Attitudes towards entrepreneurship

A country’s attitudes toward entrepreneurship affect the propensity of individuals to become entrepreneurs, their ability to rebound from business setbacks and the support that entrepreneurs receive (e.g. from family and relatives) when setting up a new enterprise. Although the effects of these attitudes are difficult to measure, positive attitudes toward entrepreneurship are found to correlate with high levels of entrepreneurship. The evidence also points to substantial differences in attitude across countries. Attitudes toward entrepreneurship may be affected by the level of business and entrepreneurship skills and experience in a country, an economy’s administrative framework for entry and growth, and bankruptcy regulations, as they shape perceived barriers and risks to business start-ups. Public policy can encourage positive attitudes toward entrepreneurs by ensuring that all high school students are exposed to the concept of entrepreneurship, by organizing global and local events on entrepreneurship, and by using multiple channels to promote entrepreneurship (e.g. advertising, TV and radio programmes, social media).

What are attitudes towards entrepreneurship?

This section describes society’s perception of entrepreneurial activity, innovation and growth.

Attitudes toward entrepreneurship are affected by a variety of factors, not just those directly related to business but also those that relate to the acceptability of various actions and the values attached to them. Such attitudes and perceptions include the following categories:

The society’s attitude toward entrepreneurs. For example:

- Whether entrepreneurs are seen to create wealth and growth that will benefit all.
- Whether entrepreneurs have a high status in society.
- Whether entrepreneurs are perceived to create jobs.
- Whether entrepreneurship is seen as a good career option.
- Whether the society perceives that there are opportunities for entrepreneurship.

The perception of the difficulty of being an entrepreneur, including:

- Whether individuals believe that they have the right skills to become entrepreneurs.
- To what degree failure is seen as something to fear.
- Whether individuals perceive barriers to starting up businesses.

While some of these factors are difficult to measure, comparisons can be made to show that attitudes do vary between countries.

How do attitudes toward entrepreneurship affect innovative entrepreneurship?
Attitudes toward innovative entrepreneurship (as well as entrepreneurship in general, as well as attitudes toward change, innovation and growth) have an impact in several different ways:

- Attitudes toward entrepreneurship and toward innovation and growth affect the propensity of individuals to become entrepreneurs and establish new enterprises. If entrepreneurs have high status in a society, entrepreneurship can be aspirational; if entrepreneurship is recognized as a good career option with positive incentives, then more people are likely to try it.

- Attitudes toward entrepreneurship affect the degree to which interested individuals will take risks, particularly with regard to establishing a new enterprise. If it is perceived that entrepreneurship requires exceptional capabilities, then less people will be attracted to it. If great stigma is attached to failure, fewer people will be inclined to take risks.

- Attitudes toward entrepreneurship affect the degree of support that entrepreneurs receive when setting up a new enterprise. If entrepreneurs are seen in a positive light and are perceived to create wealth and jobs, then it is more likely that they will receive support from the general population than if they are perceived negatively. If attitudes towards change and innovation are negative, fewer individuals will want to engage in such activities.

Evidence on how attitudes influence successful entrepreneurship

Although attitudes can be difficult to quantify and to compare between countries, there is good evidence (see below) that shows a positive correlation between attitudes toward entrepreneurship and high levels of entrepreneurship and economic growth. In particular, attitudes about failure and about entrepreneurship in general are different in the United States than in European countries, and the United States also has higher levels of entrepreneurship. However, there is some difficulty in determining whether this is a causative relation (i.e. that positive attitudes toward entrepreneurship create higher levels of entrepreneurship) or rather that higher levels of entrepreneurship create better attitudes, or that both are symptoms of some other factor. We can suppose that other cultural and historical factors have an effect on levels of enterprise and attitudes toward entrepreneurship, and that these to some degree disguise any direct effects that changes in attitudes might cause.

What is the evidence on attitudes towards entrepreneurship and innovative entrepreneurship?

Statistics provided by the Global Entrepreneurship Monitor and reported in OECD (2012a) show a wide range of perceptions and attitudes related to entrepreneurship in different OECD countries. With the exception of Japan, the perception that individuals have entrepreneurial opportunities and the capability of starting up a business appear largely distinct from their attitudes toward entrepreneurship (i.e. the image of entrepreneurs and entrepreneurship as a career choice). In particular, the perception of opportunity is likely to be affected by the economic cycle (see Figures 1 and 2).

Figure 1 - Entrepreneurial perceptions, 2011 or latest available year
Source: GEM data, reported in OECD (2012a)

Figure 2 - Attitudes towards entrepreneurship, 2011 or latest available year
A survey by the European Commission shows similarly diverse views of entrepreneurs and the way in which education has affected these views (see Figures 3 and 4). There are significant cross-country differences in the way people perceive entrepreneurs. The highest percentage of people who have a favourable image of entrepreneurs is found in a group of Nordic countries and the US, while in Eastern European and Asian countries only one third or less of the population has a positive image of entrepreneurs. Opinions on the role of education in forming attitudes toward entrepreneurs are also very diverse from country to country. Interestingly, the ranking of countries according to the perceived role of school in helping students understand the role of entrepreneurs is quite different from the ranking based on the share of adults having a favourable image of entrepreneurs.

Source: GEM data, reported in OECD (2012a)
Source: European Commission (2009a) reported in OECD (2011)

Figure 4 - School helped in understanding the role of entrepreneurs, 2010
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Surveys on the characteristics of entrepreneurs, such as Wadhwa et al. (2009), which describes the backgrounds of 549 entrepreneurs in the US, give some idea of the most important perceptions and attitudes. In this survey, entrepreneurs tended to be middle-aged and well-educated, but nonetheless 52% had some interest in becoming an entrepreneur when they were in college, and of the 24.5% who indicated that they were extremely interested at that time, almost half went on to start more than two companies. This shows the importance of education in forming perceptions of entrepreneurship. Three quarters of entrepreneurs indicated that building wealth was an important motivation, so attitudes on this topic have some impact. Finally, more than third of respondents stated that the role played by an entrepreneurial friend or family member was important, again showing that more general attitudes will affect individuals in establishing new enterprises.

Source: European Commission (2009a) reported in OECD (2011)

What other topics relate to attitudes towards entrepreneurship and innovative entrepreneurship?

Business and entrepreneurship skills and experience (see Business and entrepreneurship skills and experience [1]). The development of entrepreneurship and business skills (e.g. through education) can play an essential role in shaping attitudes towards entrepreneurship in a positive way (e.g. exposing students to entrepreneurship can help make it a feasible and accepted career option).

Administrative framework for entry and growth (see Administrative framework for entry and growth [2]). The administrative framework can affect attitudes toward entrepreneurship by influencing the ease of starting and running a new company, and by shaping perceived barriers to business start-ups.
Bankruptcy regulation (see Bankruptcy regulation [3]). Bankruptcy regulations that severely penalise “failed” entrepreneurs may critically affect attitudes toward entrepreneurship.

Trajectories of innovative new ventures (see Trajectories of innovative new ventures [4]). In countries where failure is stigmatized and entrepreneurial culture is weak, entrepreneurs might face difficulties in rebounding after a setback. This might discourage individuals from leaving salaried jobs to set up their own businesses or to start new companies after an initial failure. This in turn can shape attitudes towards entrepreneurship.

What policies relate to attitudes towards entrepreneurship and innovative entrepreneurship?

Determining which policies are effective causes some methodological issues, including the difficulty of measurement and comparison between countries, the slow rate at which attitudes change and the inability to create a control group. Martinez et al. (2010) shows some evidence of impact, at least in innovation-driven economies. OECD (2009a) notes the difficulties of proper evaluation and outlines the need for further research. A second question is whether it is possible to change attitudes through policy actions. Policy approaches have focused mostly on enterprise in education and training. Policies improving framework conditions (e.g. taxation) may also encourage innovative entrepreneurship and promote positive attitudes towards entrepreneurship.

Entrepreneurship in Education

To ensure that all high school students are exposed to the concept of entrepreneurship, different countries have taken different approaches, but some general approaches include:

- Inclusion of entrepreneurship in the curriculum as a compulsory subject or as part of the syllabus in a number of subjects.
- Competitions between schools for new ideas. This can be highly structured and give individual teams the chance to compete nationally or at the local level.
- Inviting entrepreneurs to come into schools to talk and discuss their work.
- Educating career advisors about entrepreneurship as a career option and the skills and experience that it requires.

Students in higher education should also be targeted and here tools can be integrated into direct support for spin-outs and setting up new enterprises. Again, it is important to include entrepreneurship as a module in non-business oriented courses to expose all students to it. This does not necessarily need to be formal learning but can be attained through simulation and competitions.

Global Events and Direct Promotion

Global events could include a designated week where a large number of events take place to promote entrepreneurship. This allows national advertising and organisations to be complemented by local actions, which can then enjoy greater visibility. Examples include Entrepreneurship Week (http://www.entrepreneurweek.net/ [5]), which seeks to coordinate individual actions across different countries and Global Entrepreneurship Week (http://www.unleashingideas.org/ [6]).

Direct promotion can take many forms but may include advertising, promotion of successful
entrepreneurs as role models, co-financing TV and radio programmes, promotion through social media and granting awards to the most successful or promising entrepreneurs.

Entrepreneurship Week, mentioned above, advertises through Facebook and Twitter and has its own LinkedIn group. More generally, policies that specifically focus on innovative entrepreneurs (e.g. R&D tax credits for small businesses) may affect the perception of whether entrepreneurs create wealth and growth that benefit all, and influence society’s attitude toward entrepreneurs.

References

- European Commission (2009a), Entrepreneurship in the EU and Beyond: A survey in the EU, EFTA countries, Croatia, Turkey, the US, Japan, South Korea and China (Flash Eurobarometer 283).

- European Commission (2009b), Entrepreneurship Survey of the EU (25 Member States), United States, Iceland and Norway (Flash Eurobarometer 192).


Related Link: Business and entrepreneurship skills and experience
Bankruptcy regulation
Business and entrepreneurship education
Administrative framework for entry and growth
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Page 8 of 9