

6-7-2014

FINANCIAL CAPITAL, SOCIAL NORMS AND ENTREPRENEURIAL INTENT: EVIDENCE FROM A RUSSIAN CONTEXT (INTERACTIVE PAPER)

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Recommended Citation

Foy, Shirah E. (2014) "FINANCIAL CAPITAL, SOCIAL NORMS AND ENTREPRENEURIAL INTENT: EVIDENCE FROM A RUSSIAN CONTEXT (INTERACTIVE PAPER)," *Frontiers of Entrepreneurship Research*: Vol. 34 : Iss. 6 , Article 9.
Available at: <https://digitalknowledge.babson.edu/fer/vol34/iss6/9>

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≈ INTERACTIVE PAPER ≈

**FINANCIAL CAPITAL, SOCIAL NORMS AND ENTREPRENEURIAL
INTENT: EVIDENCE FROM A RUSSIAN CONTEXT**

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Principal Topic

While research suggests financial capabilities and social influences are vital toward understanding the development of individuals' entrepreneurial intentions (EI), their nature remains less than fully understood. Despite potential for important theoretical and practical implications, the systematic study of how these personal and social capital factors influence the formation of EI in varied economic and social contexts remain limited. In this paper we develop a contextually-based theoretical model of EI which can be used to best direct and allocate resources dedicated to encouraging and providing effective incentives and support for potential entrepreneurs. Our central argument is that the development of EI may not be universal, and that important contextual differences in the role of personal financial capital and in the influence of evolving social norms help provide more nuanced and robust theoretical insights into the development of EI.

Method

In this cross-sectional empirical survey study, data were collected from university students in Russia in 2010 and 2011. This data site was chosen given recent political transitions and the associated emergence of capitalistic activity observed. Hypotheses were developed around four variables: two already shown to be positively associated with the formation of EI, and two more expected to be. A data analysis strategy utilizing multiple linear regression and analysis of variation (ANOVA) techniques was employed to test the hypotheses.

Results and Implications

Present findings suggest that the way social norms interact with financial capital, and the way they ultimately affect a potential entrepreneur's intentions, depends on the entrepreneur's proximity to each individual or group displaying a given set of norms. In addition to the proximity aspect, findings suggest that social capital influences may significantly predict EI differently across time. In doing so, this research makes three important contributions. First, it suggests that the development of intentions is not a universal phenomenon and contextual models can be used to extend entrepreneurial intentions theory. Second, it provides insight into the theoretical importance of social norms as a potential boundary condition for understanding the impact of financial and other resources designed to foster entrepreneurial activity. Finally, the present findings highlight the potential for future research to further investigate the temporal aspect of such a boundary condition.

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