

Antecedents of Entrepreneurial Journey through Entrepreneurial Intention, Initial Entrepreneurial Action, and Established Entrepreneurship

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ABSTRACT

We examine the effects of antecedents such as perceived capability of entrepreneurs, entrepreneurship as a career, and social reputation of entrepreneurship on different stages of entrepreneurial journey at a country level. We find that perceived capability of entrepreneurs positively influence the three entrepreneurial phases such as 1) entrepreneurial intention, 2) initial entrepreneurial action, and 3) established entrepreneurship. Similarly, entrepreneurship as a good career significantly influences 1) entrepreneurial intention, and social reputation of entrepreneurship significantly influences 3) established entrepreneurship. However, both entrepreneurship as a good career, and social reputation of entrepreneurship have no significant impact on 2) initial entrepreneurial action. Our findings have implications for understanding the antecedents of different stages of entrepreneurship development in a country

Keywords

entrepreneurial journey, entrepreneurship

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Introduction

Entrepreneurial journey is a process influenced by various antecedents (Whalen, Khin-Maung-Gyi, and Smithwick, 2004). Specially, the study of the development of opportunity realization from entrepreneurial intent (Cha, and Bae, 2008) is important to understand various stages of entrepreneurial journey. Past studies on entrepreneurship have examined various antecedents of entrepreneurial actions. Although it was recognized that entrepreneurship is a process, past studies did not extensively studies the effects of various antecedents on various stages of entrepreneurial journey. In the context of entrepreneurship in the international environment, the study of the relative importance of various antecedents on the different phases of entrepreneurship in the country level is crucial to understand the phenomena.

According to Global Entrepreneurship Monitor data (GEM) ("[https:// www.gemconsortium.org/ data/ key-aps](https://www.gemconsortium.org/data/key-aps)") study, the development in a country can be conceptualized in three stages such as entrepreneurial intention, initial entrepreneurial action, and established entrepreneurship. Entrepreneurial intention is the initial stage where the individual wishes to initiate a new venture. So, entrepreneurial intention captures the willingness of individuals who is willing to start a new firm. Initial entrepreneurial action can be categorized as initial actions of entrepreneurs who have started a new business. The business should be in its initial phase. Established entrepreneurship can be considered as well established startup firms that are existing for long time. In our paper, we study the effects of human capital and social capital factor on these three stages of emergence of entrepreneurship in the countries. We consider the human capital such as perceived capability, and social capital such as entrepreneurship as a career and social reputation of entrepreneurship as antecedents. Perceived capability can be considered as the personal believe of entrepreneurs' about

their ability to initiate a new venture. Entrepreneurship as a career reflects the value of entrepreneurs in their professional career. Social reputation of entrepreneurship considers the social reputation of entrepreneurship.

The purposes of the paper are as followings. First, the paper examines the phenomena of entrepreneurial journey by understanding the antecedents. Second, examining the roles of these antecedents in shaping entrepreneurial journey at the country level extends the existing literature on entrepreneurship in the international settings. Finally, we discuss implications for both researchers and practitioners to understand the phenomena..

Antecedents of Entrepreneurial Journey

Following the resource based view, the primary antecedents of organizational outcomes are human capital and social capital. Similarly, in the phenomena of entrepreneurial journey, human capital such as perceived capability of entrepreneur and social capital such as entrepreneurship as a career and social reputation of entrepreneurship may influence the outcomes of entrepreneurial journey.

According to GEM ("[https:// www.gemconsortium.org/ data/ key-aps](https://www.gemconsortium.org/data/key-aps)") , entrepreneurial journey can be of three stages such as entrepreneurial intention, initial entrepreneurial action, and established entrepreneurship.

In this paper we broadly categorize the antecedents in two ways such as human capital, and social capital. Both of these are crucial for organizational success. In general human capital consists of individual psychological characteristics, and demographic characteristics. In the context of entrepreneurship, human capital of entrepreneurs can help them to utilize their personal capabilities to start a new business. Individuals and human capital enhance the discovery process of opportunities, opportunity evaluation, and exploitation of the implementation of the ideas (Shane and Venkataraman, 2000). Entrepreneur's psychological characteristics, previous knowledge (Ardichvili et al, 2003),

mental simulation, counterfactual thinking (Gaglio, 2004), mindset, culture, leadership (Ireland et al., 2003) enhance the entrepreneurial opportunity creation. Hence, human capital such as perceived capability influence entrepreneurial journey of an organization.

Social capital of an individual consists of the social networks. An individual can have different types of social networks. Social networks (Ardichvili, Cardozo, and Ray, 2003), patterns of families (Aldrich and Cliff, 2003), trust (Zahra, Yavuz, and Ucbasaran, 2006) and dual consideration of self and collective enhance new business opportunities (Van de Ven et al, 2007). Specially, new venture creation requires social network of family for the survival of new venture. Family can provide the necessary financial and human resources need to start the business. Trust among the team members of a startup team is also important for smooth sharing of knowledge and information. Utilizing social network, entrepreneur can access the valuable information available in the network, and explore the social capital developed for those networks to understand the future trends. Social capital can predict the advancement of the entrepreneurial process (Davidsson, and Honig, 2003). Consideration of both collective and self interests increases the opportunity exploitation. Individuals can gain resources, and knowledge (Lin, 1999), achieve a distinct position in the large entrepreneurial community (Burt, 1992), develop diversity of ties to obtain novel information (Burt, 1992), and access a small number of strong ties in the social network (Aldrich and Martinez, 2001). Small number of strong ties are useful to obtain high quality information from a few members of the network whereas, large number of weak ties can help to obtain varied types of information. Acquiring external knowledge and information enhances the outcomes of the entrepreneurial actions. Hence, social capital such as entrepreneurship as a career and social reputation of entrepreneurship influence entrepreneurial journey of an organization.

2.1 Antecedents of Entrepreneurial Intention

Entrepreneurial intention can be conceptualized as the willingness of the individuals to begin entrepreneurial actions (Díaz-García, and Jiménez-Moreno, 2010; Kristiansen, and Indarti, 2004). This is a phase when individual has not started any new business, but is willing to start a business in future. While deciding about the future career choices, the willingness to start a business depends on the individual's perceived capability and visualization of a career as a good choice. Perceived capability of an individual helps to develop confidence on personal ability and subsequently helps in entrepreneurial intention. Entrepreneurship as a good career in the country helps an individual to plan and consider entrepreneurship as a future career. So, individuals prefer entrepreneurship as a career in the countries where entrepreneurship is considered as a good career choice. As the beginning of a new action needs supports of both internal and external antecedents, we propose that perceived capability, and entrepreneurship as a career will positively influence entrepreneurial intention. According to the above argument we propose the hypotheses as below.

According to the above reasoning, we propose the hypotheses as below.

H1a: Perceived capability positively influences entrepreneurial intention.

H1b: Entrepreneurship as a career positively influences entrepreneurial intention.

2.2 Antecedents of Initial Entrepreneurial Action

Initial entrepreneurship is a phase when the entrepreneur has started the business, but the age of the firm is very low. This is the most critical phase of entrepreneurial journey when the entrepreneur's idea is transforming to a business commercialization.

Human capital can influence the initial entrepreneurial actions. Entrepreneurial attitude influences initial entrepreneurial action (Bosma, and Schutjens, 2009). Personal characteristics influence initial entrepreneurial action (Pete et al, 2010). Human capital such as perceived capability of the entrepreneur influences the initial entrepreneurial action. Perceived capability helps to develop confidence inside entrepreneurs, and entrepreneurs can analyze and procure the resources needed for success.

Similarly, social capital such as social factors determine early stage entrepreneurial activity (Hessels, van Stel, Brouwer, and Wennekers, 2006). Social capital deriving from the high level of believe about the quality of entrepreneurship as a good career motivates the entrepreneurs to pursue in the risky path. Additionally, high social reputation of entrepreneurship helps to gain respect in the society. Due to their high status, entrepreneurs can easily attract the necessary resources such as highly skilled human resources, financial resources, and technical resources. These critical resources and support from the society helps to navigate through the difficult journey during initial entrepreneurial action. Hence, social capital such as entrepreneurship as a career, and social reputation of entrepreneurship positively influence initial entrepreneurial action.

According to the above reasoning, we propose hypotheses as below.

H2a: Perceived capability positively influences initial entrepreneurial action.

H2b: Entrepreneurship as a career positively influences initial entrepreneurial action.

H2c: Social reputation of entrepreneurship positively influences initial entrepreneurial action.

2.3 Antecedents of Established Entrepreneurship

Established entrepreneurship is a phase when the firm is established for a longer duration of time. The entrepreneur has already realized the value of entrepreneurship as a career. However, human capital such as perceived capability continues to influence the success of established entrepreneurship. Human capital (Merrett, and Gruidl, 2000), and social capital are also critical resources for the establishment of new businesses. Perceived capability positively influences established entrepreneurship. Entrepreneur still needs to access valuable resources available in the society. High social reputation of entrepreneurship helps to gain the social status needed to

build trust and access valuable resources. Hence, social reputation of entrepreneurship positively influences established entrepreneurship.

According to the above reasoning, we propose the hypotheses as below.

H3a: Perceived capability positively influences established entrepreneurship.

H3b: Social reputation of entrepreneurship positively influences established entrepreneurship.

Method

Our study is carried out at the country level. We used a sample of data from indexes developed by Adult Population Survey, GEM (“https:// www.gemconsortium.org/ data/ key-aps”). Our data consists of 107 countries from 2003 to 2019. After removing missing data, the final sample consists of 795 country-year observations for 107 countries from 2003 to 2019. Using data at the country level helps to test our hypotheses from the perspective of entrepreneurship development.

We used GLS random effect linear model to test our hypothesis. The measurements of all the variables are according to the GEM (“https://www.gemconsortium.org/data/key-aps”) as mentioned below.

Dependent Variable: Entrepreneurial intentions: Population who wish to create a new venture within three years (in %)

Dependent Variable: Initial entrepreneurial action: Population who are the founder of a new entrepreneurial firm (in %).

Dependent Variable: Established Entrepreneurship: Population who are founder of a firm for more than 3.5 years (in %).

Independent Variable: Perceived capabilities: Population who perceive that they are capable of starting a new business using their skills, and knowledge (in %).

Independent Variable: Social reputation of entrepreneurship: Population who think that entrepreneurs are considered of having high status (in %).

Independent Variable: Entrepreneurship as a Career: Population who think entrepreneurship as a great career (in %).

Control Variable: Perceived opportunities: Population who believe that there are great scope of initiating a new venture (in %).

Control Variable: Fear of failure rate: Population who think that they could not start a new firm due to fear of failure (in %).

Control Variable: Business Services Sector: Population in initial entrepreneurial actions in the service sector (in %).

Result

According to the result of regression analysis in Table 1, perceived capability (H1a, $\beta = 0.35$, $p = 0.00$), and entrepreneurship as a career (H1b, $\beta = 0.08$, $p = 0.04$) positively influence entrepreneurial intention, and the effects are significant. Both the hypothesis 1a and hypothesis 1b are supported.

The perceived capability positively influences initial entrepreneurial action (H2a, $\beta = 0.19$, $p = 0.00$). Hence, the

coefficient is significant and hypothesis 2a is supported. However, the effects of entrepreneurship as a career (H2b, $\beta = -0.02$, $p = 0.40$) and social reputation of entrepreneurs (H2c, $\beta = -0.02$, $p = 0.28$) on initial entrepreneurial action are not significant. Hence, hypotheses 2b, and 2c are not supported.

Perceived capability (H3a, $\beta = 0.09$, $p = 0.00$), and social reputation of entrepreneurship (H3b, $\beta = 0.03$, $p = 0.09$) positively influence established entrepreneurship, and the effects are significant. Both the hypothesis 3a and hypothesis 3b are supported.

Table 1. Result of Regression Analysis

	DV: Entrepreneurial intentions	DV: Initial Entrepreneurial Action	DV: Established Entrepreneurship
Perceived opportunities	0.11 (0.00)	0.07 (0.00)	0.02 (0.02)
Fear of failure rate	0.03 (0.47)	-0.003 (0.85)	-0.05 (0.00)
Business Services Sector	-0.09 (0.03)	-0.08 (0.00)	-0.01 (0.55)
Perceived capabilities	0.35 (0.00)	0.19 (0.00)	0.09 (0.00)
Social Status to Entrepreneurs	-0.05 (0.30)	-0.02 (0.28)	0.03 (0.09)
Entrepreneurship as a Career	0.08 (0.04)	-0.02 (0.40)	-0.0009 (0.96)
Chi²	213.82 (0.00)	239.62 (0.00)	105.46 (0.00)

(p values in parentheses)

Conclusion

Our supported hypotheses 1a, 2a, and 3a show that perceived capability of entrepreneur is a significant antecedent in the entire entrepreneurial journey through entrepreneurial intention, initial entrepreneurial action, and established entrepreneurship. Perceived capability represents the believe of entrepreneur about own ability to pursue entrepreneurship. Our findings emphasize that throughout the journey of entrepreneurship, entrepreneur needs to be confident about the ability to pursue entrepreneurship. Our findings also confirm the roles of human capital in developing entrepreneurship.

However, the significance of social capital varies across the stages of entrepreneurial journey. Entrepreneurship as a career is significant in developing entrepreneurial intention. Social capital is not significant for the development of initial entrepreneurial action. Social reputation of entrepreneurs is significant for established entrepreneurship. In our findings, we have observed that social capital is crucial to start the journey on the new path of entrepreneurship. However, after starting the journey, initially human capital plays vital role. Later after a few years, social capital such as social reputation of entrepreneurship is important.

Our study has several limitations. Several future research can be carried out in those direction. Firstly, we have studied the effects of several antecedents on the journey of entrepreneurship at the country level. Future research can examine the effects of these antecedents by collecting data at the firm level. Secondly, we have used existing data from GEM database. Future research can consider to collect primary data to check the results. However, our data cover various countries. Collection of firm level data across several countries could be a challenge. Thirdly, we have not considered any conditional effects in our model. Future research can consider several contextual effects such as

industry and institutional characteristics to understand the boundary condition of the main relationships. Several industry characteristics such as environmental dynamism, environmental munificence, environmental complexity etc, and several institutional characteristics such as political, economic, social, technological, environmental and social factors may influence conditional effects on the main relationships studied in this paper. Future research can examine these contextual factors. Finally, we have only studied the direct relationship. Future research can study how these antecedents influences entrepreneurial journey and propose various mediating variables in the relationships. A case study based approach can be considered to understand the process of entrepreneurial journey. Overall, our study examines the influences of various human and social capital on different stages of entrepreneurship in the countries, and contributes to the literature on entrepreneurship development.

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