

Preface

The purpose of this book is to serve as a primer for the researcher who is interested in studying the process by which individuals form *entrepreneurial intention* – i.e. their introspective process that leads them to the conditional decision that they want to behave entrepreneurially. The process of entrepreneurial intention formation occurs over time, and might start with the individual's recognition of a specific entrepreneurial opportunity, or conversely might start with the realisation that entrepreneurship is the preferred career path (and thus prompt a search for a desirable entrepreneurial opportunity). The process of entrepreneurial intention formation then continues through a series of exploratory phases including viability screening, risk recognition and mitigation, new venture modelling, and estimation of the valuation of the new venture, eventually culminating in the decision (or not) to exploit the new venture opportunity and to actually launch the new business venture. The decision to *actually* behave entrepreneurially, i.e. to launch a new venture, is conditional on the outcome of this intention-formation process, such that entrepreneurial intention is solidified (or weakened) as time passes by the discovery of confirming (or disconfirming) information about the financial feasibility and the social desirability of the evolving new venture concept, not to mention the confirmation by the individual that the new venture is (or is not) sufficiently congruent with their attitudes (i.e. perceived desirability) and abilities (i.e. perceived feasibility) toward entrepreneurship. At some point, the conditional decision to become an entrepreneur transforms into the decision to actually start a new venture, and the individual transitions from being an intending entrepreneur to a practising entrepreneur (Douglas, 2013).

Thus, the target readers for this book include research degree candidates and more seasoned entrepreneurship researchers who wish to conduct research into the entrepreneurial process, particularly the underlying drivers of entrepreneurial intention. This book brings you up to date with the past and present research on entrepreneurial intentions, and then offers new theoretical perspectives by developing an integrated model of entrepreneurial intention, and argues for a novel analytical method, that together will reinvigorate entrepreneurial intention research and allow a more fine-grained understanding of what causes the formation of entrepreneurial intention for the various types of entrepreneurship that we observe in practice.

There are five main themes running through this book. First, we are concerned with the holistic decision-making process of the individual, whereby the individual takes into account their personal cognitions, preferences, capabilities, and situational factors before making the decision that best serves the objective(s) of that individual. Sample averages may provide general information about the drivers of entrepreneurial intention, but reflect the commonalities (rather than the differences) among the respondents, and thus suppress fine-grained detail about the behaviour of individual entrepreneurs.

Second, there is vast heterogeneity among entrepreneurial individuals, and also among the entrepreneurial opportunities that they undertake. It is a folly to expect there to be a simple formula to explain why individuals choose to become an entrepreneur, even for a particular type of entrepreneurship (e.g. social entrepreneurship), because the preferences, cognitions, capabilities, and situational factors impinging on their decisions are both many and various, meaning that there are likely to be several alternative combinations of causes for the decisions they make (e.g. to become a social entrepreneur).

Third, individuals undertake entrepreneurship in pursuit of differing goals. Three main goals are currently discussed in the literature. Historically the entrepreneur's goal was to "do well" by earning profits that allow the satisfaction of the material and emotional needs of themselves and their families. A second goal, and a primary goal for some, is to "do good" by providing benefits to others who are socially or economically disadvantaged, or by avoiding destruction of the natural environment and other life forms. A third goal is to achieve "job satisfaction" by gaining psychic income from the non-monetary benefits associated with being one's own boss, choice of location and working conditions, and congenial interaction with customers, suppliers, and fellow employees. A fourth and conceptually separate goal, introduced in this book, is to "make a difference" in the world, by pioneering a new technology or new product/service category, with resultant self-satisfaction and accolades from the local or global audience. It is highly likely that individuals might choose to pursue more than one of these goals, and perhaps all four, simultaneously, to a greater or lesser extent. A study of entrepreneurial intention that considers pursuit of only one or two of these goals neglects the nuances (and explanatory power) that might be discovered if all four goals were included in the analysis.

Fourth, the motivation to pursue these four goals (or any subset of them) is provided, in part, by the individual's attitudes to each of the outcomes related to these goals, where these outcomes are the magnitudes of profit, social impact, job satisfaction, and innovations that are expected to be achieved in the pursuit of a given entrepreneurial opportunity. Expectancy-valence theory posits that the "perceived desirability" of the focal entrepreneurial opportunity is the sum of the utility part-worths of the outcomes, where each utility part-worth is the product of the valence of (i.e. attitude towards) the outcome,

and the expectancy (i.e. the magnitude) of the outcome. Motivation to pursue the opportunity is created if the perceived desirability is higher than for any other use of the individual's resources, and if the "perceived feasibility" (i.e. the individual's self-confidence that they can successfully achieve the desired outcomes) is sufficient to cause the decision to proceed with the entrepreneurial behaviour.

Fifth, given the heterogeneity of individuals, the diversity of their goals, and the multiplicity of circumstances in which they operate, it is impossible to imagine that a one-size-fits-all explanation for their decision to start a business venture would provide a prescription that would apply to many, if any, of the individuals in the sample. Yet this is what we effectively do when we utilise symmetric correlational methods (like multiple regression analysis and structural equation modelling) to find a single dominant "net-effects" model of the relationship between the entrepreneurial decision and its antecedent independent variables. Such sample-level findings are not likely to represent closely any individual in the sample. Rather than a single prescription to explain entrepreneurial intention, we expect that there will be multiple, equally valid, pathways to the same entrepreneurial decision exhibited by identifiable subgroups of individuals. Moreover, asymmetric data relationships, whereby an antecedent variable may be positively related to the dependent variable for some respondents and negatively related for others, are suppressed by symmetrical correlational methods, despite being potentially important for theory building to better understand entrepreneurial behaviour. Thus we are advocating the case-level analysis of entrepreneurial decision making, which can be facilitated by fuzzy-set Qualitative Comparative Analysis (fsQCA), which is still a relatively novel analytical tool in the entrepreneurship literature.

The chapters of this book are organised as follows. Chapter 1 provides an introductory foundation and discussion of the main constructs involved in the study of entrepreneurial intentions. Chapter 2 considers a taxonomy of main entrepreneurship types that have been identified by past research, which has focused on two main types, namely commercial and social entrepreneurship and their various subtypes. Chapter 3 outlines the main theoretical lens used in this book, this being the theory of planned behaviour, and considers the perceived desirability and the perceived feasibility of entrepreneurship as the main drivers of entrepreneurial intention. Chapter 4 considers a range of issues that must be considered when undertaking empirical analysis of entrepreneurial intention, before we turn to empirical studies in the next three chapters.

Chapters 5, 6, and 7 investigate the statistical antecedents of entrepreneurial intention, where the dependent variable in the regression equation relates to commercial entrepreneurship, intrapreneurship, and social entrepreneurship, respectively. In each case, that main type of entrepreneurial intention is investigated in conjunction with one or more other types of entrepreneurial

intention. In Chapter 5, profit-seeking entrepreneurship is contrasted with psychic income-seeking entrepreneurship. In Chapter 6, self-employed entrepreneurship is contrasted with corporately employed intrapreneurship. In Chapter 7, pro-social motivation is contrasted with both profit motivation and innovation motivation.

With this background the reader is ready for the integrative conceptual model presented in Chapter 8, where all four motivations (profit, social impact, psychic income, and innovation) are incorporated into a general model of entrepreneurial intention. Building on the foundation laid by the preceding chapters, the integrative conceptual model includes four main motivations, reflecting the primary goal of the intending entrepreneur to either (i) earn profit; (ii) gain psychic satisfaction; (iii) provide social impact; or (iv) be the pioneer in the development of a new technology and its implementation in related market categories. In line with the holistic theory of human decision making, these motivations are postulated to *interdependently* underlie the formation of entrepreneurial intention. The conceptual model suggests a four-way hybridity of entrepreneurship, and generates a taxonomy of four main types of entrepreneurial intention where the primary purpose is to be either profit seeking, social impact seeking, psychic income seeking, or pioneership seeking. This four-goal model is consistent with the holistic theory of human decision making (Magnusson & Torestad, 1993) and suggests a wide range of new research opportunities for entrepreneurship researchers.

Chapter 9 presents fsQCA, a relatively new methodology for the study of entrepreneurial intention and other entrepreneurship phenomena. This chapter argues that traditional quantitative methods, such as multiple regression analysis and structural equation modelling, which rely on assumptions of discrete independent variables, data symmetry, and data-relationship symmetry, necessarily produce a single dominant “net-effects” prescription for the antecedents of entrepreneurial intention. This, despite our observation that heterogeneous individuals seem to pursue multiple and different pathways to entrepreneurship. Moreover, traditional methods suppress the asymmetric data relationships that are observed in entrepreneurial phenomena. As a result these methods are unable to reveal information that is of vital interest to the researcher seeking to build a new theory to explain the observed heterogeneity of entrepreneurial behaviour. By considering the conjunctural *interdependence* of antecedent conditions on the focal outcome, fsQCA is able to reveal further finer-grained information that exists in the data. It finds multiple pathways to the focal decision (e.g. entrepreneurial intention). It also identifies causal asymmetry in data relationships (i.e. where an antecedent condition may be positively related to the outcome for some individuals and negatively related to the outcome for other individuals), when it exists. Accordingly fsQCA is complementary to symmetric correlational methods in that it provides

finer-grained empirical evidence about entrepreneurial behaviour that the traditional methods leave hidden in the sample data, and which can form the basis for new theory development.

Finally, Chapter 10 offers a summary and suggestions for further research using the four-goals model and fuzzy-set thinking, hopefully having built the reader's motivation to build theory by testing propositions embodied in the general model, and to use fsQCA to identify new information presented by the interdependencies and the asymmetries that lie hidden in any data set. Indeed this new technique provides the legitimate opportunity to re-examine past studies, both to replicate them (or not) and to provide an empirical basis for new theory development.

