

ENVIRONMENTAL FACTORS THAT AFFECT THE ENTREPRENEURIAL INTENTION

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INTRODUCTION

The *Entrepreneurial Intention* is "a self-acknowledged conviction by a person who intends to set up a new business" (Thompson, 2009).

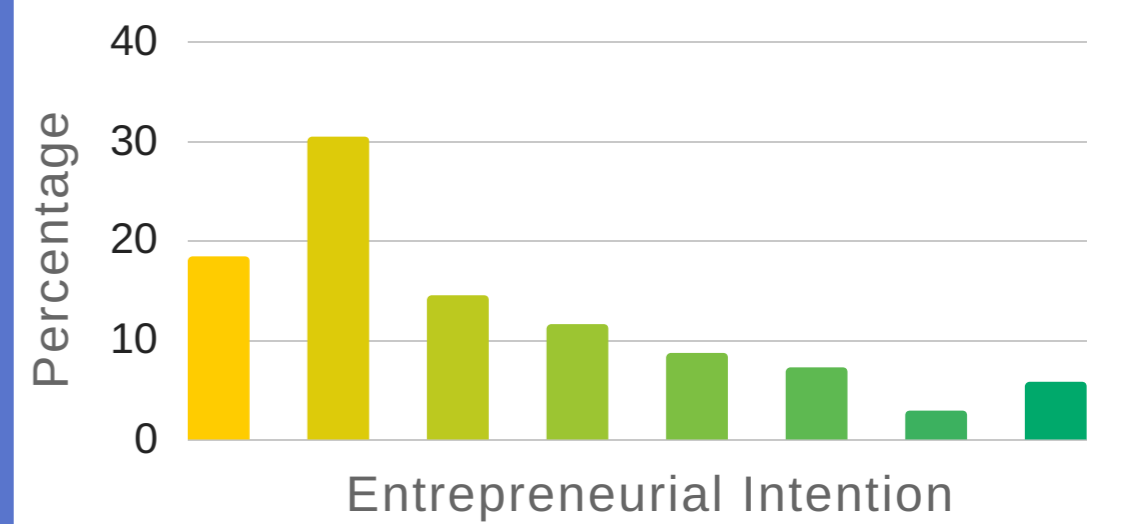
Some authors believe that this intention is strongly based on internal factors of the individual. However, there are very few studies that discuss the existence of other external factors that influence it.

Objective: to analyse up to what extent the environmental conditions affect the likelihood of individuals to start a venture

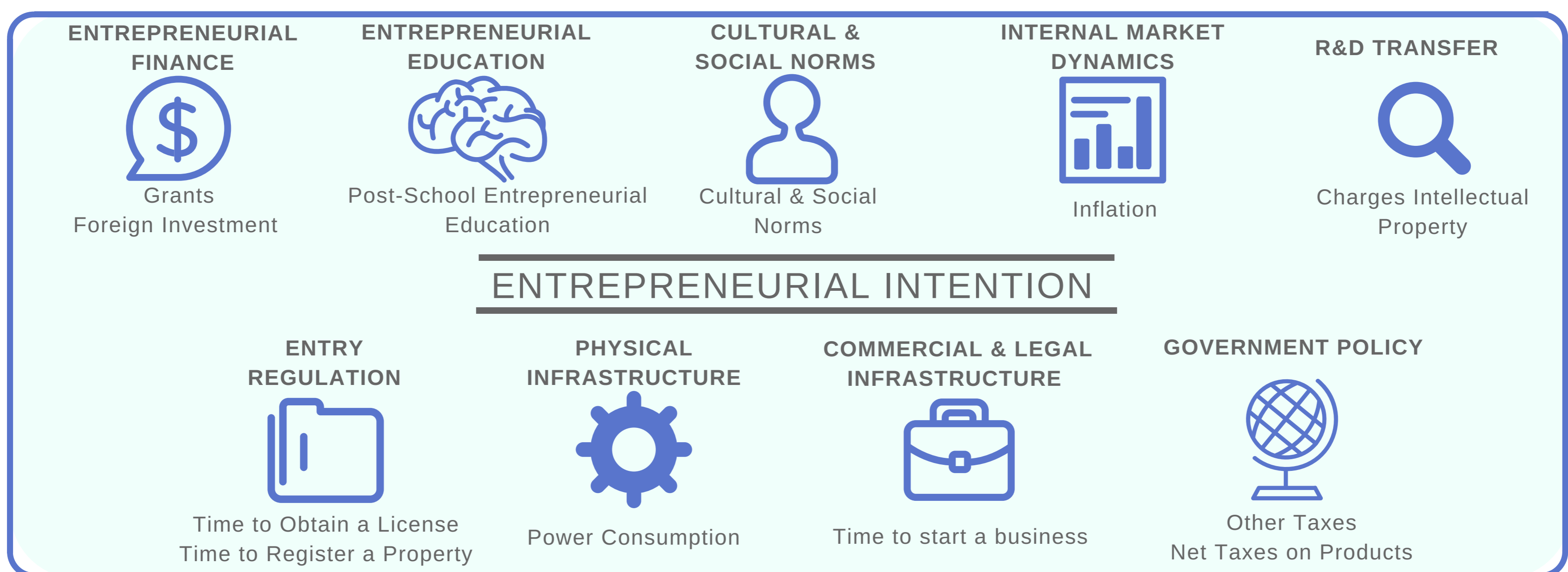
EMPIRICAL METHOD

- A comprehensive literature review
- Conceptual Framework: Global Entrepreneurship Monitor
- Analysed Data:
 - Countries: 69
 - Data Sources: Global Entrepreneurship Monitor and World Bank Data
 - Period of time: 2007 to 2016
- Statistical Processes: Pearson Correlation Coefficient and Linear Regression
- Study Interest: to examine the weight and correlation of some variables in the entrepreneurial intention function.

DEPENDENT VARIABLE: DISTRIBUTION



- **Group 1:** Low EI (0 - 12.99)
- **Group 2:** Middle-low EI (13 - 29.99)
- **Group 3:** Middle-high EI (21 - 35.99)
- **Group 4:** High EI (26 - 100)



RESULTS

PEARSON COEFFICIENT

| | 2013 | 2007-2016 |
|---------------------|---------|-----------|
| E. Intention | 1.0000 | 1.0000 |
| Intellectual Prop. | -0.5405 | -0.4913 |
| Power Consumption | -0.5668 | -0.5990 |
| Grants | -0.2587 | 0.4357 |
| Foreign Investments | 0.0961 | 0.3520 |
| Inflation | 0.7555 | 0.2006 |
| Net Taxes | 0.6472 | -0.0901 |
| Other Taxes | -0.0667 | -0.1357 |
| Time to License | 0.4915 | 0.2049 |
| Time to Register | -0.2390 | -0.1290 |
| Time to Start | -0.3922 | 0.1259 |
| Education | 0.5308 | 0.1082 |
| Culture | 0.5808 | 0.2145 |

LINEAR REGRESSION

- ⚠️ PROBLEM: Strong Dependency + Missing Data = Multicollinearity?
- ⊗ SOLUTION: Variables Discrimination
- ✅ RESULTS: Variance Inflation Factor between 1.25 and 2.94

Model to check the consistency of the variables:

| STEP 1 | STEP 2 | STEP 3 | STEP 4 |
|---|---|--|--|
| E.I. = Inflation + Net Taxes + T.Start | E.I. = Inflation + Net Taxes + T. Start + Intellectual Property + Foreign Investment | E.I. = Inflation + Net Taxes + T. Start + T. Register + Education | E.I. = Inflation + Net Taxes + T. Start + Intellectual Property + Foreign Investment + T. Register + Education + Culture |

| | 2013 | (1) | (2) | (3) | (4) |
|--------------------|------------|------------|------------|------------|-----|
| Inflation | (3.71)*** | (5.07)*** | (4.01)*** | (4.78)*** | |
| Net Taxes | (-2.82)** | (-2.32)* | (-2.21)* | (-1.75) | |
| Time Start | (1.05) | (0.53) | (0.63) | (0.34) | |
| Intellectual Prop. | | (-1.16) | | (-1.34) | |
| Foreign Invest. | | (0.46) | | (-0.00) | |
| Time Register | | | (0.25) | (-0.29) | |
| Education | | | (2.31)* | (0.71) | |
| Culture | | | | (1.96) | |
| | 2007-2016 | (1) | (2) | (3) | (4) |
| Inflation | (5.87)*** | (5.76)*** | (6.53)*** | (6.52)*** | |
| Net Taxes | (-6.54)*** | (-4.48)*** | (-6.36)*** | (-4.37)*** | |
| Time Start | (2.76)** | (2.33)* | (1.83) | (1.52) | |
| Intellectual Prop. | | (-2.17)* | | (-3.22)** | |
| Foreign Invest. | | (-0.73) | | (-0.16) | |
| Time Register | | | (-0.18) | (-0.69) | |
| Education | | | (1.80) | (0.72) | |
| Culture | | | | (3.40)*** | |

CONCLUSIONS

POSITIVELY CORRELATED WITH THE ENTREPRENEURIAL INTENTION!

- Inflation
- Entrepreneurial Education
- Foreign Investment
- Culture

NEGATIVELY CORRELATED WITH THE ENTREPRENEURIAL INTENTION!

- Other taxes
- Charges Intellectual Property
- Time to Start a Business
- Time to Register a Business

UNEXPECTED RESULTS EXPLANATIONS

- NET TAXES**
 - Changes in the regulation
 - Time lag of the introduction of the changes
 - Different taxation system
- GRANTS**
 - Application takes a lot of time
 - Time can exceed the benefits
 - Industries not accessible for private entrepreneurs
- POWER CONSUMPTION**
 - Use of power depends on the economy of a country
 - Developed countries consume more energy
 - Developing countries have higher entrepreneurial intentions

CONSTRAINTS

- Data not available
- Different measurement methods
- Two different sources
- Recession and expansion phase

WHAT IS NEXT...?

- Focus on a limited region
- Increase the time margin
- Compare both the recession and extension phases

REFERENCES

- Gnyawali, D.R. & Fogel, D.S. 1994. Environments for Entrepreneurship Development: Key Dimensions and Research Implications. University of Pittsburgh, 18(4): 43-62
- Levie, J.D. & Autio, Erkko. 2008. A theoretical grounding and test of the GEM model. Small Business Economics, 31(3): 235-263