ENTREPRENEURSHIP: WITH BAD LUCK AND NO HELP (SUMMARY)

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SUMMARY

ENTREPRENEURSHIP: WITH BAD LUCK AND NO HELP

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Principal Topic

This study contributes to understanding why some people but not others decide to start an own business. As part of a person’s personality, we focus on generalized beliefs about the efficacy respectively supportiveness of the self and of external factors. Using moderation and mediation arguments in a choice model, we suggest that a personality that makes a potential entrepreneur perceiving higher chances of entrepreneurial success may not make this person more likely to become an entrepreneur, because the attractiveness of a non-entrepreneurial occupation could be raised even more. We hypothesize that besides a positive association between entrepreneurship and general self-efficacy, there is a negative association between entrepreneurship and generalized beliefs about the efficacy of external factors, such as luck and other people’s support.

Method

We use data from a general population survey conducted at the end of 2009 and covering about 26,000 people in 36 countries. Besides items measuring individuals’ generalized beliefs about the efficacy of internal and external factors, the dataset contains information about preferences for being self-employed, start-up activities, perceived entrepreneurial opportunities, income satisfaction, and demographic information. Using regression analyses data we find support for our hypotheses. Robustness checks illustrate that the effects affect selection but do not result from selection into entrepreneurship.

Results and Implications

Our theoretical arguments as well as the empirical results strongly suggest that when linking personality, dispositions, and generalized beliefs to entrepreneurial activities, we need to consider not only moderation and mediation arguments as suggested by Baum & Locke (2004) and Rauch & Frese (2000), but also a choice perspective. Without considering the choice, researchers might falsely expect that increasing perceptions of entrepreneurial success always increases people’s tendency to engage in entrepreneurship. The different signs of effects estimated for different types of efficacy beliefs further support Monsen & Urbig’s (2009) call to differentiate between different types of optimism, namely generalized optimism about outcomes, optimistic self-efficacy, and optimism about the supportive nature of external drivers of one’s own outcomes. While Monsen & Urbig’s theory of mixed control explains outcome expectancies, we extend their theory by incorporating it into a choice model.

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