to the tasks of an entrepreneur in an early stage of the entrepreneurial process, which we call Individual Entrepreneurial Aptitude (IEA), is an important determinant of potential entrepreneurship and early stage start-up activities.

Method

Our empirical analysis is based on the Flash Eurobarometer “Entrepreneurship” 2009. This is a general population survey that was conducted at the end of the year 2009 by EOS Gallup Europe at the request of the Directorate General “Enterprise and Industry” of the European Commission. About 26,000 people in 32 European and 4 Non-European countries (China, Japan, South Korea, USA) were surveyed. DG “Enterprise and Industry” kindly allowed us to include a set of statements measuring Individual Entrepreneurial Aptitude (IEA). In order to investigate the influence of IEA on potential entrepreneurship and nascent entrepreneurship and to analyze the relationship between IEA and opportunity exploitation, we introduce our measure of IEA and conduct various logit estimations. We perform regression for subgroups of employees (blue-collar, white-collar, managers), include a number of control variables, and also take country-specific effects into account.

Results and Implications

We find a considerable variation of IEA between occupational groups but also within occupational groups. Our results suggest a strong positive relationship between IEA and self-employment preference. IEA is also a strong and robust predictor of entrepreneurial intention and nascent entrepreneurship where the relationship appears to be non-linear. The probability of having entrepreneurial intention and being a nascent entrepreneur increases drastically if the level of IEA is very high. Moreover, our results indicate that IEA is positively related to the exploitation of perceived entrepreneurial opportunities. However, a very high level entrepreneurial aptitude is present in only a small fraction of the population.

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