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UNIVERSITY STUDENTS' ASSESSMENT OF ENTREPRENEURIAL
ENVIRONMENTS

by

Byungku Lee

A THESIS

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UNIVERSITY STUDENTS' ASSESSMENT OF ENTREPRENEURIAL
ENVIRONMENTS

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Entrepreneurial intention is a primary step to create new venture in the entrepreneurial process. Environmental conditions are one of the main factors that are strengthening or weakening intention of prospective entrepreneur. Therefore, it is important to develop conducive environments for entrepreneurship to promote entrepreneurial intention. Moreover, the promoted entrepreneurial intention will raise the rate of new venture creation.

This paper investigates the relationships between five key environments for entrepreneurship and entrepreneurial intention. The five entrepreneurial environments are: government policies and procedures, socioeconomic conditions, entrepreneurial and business skills, financial assistance, and non-financial assistance, respectively. Conjoint analysis was used to determine the significance of five environmental factors conducive to entrepreneurial intention. In this conjoint experiment, 1370 decisions were made by 137 university students. Significant relationships were found between all of these environmental factors and intention. Comparative importance of environmental factors was also calculated, along with sub-conjoint analyses based on characteristics of the sample.

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CHAPTER 1 INTRODUCTION

1.1 The Problem

New venture creation has been receiving greater attention in recent years because of its importance in economic development. The new venture creation contributes not only to the economic development, but also provides new opportunities for prospective entrepreneurs by delivering information and knowledge for the next business creation. In 2007, approximately 495,000 new businesses were created per month in the US, and during 1977 to 2005, new ventures have created more than one-third of newly created jobs in the US (Fairlie, 2009).

For all the importance of new venture creation on the growth of economy, not all countries expect a high start-up rate of business ventures. There might be many reasons for a relatively low creation rate of business ventures in some countries. However, the deficiency of entrepreneurial environments must be one of the main reasons why many countries have failed to promote people to have entrepreneurial intentions and actions. In this sense, developing environmental factors for entrepreneurship is one of the antecedents to facilitate the creation of new business ventures.

New venture creation starts from the intention of a person who attempts to start a business. Accordingly, providing appropriate entrepreneurial environments to raise the intention will also increase the new venture creation rate. Therefore, creating appropriate entrepreneurial environments in which prospective entrepreneurs raise their vision of new venture creation and make a decision to realize the vision is the first step to activate entrepreneurship. However, not all the dimensions of entrepreneurial environments

provide same levels of incentives which stimulate a person's intention to start a certain behavior. For this reason, an analysis of the most conducive environmental factor to the least conducive environmental factor to entrepreneurial intention needs to be done to offer an optimum environmental condition to stimulate entrepreneurship.

1.2 Purpose of the Study

Entrepreneurship researchers have tried to explain the reason why some people start business ventures while others do not (Baron, 1998; Shane & Venkataraman, 2000). For the decision to create a new business, entrepreneurial intention is an initial and critical cognitive process. Entrepreneurs' intentions form the initial strategic basis of new organization development, based on a conscious behavior (Bird & Jelinek, 1988).

In this paper, entrepreneurial environments conducive to entrepreneurial intention will be suggested with the conjoint analysis technique, a tool for decision modeling. Gnyawali and Fogel's (1994) 'key dimensions of environments for entrepreneurship development' will be used to propose specific relationships between the environment and intention. This research will provide empirical implications to entrepreneurship educators and policy makers.

1.3 Research Question

The main research questions addressed in this paper are:

- (1) What are the relationships between the level of favorable government policies and procedures and the entrepreneurial intention?

- (2) What are the relationships between the level of favorable socioeconomic conditions and the entrepreneurial intention?
- (3) What are the relationships between the level of entrepreneurial and business skills and the entrepreneurial intention?
- (4) What are the relationships between the level of availability of financial assistance and the entrepreneurial intention?
- (5) What are the relationships between the level of availability of non-financial assistance and the entrepreneurial intention?
- (6) What would be the relationships of entrepreneurial environments for the entrepreneurial intention?

1.4 Methodology

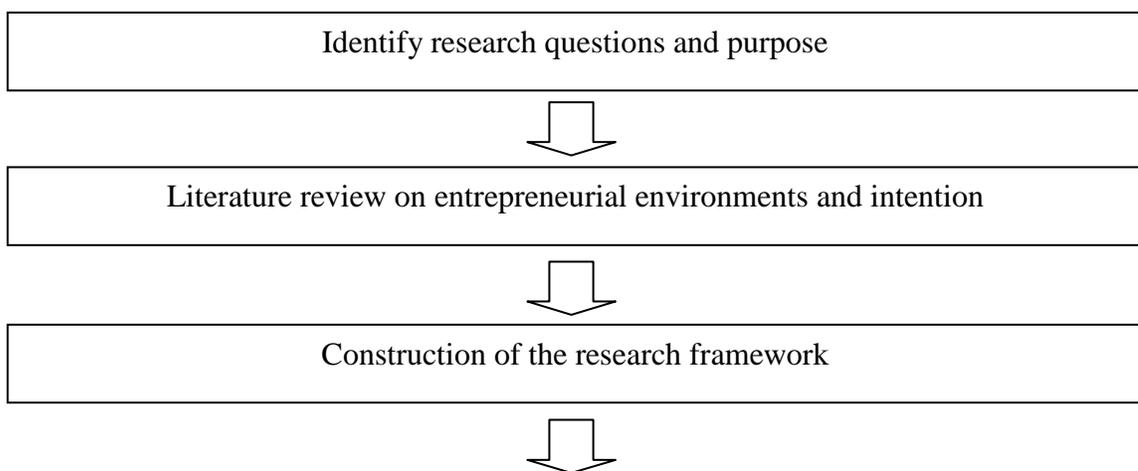
A survey questionnaire for entrepreneurial intention was developed based on literature review to test the research hypotheses proposed in this study. In addition to the survey questionnaire for the intention, five situational scenarios, representing entrepreneurial environments, are also developed based on the literature review. To analyze data, the following statistical techniques were used via two analytical softwares, SPSS 16.0 and HLM 6.0:

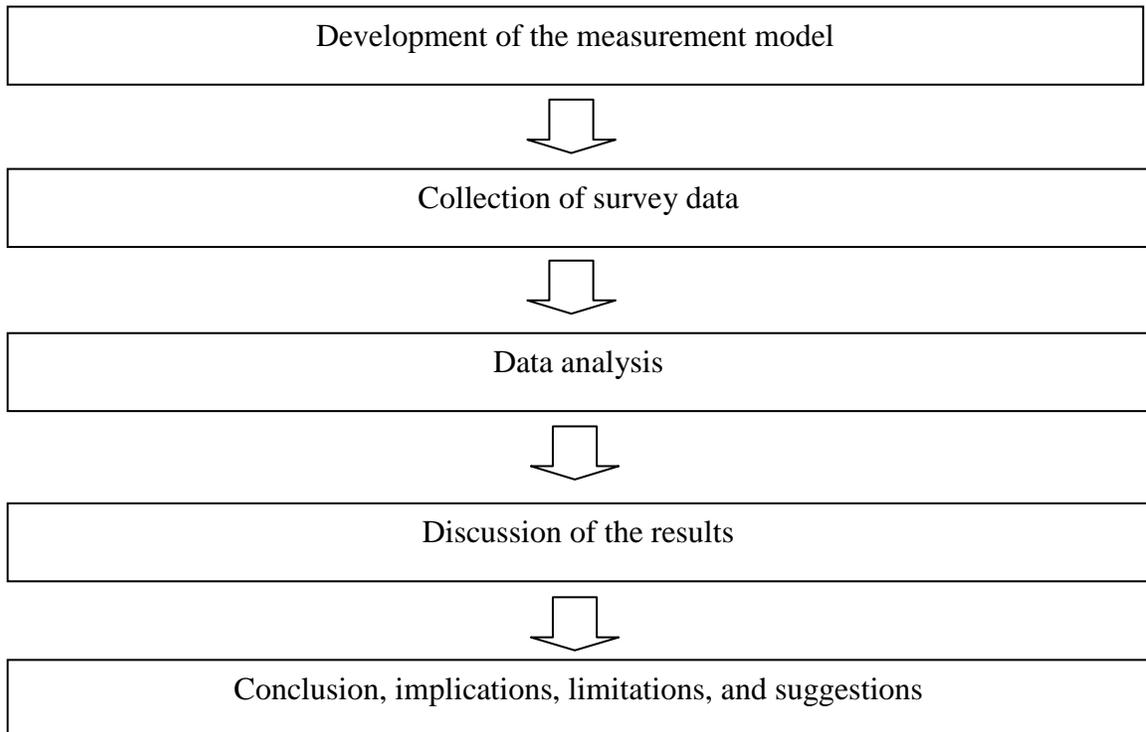
- (1) Descriptive statistic analysis
- (2) Reliability and validity test
- (3) Conjoint analysis
- (4) Hierarchical Linear Modeling

1.5 Organization of the Thesis

This paper consists of five chapters. The first chapter has presented the problem, purpose of the study, research questions, methodology, and organization of the thesis. In the second chapter, literature for the theoretical background of this research is reviewed to present the stream of entrepreneurial intention research, entrepreneurial environments research, and the importance of research on interrelationships between subjects. The third chapter proposes a research model and hypotheses in the model, as well as displaying measurement variables. This chapter also shows how the data are collected and describes the characteristics of the sample. In the fourth chapter, hypotheses are tested by analyzing the data and the result is presented. In the fifth chapter, the conclusion along with implications, limitations, and suggestions for the future research are provided. The flow chart of this thesis is shown in figure 1.1.

Figure 1.1 Overview of the thesis





CHAPTER 2 LITERATURE REVIEW

This chapter reviews five favorable entrepreneurial environments and the role of entrepreneurial intention. Then, the interaction between the internal and the external sources of entrepreneurship is also discussed.

2.1 Entrepreneurial Environments

Entrepreneurs do not act in vacuum, but react to entrepreneurial environments surrounding them (Peters & Waterman, 1982). Entrepreneurial environments are defined as factors which are critical in developing entrepreneurship in certain regions (Gnyawali & Fogel, 1994). Entrepreneurial environments research has focused on several frames. For example, the research on the effect of skills and value perception shows a significant effect over the constructs (Liñán, 2008). In a study of the start-up firms in Sweden, Davidsson and Henrekson (2002) found that institutional arrangements have influence on entrepreneurial activity. The interaction between entrepreneurial environments and the development of entrepreneurship was analyzed in Hungary and presented as essential factors to develop entrepreneurship (Fogel, 2001).

Obviously, regardless of regional specialty, people will be encouraged to create new business ventures in environments conducive to entrepreneurship. Those entrepreneurial environments can be grouped into five broad categories: government policies and procedures, socioeconomic conditions, entrepreneurial and business skills,

financial assistance, and non-financial assistance (Gnyawali & Fogel, 1994). Table 2.1 shows the sub-categories of five entrepreneurial environments.

Table 2.1 A framework for entrepreneurial environments (Gnyawali & Fogel, 1994)

Government Policies and Procedures	<ul style="list-style-type: none"> Restrictions on imports and exports Provision of bankruptcy laws Entry barriers Procedural requirements for registration and licensing Number of institutions for entrepreneurs to report to Rules and regulations governing entrepreneurial activities Laws to protect proprietary rights
Socioeconomic Conditions	<ul style="list-style-type: none"> Public attitude toward entrepreneurship Presence of experienced entrepreneurs Successful role models Existence of persons with entrepreneurial characteristics Recognition of exemplary entrepreneurial performance Proportion of small firms in the population of firms Diversity of economic activities Extent of economic growth
Entrepreneurial and Business Skills	<ul style="list-style-type: none"> Technical and vocational education Business education Entrepreneurial training programs Technical and vocational training programs Availability of information
Financial Assistance	<ul style="list-style-type: none"> Venture capital Alternative sources of financing Low-cost loans Willingness of financial institutions to finance small entrepreneurs Credit guarantee programs for start-up enterprises Competition among financial institutions
Non-Financial Assistance	<ul style="list-style-type: none"> Counseling and support services Entrepreneurial networks Incubator facilities Government procurement programs for small businesses

	Government support for research and development Tax incentives and exemptions Local and international information networks Modern transport and communication facilities
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2.1.1 Government Policies and Procedures

Government policy can influence the market frame and create entrepreneurship-friendly culture that promotes people to take risks and start their own businesses (Gnyawali & Fogel, 1994). However, entrepreneurs will be discouraged from building a new firm if they have to keep up with excessive numbers of rules and procedures (Fogel, 2001). Further, government is depicted as a barrier to the entrepreneurial activities (Kouriloff, 2000). In the research of environmental factors affecting entrepreneurial activities of Maori entrepreneurs of New Zealand, Zapalska, Dabb, and Perry (2003) showed that government policies and procedures such as restrictions on imports and exports, entry barriers, and procedural requirements for registration and licensing produce much more negative effects than positive effects on entrepreneurship.

2.1.2 Socioeconomic Conditions

People's perception on the entrepreneurial intention and action can be affected by attitudes toward entrepreneurs from family, friends, and community around them (Mokry, 1988). One research shows that external pressure and role models for entrepreneurship can not only lead people to start their own businesses but also change the venture creating processes in early and later stages of the new business (Davidsson, Hunter, & Klofsten, 2006). Another research suggests an empirical evidence that a positive personal network

coupled with strong entrepreneurial self-efficacy increases the likelihood of intention and action for entrepreneurship (Sequeira, Mueller, & McGee, 2007). Generally, a positive attitude of the society toward entrepreneurship and a public support program for entrepreneurial action will motivate people to start their own businesses (Gnyawali & Fogel, 1994).

2.1.3 Entrepreneurial and Business Skills

If prospective entrepreneurs are well trained with entrepreneurial and business skills, they may not be discouraged whenever they meet a challenging task in their business start-up process (Gnyawali & Fogel, 1994). Davidsson (1991) revealed that an entrepreneur's ability to start and operate a business is highly correlated with business-related experience and education. Therefore, the training program which delivers entrepreneurial skills is important for an emerging small business and its success (Ladzani & Van Vuuren, 2002). Training programs for prospective entrepreneurs are greatly needed in developing countries with limited sources, non-supportive government policy, and high barriers by dominant large firms (Gnyawali & Fogel, 1994).

2.1.4 Financial Support to Businesses

In general, entrepreneurs need financial support for at least one of three purposes: to diversify the start-up risk, to get start-up capital, and to expand the business (Gnyawali & Fogel, 1994). However, financial support not always foster the most promising start-up firms (Amit, Glosten, & Muller, 1990), and in some cases, new venture creation requires

other activities from investors such as due diligence and post investment participation rather than just financial support (Wiltbank, 2005). Nevertheless, still for most start-up ventures, financing is one of the most critical factors not only for venture creation but also for venture success in later stage. A research also shows that with different cultures and institutional environments between countries, venture capital industries are also shaped in different manners, including different financial support types (Bruton & Ahlstrom, 2003).

2.1.5 Non-financial Support to Businesses

Entrepreneurs need systematic non-financial support along with financial assistance (Gnyawali & Fogel, 1994). One of the non-financial support systems can be an entrepreneurship incubator. The incubator generally provides positive environments to the early-stage ventures by offering rental office space, shared office services, and business counseling assistance at very low costs (Allen & Rahman, 1985). A good incubator has proved to provide a great survival rate, a positive impact on the perception of entrepreneurship, and a structural way to financial markets (Aernoudt, 2004).

2.2 The Role of Entrepreneurial Intention in New Venture Creation

Founding a business is obviously composed with conscious activities. Someone grabs a concept of starting a new business, progresses the plot in a given environment, and embodies the business plan with viable actions (Krueger Jr, Reilly, & Carsrud, 2000). However, the intention to have an entrepreneurial career before actually organizing a

business is the highlight of entrepreneurship because of its importance as a starting point of new venture creation (Bird, 1988; Katz & Gartner, 1988). In this sense, entrepreneurial intention is an important research domain in an attempt to discover the core point in creating new ventures (Bird, 1988).

In general, intentions are followed by behavior and, simultaneously, certain attitudes precede intention. Thus, intentions serve as a clear link from antecedents to behavior (Ajzen, 1987, 1991). Besides, Ajzen and Fishbein (1980) noted that general attitudes and personality traits affect certain behaviors indirectly by influencing factors that are closely related to the behavior. These factors include situational beliefs, perception of available resources, and the perceived consequences of the behavior (Ajzen, 1991). Therefore, the impact of those factors will result in behavioral changes. In this sense, entrepreneurial activities also can thrive or extinct by influencing environments for entrepreneurial intention.

2.3 The Importance of Entrepreneurial Environments for New Venture Creation

Researchers have studied entrepreneurs' personalities and traits to distinguish them from that of others. Other researchers have focused on how the environmental factors affect new venture creation rates. Both, so called, "traits and rates" studies are complementary, as each social science approach contributes to the development of entrepreneurial research and combined approach provide more accurate research models (Aldrich, 1990). Accordingly, entrepreneurial intention has to be understood in the context of entrepreneurial environments.

2.3.1 The Inside-Out and the Outside-In Taxonomy of Entrepreneurship

The inside-out approach is the stream of studies that focus on the personal characteristics of entrepreneurs to understand entrepreneurship. On the other hand, the outside-in approach tries to explain entrepreneurship with the contextual environments. The symbiosis of entrepreneurship research has several other dichotomous naming; supply-side prospective and demand-side prospective (Thornton, 1999), and endogenous and exogenous processes (Carroll & Khessina, 2005). The obvious fact is that the creation of a new venture is an intended action by an individual entrepreneur, but also the entrepreneur cannot progress without an infrastructure (Thornton, 1999).

2.3.2 Institutional Ecology

Institutional ecology highlights how legitimacy, social support, and approval from external constituents increase the likelihood that an organization can be successfully created (Meyer & Rowan, 1977). Baum and Oliver (1996) showed that socioeconomic context has an impact on organization creation rates. Aldrich (1990) divided institutional force affecting organization founding into sub-factors: politics and governmental policies, spatial location, culture, and other events specific to certain periods. Some of those factors are short-term and dramatic events, and others are long-term and repetitive events with cumulative power. In this paper, I use five categories for entrepreneurial environments; government policies and procedures, socioeconomic conditions, entrepreneurial and business skills, financial assistance, and non-financial assistance. All of these entrepreneurial environments might be working as ecological contexts to

entrepreneurial intention. Therefore, developing environmental criteria for entrepreneurs will expand systemic means to thrive entrepreneurship in a region.

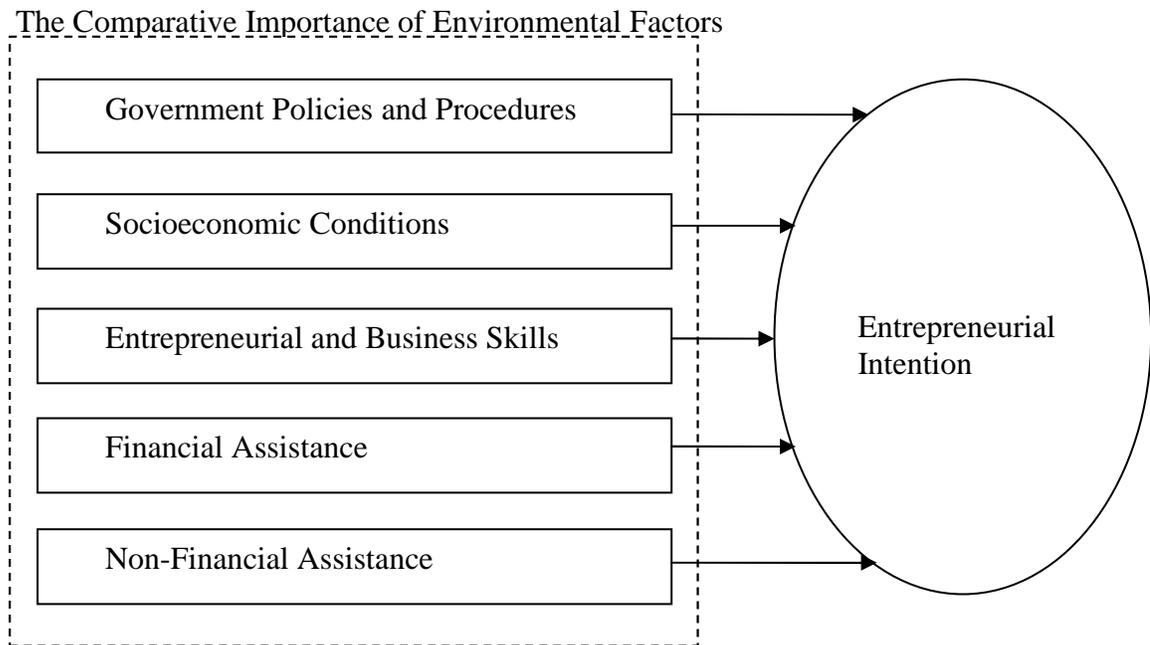
CHAPTER 3 RESEARCH MODEL AND METHODOLOGY

In this chapter, the research model and hypotheses are presented. Then a brief introduction to the conjoint analysis is given, followed by measurement variables and experimental design. Finally, the data collecting method and characteristics of sample are described.

3.1 Research Model

The literature review in Chapter Two showed that venture creation is apparently a conscious process and therefore, the entrepreneurial intention is one of the most critical processes in the beginning stage of new venture creation. Now, favorable entrepreneurial environments are known to facilitate the entrepreneurial intention. Hence, in this paper, the relationships between entrepreneurial environmental factors and intention will be empirically examined and also the comparative importance of environmental factors for entrepreneurial intention will be presented. The five environmental factors are: government policies and procedures, socioeconomic conditions, entrepreneurial and business skills, financial assistance, and non-financial assistance. Figure 3.1 presents the research model of this study.

Figure 3.1 Research model



3.2 Hypotheses development

Based on the literature review in Chapter Two, the following six hypotheses are developed in this paper for subsequent empirical validation. First, all of the five environmental factors will have positive effects on the entrepreneurial intention. From this foundation, the following five hypotheses are offered:

Hypothesis 1: The more favorable Government Policies and Procedures are as a dimension of Entrepreneurial Environment, the greater the likelihood that people will have the Entrepreneurial Intention.

Hypothesis 2: The more favorable Socioeconomic Conditions are as a dimension of Entrepreneurial Environment, the greater the likelihood that people will have the Entrepreneurial Intention.

Hypothesis 3: The higher the Entrepreneurial and Business Skills are as a dimension of Entrepreneurial Environment, the greater the likelihood that people will have the Entrepreneurial Intention.

Hypothesis 4: The greater the availability of Financial Assistance is as a dimension of Entrepreneurial Environment, the greater the likelihood that people will have the Entrepreneurial Intention.

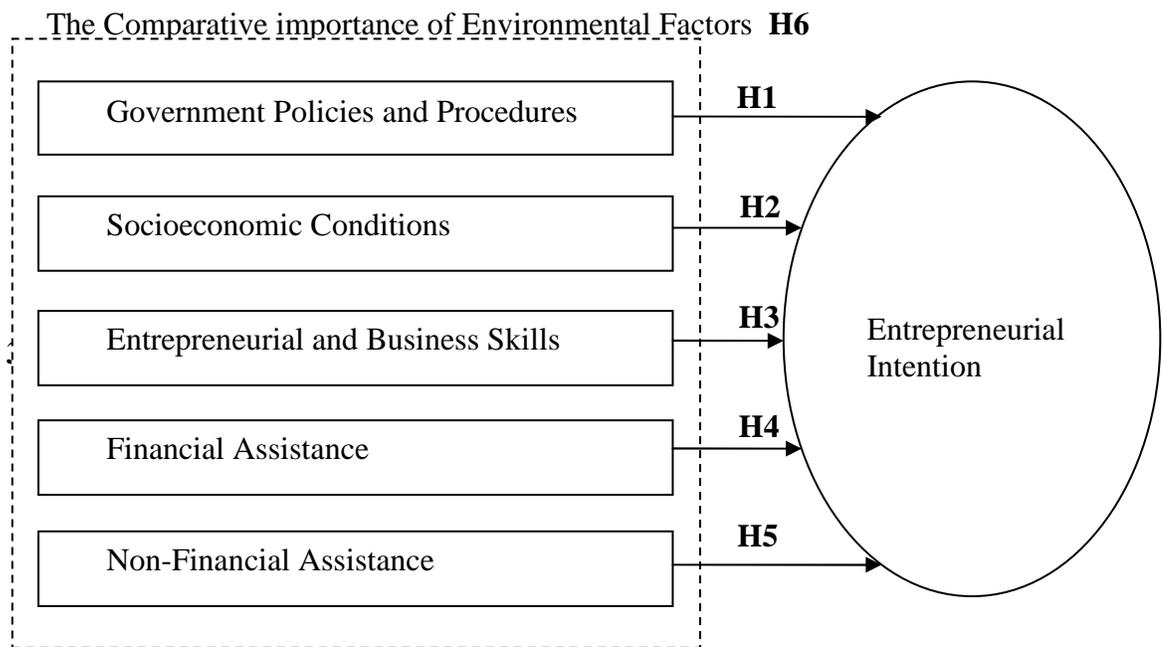
Hypothesis 5: The greater the availability of Non-Financial Assistance is as a dimension of Entrepreneurial Environment, the greater the likelihood that people will have the Entrepreneurial Intention.

Second, with the conjoint analysis, it would be possible to find out the best composition of environmental factors conducive to the entrepreneurial intention. From this foundation, the following hypothesis is offered:

Hypothesis 6: There is the optimum comparative importance of five dimensions of Entrepreneurial Environments, which is the most conducive to the Entrepreneurial Intention.

Figure 3.2 shows the research model and hypotheses of this study.

Figure 3.2 Research model and hypotheses



3.3 Conjoint Analysis

This study uses conjoint analysis, a method that requires respondents to make a series of judgments based on profiles, from which processes of their decisions can be decomposed into the underlying structure. This method provides real-time data on respondents' decisions, avoiding their introspective biases (Fischhoff, 2002; Shepherd &

Zacharakis, 1999). For conducting conjoint analysis, a researcher provides attributes with levels for each of them, and then these attributes are chosen by the participants with compositional methods. After collecting respondents' ratings of each scenario, a researcher can decompose these data to reveal the relative importance of each attribute. With all of this process, a researcher takes an advantage of conjoint analysis by forcing participants to make serial decision making in real time (Lohrke, Holloway, & Woolley, 2010).

In entrepreneurial intention research, conjoint analysis has been estimated to overcome limitations of survey or interview methods that have a potential bias problem because they require respondents to recall their past intention process (Busenitz et al., 2003). However, articles with conjoint analysis methodology in actual entrepreneurship research are scarce. Only 2% of hypotheses from 1976 to 2004 have used conjoint analysis in entrepreneurship research (Dean, Shook, & Payne, 2007).

3.4 Measurement Variables

To measure entrepreneurial intention and other control variables, a portion of Entrepreneurial Intention Questionnaire (EIQ) (Liñán & Chen, 2009) is used in survey questions. EIQ shows high reliability and validity and provides cross-cultural applicability. Profiles in this experimental design consist of five attributes, each of which is varied at two levels. To ensure the external validity of profiles for conjoint analysis, three entrepreneurship related professionals are interviewed to confirm the correctness of

(1) terminology used to describe categories, (2) the effectiveness of descriptions in the profile, and (3) the expected outcomes from each level of attributes.

The survey of this paper was conducted with university students in South Korea. For the right translation of the survey questionnaires from English into Korean, two Korean Ph.D students of business administration re-translated Korean based survey questionnaires into English. These survey questionnaires with different languages are compared with each other and had an appropriate change. All these procedures followed the recommendation of Brislin (1980).

3.5 Experimental Design

The reliability of the assessments of participants in conjoint experiment is computed by replication of profiles and test-retest checks (Shepehrd & Zacharakis, 1997). In this paper, however, test-retest checks are substituted with multiple questionnaires following each profile. With five attributes and two levels of each attribute, $2^5 = 32$ profiles can be generated for the experiment. However, 32 assessments process for each respondent has strong possibility of the unsuccessfully managed experiment. To keep off from this plausible problem, I used an orthogonal fractional factorial design, allowing me to reduce the total number of profiles to 8 (Hahn & Shapiro, 1966; Louviere, 1988). For this optimal reduction, SPSS16.0 is used to generate fractional design of experimental profiles.

3.6 Data Collection

To make sure an accurate data collection, I made four versions of the experiment based on a two-by-two matrix with two different orders of profiles within the experiment and two different orders of attributes within the profiles. There were no significant differences among versions. Therefore, the order of both profiles and attributes is not affected in the experiment.

To verify the proposed model and hypotheses, a web-based survey was conducted for this study. The study was approved by the Institutional Review Board (IRB) of the University of Nebraska (IRB Approval #: 20100610796 EX) and the ethical guidelines were noted during the data collection process.

3.7 Sample Description

In entrepreneurship research, samples of individuals for the study need to be selected before actual entrepreneurial action occurs (Gartner, 1989). This is because individuals seem to show inconsistent behavior with time and different situations (Mischel, 1968). For this reason, student sampling is preferred in entrepreneurship research because subjects with non-entrepreneurial intention can be included in the research with subjects before an entrepreneurial process occurred (Krueger et al., 2000). In this sense, the sample in this study is composed of 175 students of a Korean university in Seoul, South Korea and 137 valid questionnaires were collected (78.2%). Table 3.1 describes the characteristics of the participants.

Table 3.1 Characteristics of the sample

	N	Mean	SD
Age	137	22.45	2.44
Household(s)	137	4.07	0.61
Gender	99(Male), 38(Female)		
Education level(Father)	4 (Primary), 5 (middle), 50 (high), 65 (university), 13 (other)		
Education level (Mother)	4 (Primary), 7 (middle), 77 (high), 43 (university), 5 (other)		
Occupation (Father)	44 (Private sector employee), 17 (Public sector employee), 54 (self-employed), 2 (retired), 2 (unemployed), 18 (other)		
Occupation (Mother)	23 (Private sector employee), 8 (Public sector employee), 26 (self-employed), 2 (retired), 0 (unemployed), 78 (other)		
Total yearly income (Family)	32 (\$20,000-40,000), 47 (\$40,000-60,000), 31 (\$60,000-80,000), 13 (\$80,000-100,000), 5 (\$100,000-120,000), 9 (Over \$120,000)		

Ninety nine students (72.26%) were male, while 38 (27.74%) were female. The average age of the participants and the number of family members were 22 years old and 4 households, respectively. The educational level of the participants showed university (47.44%) and high school (56.20%) had the largest proportion of the education level of fathers and mothers. The father's occupation of self-employed (39.42%) was the highest category, while 56.93% of mother's occupation was in the other category. The total family income under \$80,000 was 80.29%.

CHAPTER 4 RESULTS

In this chapter, a series of statistical analyses are used to analyze data and test research hypotheses. It consists of four sections. The first section presents reliability of responses for each individual. Then, the statistical significance of each environmental factor and the comparative importance score of the model is presented. Sub-analyses of the comparative importance are also presented to show the difference between male and female, and between students with employed fathers and students with self-employed fathers.

4.1 Reliability of Responses

Chronbach's Alpha tests of multiple questionnaires following each profile were calculated to test the reliability of responses for each individual. The level of .700 or greater is suggested as an indication of the internal consistency (Nunnally, 1978). In this research, the values ranged from .856 to .928 as shown in Table 4.1. Therefore, the reliability of each profile is high enough to be considered as reliable and these values indicate that the participants of the experiment performed the conjoint analysis consistently.

Table 4.1 Result of reliability tests

Profile No.	Chronbach's Alpha
Profile 1	.844
Profile 2	.919
Profile 3	.910
Profile 4	.880
Profile 5	.898
Profile 6	.912
Profile 7	.908
Profile 8	.908
Profile 9	.912
Profile 10	.923

4.2 Analyses of Five Environmental Factors

The statistical analysis of this research is based on the 10 independent decisions of each of the 137 students, which resulted in 1370 data in total. Here, the 10 decisions of each participant are apt to be intercorrelated because the decision process of each participant is unique and different from that of other individuals (Hambrick & Mason, 1984).

Considering data from the experiment, which does not satisfy the independence condition for standard Ordinary Least Squares regression, Hierarchical Linear Modeling (HLM), which is well suited for nested data, was applied (Hofmann, 1997). In this study,

level 1 refers to the decision level of analysis and level 2 refers to the individual level of analysis. Table 4.2 shows the result of HLM analysis.

Table 4.2 Result of effectiveness of five environmental factors

Factors	Random effects			Fixed effects		
	β	SE	T-ratio	β	SE	T-ratio
Government policies and procedures	0.797	0.063	12.587***	0.773	0.052	14.862***
Socioeconomic condition	0.868	0.060	14.533***	0.853	0.052	16.385***
Entrepreneurial and business skills	0.493	0.048	10.341***	0.507	0.052	9.739***
Financial assistance	0.829	0.057	14.524***	0.838	0.052	16.102***
Non-financial assistance	0.441	0.051	8.633***	0.408	0.052	7.833***

Dependent variable: intention

*** $p \leq .001$

SE: standard error

The result of this study derived two related models; a random coefficients HLM model and a fixed coefficients HLM model. A random coefficients HLM model includes error terms at level 2 to account for all potential heterogeneity between individuals, whereas a fixed coefficients HLM model does not (Raudenbush & Bryk, 2002). This means when we test the direct effects of decision level (Level 1) variables, coefficients and error terms at the individual level (Level 2) should have no significant impact on the results at the decision level (Level 1). This is an advantage of the HLM method, which

estimates separate error terms for level 1 and level 2 (Hofmann, 1997). The coefficients and standard errors of both models show similar values. T-values and p-values also are much the same. Chi-square value shows statistically significant relationship between the fixed model and the random model ($\chi^2 = 165.477$, $df = 53$, $p = 0.000$). Therefore, all previous values confirm the robustness of the result in this study. The result also shows that all of entrepreneurial environments have significantly positive effects on entrepreneurial intention (*H1, H2, H3, H4, and H5* are supported).

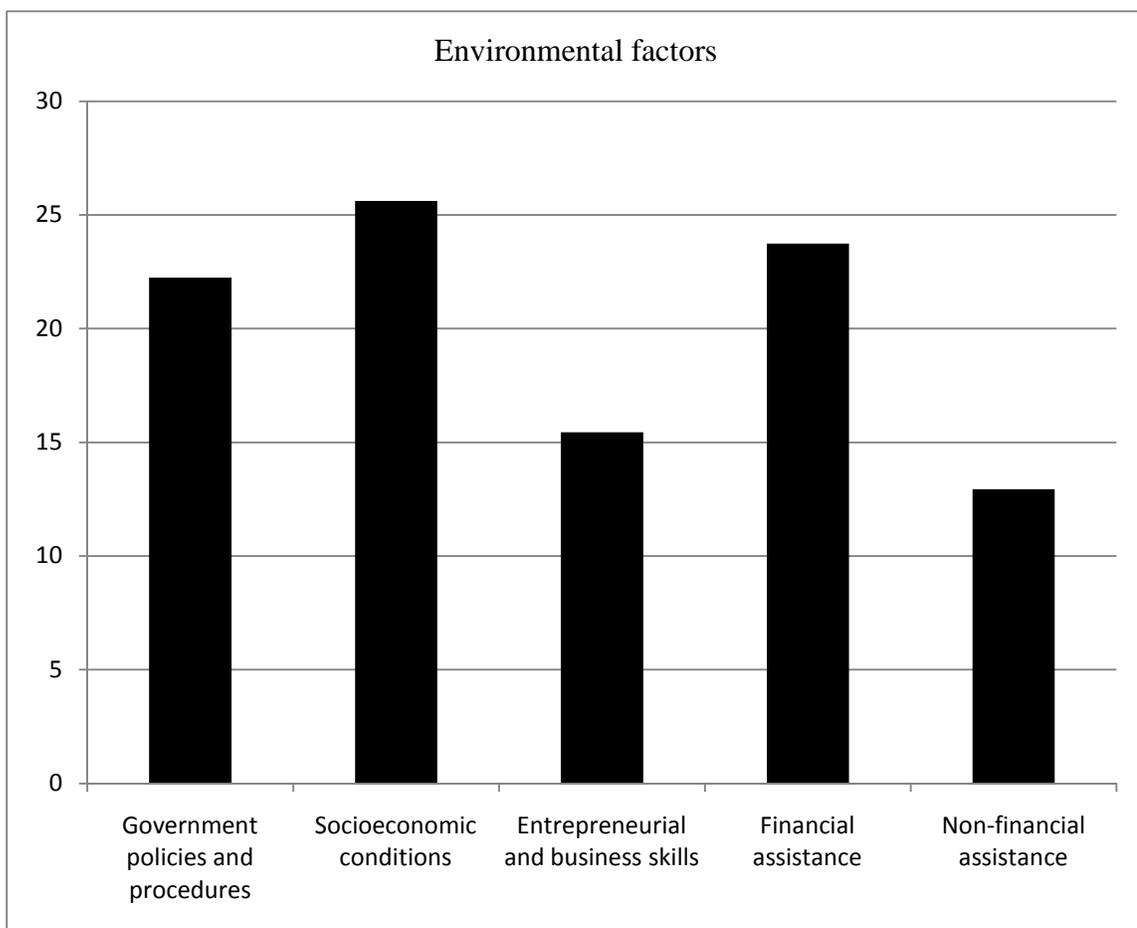
4.3 Analysis of Comparative Importance of Five Factors

The comparative importance of attributes is shown in Table 4.3 in the order from more to less; socioeconomic conditions (26%), financial assistance (23%), government policies and procedures (22%), entrepreneurial and business skills (15%), and non-financial assistance (14%) (*H6* is supported). Figure 4.1 shows the comparative importance of entrepreneurial environments as a bar chart.

Table 4.3 Comparative importance score of entrepreneurial environments

Factor	Importance
Government policies and procedures	22.236%
Socioeconomic conditions	25.621%
Entrepreneurial and business skills	15.437%
Financial assistance	23.740%
Non-financial assistance	12.938%

Figure 4.1 Values of environmental factors



4.4 Sub-Analyses of Comparative Importance of Five Factors

Table 4.4 shows different trade-offs between male students and female students. Both male and female students weighed most on socioeconomic conditions. While government policies and procedures are the second important factors for male students, financial assistance is considered as the second for female students. Figure 4.2 show the result by bar chart.

Table 4.4 Comparative importance score of environmental factors (Male and female)

Factor	Male (N=99)	Female (N=38)
Government policies and procedures	21.431%	24.410%
Socioeconomic conditions	25.531%	25.855%
Entrepreneurial and business skills	15.766%	14.588%
Financial assistance	23.668%	23.929%
Non-financial assistance	13.604%	11.218%

Figure 4.2 Comparison of values between male and female

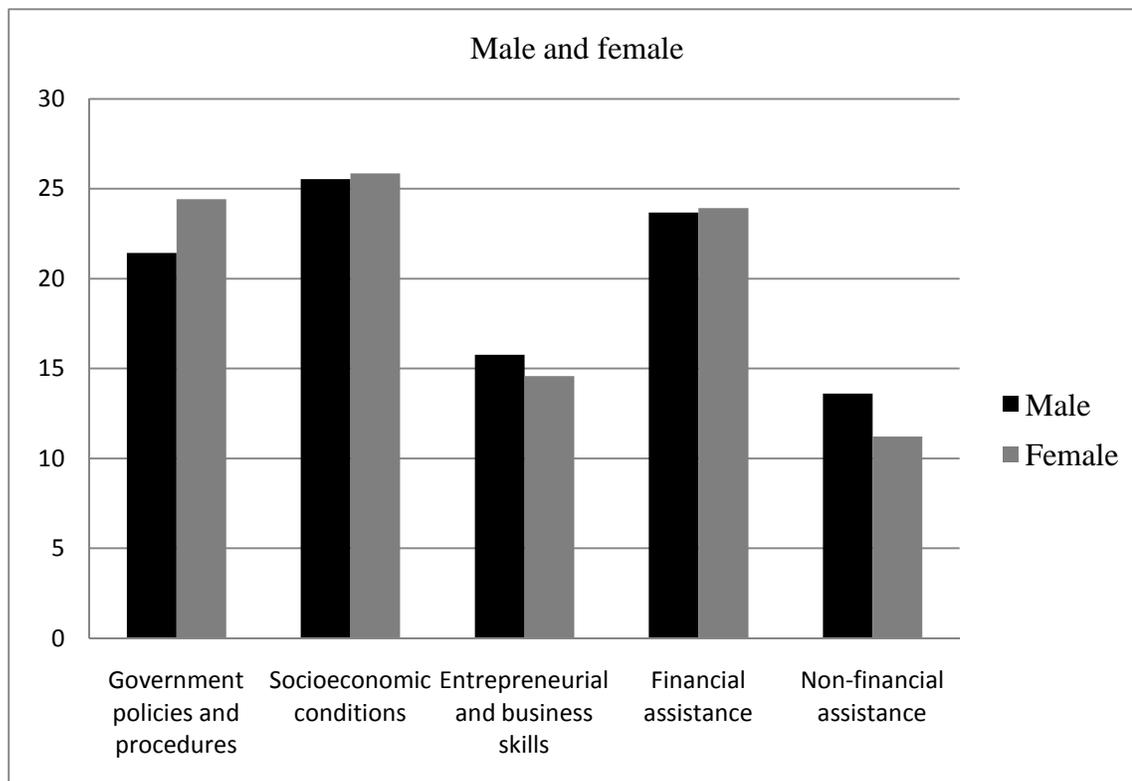


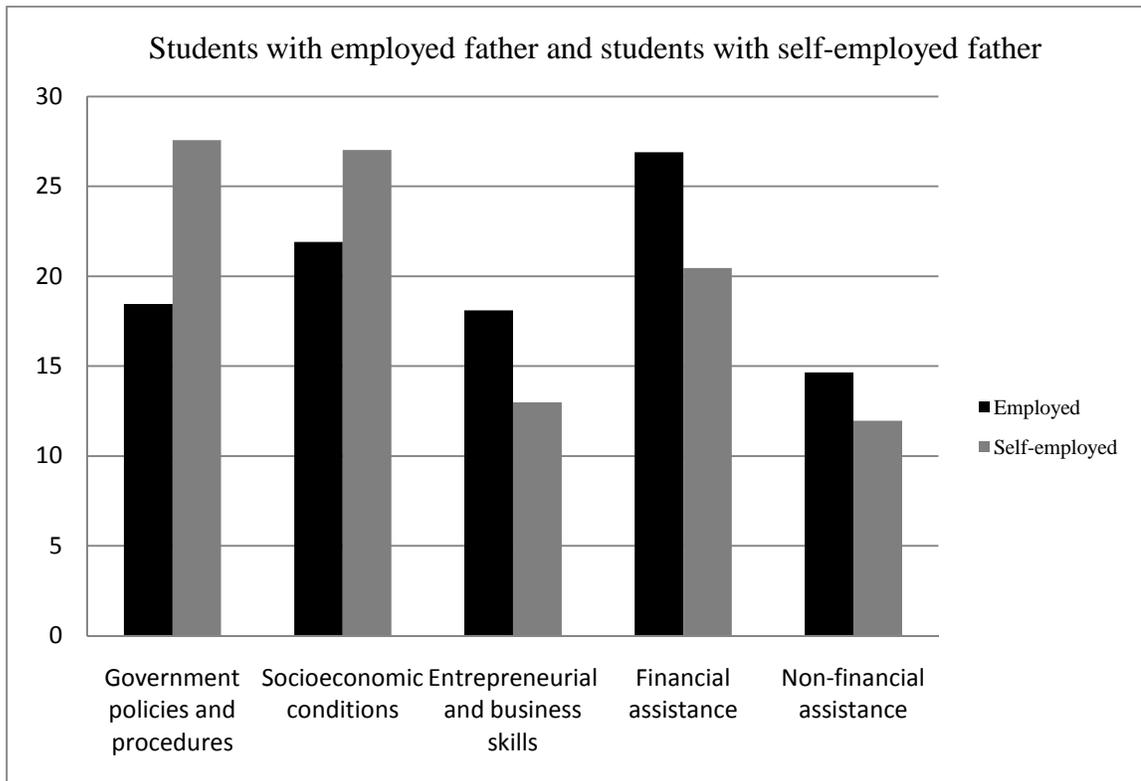
Table 4.5 represents the comparative importance of entrepreneurial environments between students with employed father and students with self-employed father. Financial assistance is the most important factor for students with employed father. However, students with self-employed father put an importance on government policies and procedures slightly more than on socioeconomic conditions. Following figure 4.3 graphically represents the result.

Table 4.5 Comparative importance score of environmental factors

(Students with employed father and students with self-employed father)

Factor	Employed father (N=61)	Self-employed father (N=53)
Government policies and procedures	18.455%	27.569%
Socioeconomic conditions	21.902%	27.026%
Entrepreneurial and business skills	18.098%	12.987%
Financial assistance	26.895%	20.448%
Non-financial assistance	14.651%	11.970%

Figure 4.3 Comparison of values between students with employed father and students with self-employed father



CHAPTER 5 CONCLUSIONS AND LIMITATIONS

This chapter presents the conclusion of this study. It contains conclusions, implications, limitations, and suggestions.

5.1 Research Conclusions and Implications

In this paper, I tested the effects of five conducive entrepreneurial environments; government policies and procedures, socioeconomic conditions, entrepreneurial and business skills, financial assistance, and non-financial assistance; on the entrepreneurial intention and the comparative importance of these environmental factors. Not surprisingly, because all the environmental factors are proven to be important to entrepreneurship development by researchers (e.g., Gnyawali & Fogel, 1994), all the environmental factors showed significant effects on elevating entrepreneurial intention. Somewhat surprisingly, socioeconomic conditions were the most conducive factor rather than financial assistance in promoting entrepreneurial intention. Maybe this is because Koreans emphasize group culture most of all.

Further, I found that the person with high attractiveness in entrepreneurship, high entrepreneurial self-efficacy, and role model in family for entrepreneurship shows generally strong entrepreneurial intention. Here, I note that socioeconomic factor, which was the most significant among five factors that are conducive to entrepreneurial intention in conjoint analysis, is not statistically significant factor in individual level HLM analysis. Possible reason is that the socioeconomic group in conjoint profile

consists of family members, whereas the society of a country is in individual level survey measurements. In other words, people may weigh more on family members' perception and evaluation on entrepreneurship than societies'. In a similar sense, role models among family, friend, employer or manager, and the other, family is the only group that has a significant relationship with entrepreneurial intention. Entrepreneurial knowledge, the educational level of mother, and family income also show insignificant, but strong relationship with entrepreneurial intention.

These findings make a few important implications and contributions to the field of entrepreneurship. First, the use of conjoint analysis will expand the application of this useful tool in the field of entrepreneurship research. Second, favorable entrepreneurial environments, not in use but for intention to start-up a new venture, will provide a different perspective to policy makers and practitioners, who are willing to make higher venture creation rates. Third, knowing the comparative importance among entrepreneurial environments can offer an insight for policy makers and practitioners with limited resources to make a systematic program for prospective entrepreneurs.

5.2 Research Limitations and Suggestions

This study has limitations that direct future research. First, conjoint analysis has its own limitations. Researchers have to rely on hypothetical decision profiles, and it can be resulted in less validity of the study. However, judgments with repeated measures in an experiment show that the hypothetical cases are effective enough to gain a useful practical data (McMullen & Shepherd, 2006). Moreover, although conjoint analysis has a

weak validity as an analyzing tool, it contains a strong methodological advantage when it is used in the study of entrepreneurial decision making, one of the most important subject in entrepreneurship research. For the future entrepreneurship research, conjoint analysis can be increasingly used as a useful research tool and this research may bridge the stream to continue.

Second, university students used in this study as the sample group are practically hard to substitute entrepreneurs in real. In some cases, however, unbiased results can be gained from student samples. In this study, for example, student's intention to create ventures might be purer and more correct than entrepreneurs' intention, which might be produced in distorted way because of retrospective experiment. Nonetheless, it has been recognized among researchers that entrepreneurs with professional experiences provide more reliable responses in entrepreneurship research with survey and experiment. In addition, conjoint analysis is designed to minimize distortion in espoused decision. It would be interesting to investigate the gap on evaluation of entrepreneurial environments between nascent entrepreneurs and entrepreneurs in action.

Third, generalization or diversification of the findings may be an issue of concern in this research. Although some cultural backgrounds were provided when describing results, regional and cultural limitations and biases may be exist in all over the processes and following results in this paper. Drawing the same picture in other countries with different cultural backgrounds will provide a tool for measuring similarities and differences of entrepreneurial environments conducive to entrepreneurial intention among different countries. In addition, it is to be desired that international studies on

entrepreneurial environments also consider different units of influencing culture such as individual, family, society, and country.

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Appendix A: The Survey Questionnaire

Dear survey participants:

This questionnaire is designed in order to identify comparative importance of entrepreneurial environments conducive to entrepreneurial intention. The purpose of this study is to raise the ‘rates’ of new venture creation by presenting the relationships between environmental factors and intention. This survey is consisted of two parts:

1. Survey on Entrepreneurship
2. Experiment to Measure Entrepreneurial Intentions on Environmental Changes

Participation in this study will take approximately 15-20 minutes. By participating in this survey, you will be informed about favorable environments for entrepreneurship and realized about your familiarity to entrepreneurship. All the information from this survey will be confidentially used only for research purpose. Participating in this survey is totally voluntary, but it will be very helpful to receive your response. There are no known risks involved in participating in this research. If you give your consent to conducting this survey, please start the survey now, or if you do not consent to conducting this survey, please do not start this survey. You can also withdraw from answering this survey at any time without harming your relationship with the researchers or the University of Nebraska-Lincoln.

03. 10

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Dear participants:

Thank you very much for your participation in this study.

You are encouraged to engage in this important study on entrepreneurship. Byungku

Lee's research has full support from the department of management, CBA, University of

Nebraska - Lincoln. Please do not hesitate to contact us if you have any questions.

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If you have any questions or concerns about your rights, please contact the University of

Nebraska – Lincoln Institutional Review Board at (402) 472 – 6965 or email irb@unl.edu.

1. Survey on Entrepreneurship

A. Indicate your level of agreement with the following statements about the **Entrepreneurial Activity**.

(1: total disagreement, 4: neutral, 7: total agreement)

		1	2	3	4	5	6	7
A01	I am ready to do anything to be an entrepreneur							
A02	I will make every effort to start and run my own business							
A03	I am determined to create a business venture in the future							
A04	My professional goal is to be an entrepreneur							

B. Considering all advantages and disadvantages (economic, personal, social recognition, job stability, etc.), indicate your level of **attraction towards** each of **the following work options**.

(1: minimum attraction, 4: neutral, 7: maximum attraction)

		1	2	3	4	5	6	7
B01	Employee							
B02	Entrepreneur							

C. Indicate your level of agreement with the following sentences about the **values society put on entrepreneurship**.

(1: total disagreement, 4: neutral, 7: total agreement)

		1	2	3	4	5	6	7
C01	My immediate family values entrepreneurial activity above other activities and careers							
C02	The culture in my country is highly favorable towards entrepreneurial activity							
C03	The entrepreneur's role in the economy is generally undervalued in my country							
C04	My friends value entrepreneurial activity above other activities and careers							
C05	Most people in my country consider it unacceptable to be an entrepreneur							
C06	In my country, entrepreneurial activity is considered to be worthwhile, despite the risks							
C07	My colleagues value entrepreneurial activity above other activities and careers							
C08	It is commonly thought in my country that entrepreneurs take advantage of others							

D. How do you rate yourself on the following **entrepreneurial abilities/skill sets**?

(1: no aptitude at all, 4: neutral, 7: very high aptitude)

		1	2	3	4	5	6	7
D01	Recognition of opportunity							
D02	Creativity							
D03	Problem solving skills							
D04	Leadership and communication skills							
D05	Development of new products and services							
D06	Networking skills, and making professional contacts							

E. Do you **personally know** an entrepreneur or entrepreneurs? Yes No

If yes, indicate your relationship to them, and evaluate the following questions.

(1: not at all, 4: neutral, 7: extremely well)

		1	2	3	4	5	6	7
<input type="checkbox"/> Family	To what extent do you know about his/her activity as entrepreneur?							
	To what extent may he/she be considered a 'good entrepreneur'?							
<input type="checkbox"/> Friend	To what extent do you know about his/her activity as entrepreneur?							
	To what extent may he/she be considered a 'good entrepreneur'?							
<input type="checkbox"/> Employer / Manager	To what extent do you know about his/her activity as entrepreneur?							
	To what extent may he/she be considered a 'good entrepreneur'?							
<input type="checkbox"/> Other	To what extent do you know about his/her activity as entrepreneur?							
	To what extent may he/she be considered a 'good entrepreneur'?							

F. Indicate your level of knowledge about business associations, support bodies and other **sources of assistance for entrepreneurs**.

(1: no knowledge, 4: neutral, 7: complete knowledge)

		1	2	3	4	5	6	7
F01	Private associations							
F02	Public support bodies							
F03	Specific training for young entrepreneurs							
F04	Loans in specially favorable terms							
F05	Technical aid for business start-ups							
F06	Business centers							

2. Experiment to Measure Entrepreneurial Intentions on Environmental Changes

In this experiment, you will be given 10 cases and each case will be shown with the selected five environmental factors for new venture creation (also with degrees: high and low). After the careful reading and evaluation of each case, please answer the following 4 questions each time. Please do not refer back to pages where you have already given an assessment of the project. Each of the case represents independent entrepreneurial environment. Also, answer the questions not based on your personal evaluation of entrepreneurial environments of your region, but rest on the given case. Lastly, assume that you are evaluating the cases under the current economic situation of your country. The table below shows the general descriptions of entrepreneurial environments.

Parameter Descriptions for Experiment

Parameter	Level	Description
The Quality of Government Policies and Procedures	High	The government is employing policies and procedures <u>encouraging</u> new venture creation.
	Low	The government is employing a policies and procedures <u>discouraging</u> new venture creation.
Socioeconomic Conditions	High	My family and friends are <u>supportive on</u> entrepreneurial activity.
	Low	My family and friends are <u>not supportive on</u> entrepreneurial activity.
Entrepreneurial and Business Skills	High	It is <u>always accessible</u> to the education programs on entrepreneurial information and business skills.
	Low	It is <u>rarely accessible</u> to the education programs on entrepreneurial information and business skills.
Financial Assistance	High	It is <u>easy to get financial investment</u> from venture capitals.
	Low	It is <u>hard to get financial investment</u> from venture capitals.
Non-Financial Assistance	High	Incubator facilities with new venture support services are <u>always available</u> for prospective entrepreneurs.
	Low	Incubator facilities with new venture support services are <u>unavailable</u> for prospective entrepreneurs.

Case 1

While you are trying to found a new venture,

- 1) The government is employing a policies and procedures discouraging new venture creation.
- 2) My family and friends are not supportive on entrepreneurial activity.
- 3) It is always accessible to the education programs on entrepreneurial information and business skills.
- 4) It is easy to get financial investment from venture capitals.
- 5) Incubator facilities with new venture support services are unavailable for prospective entrepreneurs.

Assessment

1. I am ready to do anything to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

2. I will make every effort to start and run my own business.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

3. I am determined to create a business venture in the future.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

4. My professional goal is to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

Case 2

While you are trying to found a new venture,

- 1) The government is employing a policies and procedures encouraging new venture creation.
- 2) My family and friends are supportive on entrepreneurial activity.
- 3) It is rarely accessible to the education programs on entrepreneurial information and business skills.
- 4) It is hard to get financial investment from venture capitals.
- 5) Incubator facilities with new venture support services are unavailable for prospective entrepreneurs.

Assessment

1. I am ready to do anything to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

2. I will make every effort to start and run my own business.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

3. I am determined to create a business venture in the future.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

4. My professional goal is to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

Case 3

While you are trying to found a new venture,

- 1) The government is employing a policies and procedures encouraging new venture creation.
- 2) My family and friends are supportive on entrepreneurial activity.
- 3) It is always accessible to the education programs on entrepreneurial information and business skills.
- 4) It is easy to get financial investment from venture capitals.
- 5) Incubator facilities with new venture support services are always available for prospective entrepreneurs.

Assessment

1. I am ready to do anything to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

2. I will make every effort to start and run my own business.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

3. I am determined to create a business venture in the future.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

4. My professional goal is to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

Case 4

While you are trying to found a new venture,

- 1) The government is employing a policies and procedures discouraging new venture creation.
- 2) My family and friends are supportive on entrepreneurial activity.
- 3) It is always accessible to the education programs on entrepreneurial information and business skills.
- 4) It is hard to get financial investment from venture capitals.
- 5) Incubator facilities with new venture support services are unavailable for prospective entrepreneurs.

Assessment

1. I am ready to do anything to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

2. I will make every effort to start and run my own business.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

3. I am determined to create a business venture in the future.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

4. My professional goal is to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

Case 5

While you are trying to found a new venture,

- 1) The government is employing a policies and procedures discouraging new venture creation.
- 2) My family and friends are not supportive on entrepreneurial activity.
- 3) It is rarely accessible to the education programs on entrepreneurial information and business skills.
- 4) It is hard to get financial investment from venture capitals.
- 5) Incubator facilities with new venture support services are always available for prospective entrepreneurs.

Assessment

1. I am ready to do anything to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

2. I will make every effort to start and run my own business.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

3. I am determined to create a business venture in the future.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

4. My professional goal is to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

Case 6

While you are trying to found a new venture,

- 1) The government is employing a policies and procedures encouraging new venture creation.
- 2) My family and friends are not supportive on entrepreneurial activity.
- 3) It is always accessible to the education programs on entrepreneurial information and business skills.
- 4) It is hard to get financial investment from venture capitals.
- 5) Incubator facilities with new venture support services are always available for prospective entrepreneurs.

Assessment

1. I am ready to do anything to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

2. I will make every effort to start and run my own business.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

3. I am determined to create a business venture in the future.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

4. My professional goal is to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

Case 7

While you are trying to found a new venture,

- 1) The government is employing a policies and procedures discouraging new venture creation.
- 2) My family and friends are supportive on entrepreneurial activity.
- 3) It is rarely accessible to the education programs on entrepreneurial information and business skills.
- 4) It is easy to get financial investment from venture capitals.
- 5) Incubator facilities with new venture support services are always available for prospective entrepreneurs.

Assessment

1. I am ready to do anything to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

2. I will make every effort to start and run my own business.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

3. I am determined to create a business venture in the future.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

4. My professional goal is to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

Case 8

While you are trying to found a new venture,

- 1) The government is employing a policies and procedures encouraging new venture creation.
- 2) My family and friends are not supportive on entrepreneurial activity.
- 3) It is rarely accessible to the education programs on entrepreneurial information and business skills.
- 4) It is easy to get financial investment from venture capitals.
- 5) Incubator facilities with new venture support services are unavailable for prospective entrepreneurs.

Assessment

1. I am ready to do anything to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

2. I will make every effort to start and run my own business.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

3. I am determined to create a business venture in the future.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

4. My professional goal is to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
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Case 9

While you are trying to found a new venture,

- 1) The government is employing a policies and procedures encouraging new venture creation.
- 2) My family and friends are not supportive on entrepreneurial activity.
- 3) It is rarely accessible to the education programs on entrepreneurial information and business skills.
- 4) It is hard to get financial investment from venture capitals.
- 5) Incubator facilities with new venture support services are always available for prospective entrepreneurs.

Assessment

1. I am ready to do anything to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
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2. I will make every effort to start and run my own business.

Total disagreement	1	2	3	4	5	6	7	Total agreement
--------------------	---	---	---	---	---	---	---	-----------------

3. I am determined to create a business venture in the future.

Total disagreement	1	2	3	4	5	6	7	Total agreement
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4. My professional goal is to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
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Case 10

While you are trying to found a new venture,

- 1) The government is employing a policies and procedures discouraging new venture creation.
- 2) My family and friends are supportive on entrepreneurial activity.
- 3) It is always accessible to the education programs on entrepreneurial information and business skills.
- 4) It is hard to get financial investment from venture capitals.
- 5) Incubator facilities with new venture support services are always available for prospective entrepreneurs.

Assessment

1. I am ready to do anything to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
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2. I will make every effort to start and run my own business.

Total disagreement	1	2	3	4	5	6	7	Total agreement
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3. I am determined to create a business venture in the future.

Total disagreement	1	2	3	4	5	6	7	Total agreement
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4. My professional goal is to be an entrepreneur.

Total disagreement	1	2	3	4	5	6	7	Total agreement
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Personal Data

1. Age: _____
2. Gender: Male Female
3. Place of birth: A big city A small city A country
4. What level of education have your parents achieved?
 Father : Primary Secondary Vocational training University Other
 Mother: Primary Secondary Vocational training University Other
5. What are their present occupations?
- | | Private sector
employee | Public sector
employee | Self-employed
or entrepreneur | Retired | Unemployed | Other |
|---------|----------------------------|---------------------------|----------------------------------|--------------------------|--------------------------|--------------------------|
| Father: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mother: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
6. How many people are living in your household? (Including yourself) _____
7. Roughly speaking, what is the **total yearly income** in your household?
 (Adding up all revenues from any person living in the household)
- From \$20,000 to \$40,000 From \$40,000 to \$60,000 From \$60,000 to \$80,000
- From \$80,000 to \$100,000 From \$100,000 to \$120,000 Over \$120,000

-Thank you-