THE ENTREPRENEURIAL PROCESS AND ITS DETERMINANTS (SUMMARY)

Roy Thurik  
*Erasmus School of Economics, Erasmus University Rotterdam, EIM Business and Policy Research, and Max Planck Institute of Economics, thurik@ese.eur.nl*

Isabel Grilo  
*DG Enterprise, European Commission*

Peter van der Zwan  
*Erasmus School of Economics, Erasmus University Rotterdam, and EIM Business and Policy Research*

---

Recommended Citation

Thurik, Roy; Grilo, Isabel; and van der Zwan, Peter (2007) "THE ENTREPRENEURIAL PROCESS AND ITS DETERMINANTS (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 27: Iss. 5, Article 12. Available at: http://digitalknowledge.babson.edu/fer/vol27/iss5/12

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
SUMMARY

THE ENTREPRENEURIAL PROCESS AND ITS DETERMINANTS

Roy Thurik, Erasmus School of Economics, Erasmus University Rotterdam, EIM Business and Policy Research, and Max Planck Institute of Economics, The Netherlands & Germany
Isabel Grilo, DG Enterprise, European Commission, Belgium
Peter van der Zwan, Erasmus School of Economics, Erasmus University Rotterdam, and EIM Business and Policy Research, The Netherlands

Principal Topic

We test a new model explaining the entrepreneurial decision using a process of successive engagement levels. The contribution of the present paper is that, first, while in earlier studies only a multinomial logit model has been used, here we extend this framework to an ordered context. Hence, we investigate whether there is a natural ordering of the dependent variable supporting the view of entrepreneurship as a process. Secondly, we determine which variables ‘drive’ (potential) entrepreneurs through this process.

Method

In the present paper we analyze five of these naturally ordered engagement levels. Nearly 12,000 observations are used from the 2004 “Flash Eurobarometer survey on Entrepreneurship” covering all the 25 European Union member states and the United States.

Results and Implications

The most surprising of the many first results is that perception of lack of financial support is no obstacle for moving to a higher entrepreneurial engagement level whereas perceived administrative complexity is a significant obstacle. We also show that the effect of age on the probability of moving upward on the entrepreneurial ladder becomes negative after a certain age implying that if entrepreneurial engagements are not taken early enough in life they may well never be taken.

We show that the effects of gender and education are positive and significant while those of age are positive up to a certain age, at which point they turn negative. Moreover, on the basis of a set of binary regressions it will be shown that the turning point at which the effect of age turns negative increases with higher levels of entrepreneurial involvement. Men move more easily through the process than women while the effect of this variable decreases with the level of entrepreneurial involvement. Furthermore, the better educated people move more easily through the process. Finally, more risk tolerant people find it easier to move upward through the various stages than people who are less risk tolerant. There are interesting policy implications. Also differences between Europe and the US stand out.

CONTACT: Roy Thurik; thurik@few.eur.nl; http://www.thurik.com