



# Bridging intention-action gap in student entrepreneurship: the role of formal institutions

Karina Bogatyreva, Galina Shirokova

*St. Petersburg University, Graduate School  
of Management*

Oleksiy Osiyevskyy

*Northeastern University, D'Amore-McKim  
School of Business;  
St. Petersburg University, Graduate School  
of Management*

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# Research motivation (1)

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*"Now or never, 'To be or not to be!'" — Oblomov raised himself from his chair a little, but failing to find his slippers with his feet at once, sat down again."*

— Ivan Goncharov, "Oblomov" —





## Research motivation (2)

- ❑ Growth of **youth unemployment** (Schøtt et al., 2015) → Necessity to foster **youth entrepreneurship**.
- ❑ Entrepreneurship is deliberate behavior, driven to a large extent by **entrepreneurial intentions (EI)**
- ❑ Yet **not every EI** is transformed into **actual behavior**
- ❑ Putting EI into action may be hampered or amplified by **environmental traits** (Shirokova et al., 2016; Rauch, 2014)
- ❑ **Formal institutions** represent “rules of the game” that marshal the behavior of economic agents (North, 1990; Peng, 2009) → **Do they also affect the entrepreneurial intention-behavior translation among youth?**

# Theory and research hypotheses (1)

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- ❑ Intentionality of human action: social psychology (Ajzen, 1991; Gollwitzer, 1990) and intentional models of entrepreneurship (Shapero & Sokol, 1982)
- ❑ Empirical evidence supports the predictive power of EI on the subsequent behavior (Kautonen et al., 2015; Liñan and Rodríguez-Cohard, 2015)



*H1: Entrepreneurial intentions are positively associated with the scope of subsequent startup activities among youth.*

# Theory and research hypotheses (2)

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- ❑ Lack of financial capital can be **the main factor augmenting** entrepreneurial intention-action gap (Blanchflower & Oswald, 1998)
- ❑ Individuals who are about to transform their EI into actual start-up behavior are **dependent on the country financial system** (DeClercq et al, 2013)
- ❑ The availability of financial assets **increases the likelihood** of pursuing previously discovered business opportunities (Stenholm et al., 2013)

*H2: The country-level financial market institutions reinforce the relationship between entrepreneurial intentions and start-up behavior among youth, so that in countries with well-developed financial institutions the relationship becomes stronger.*

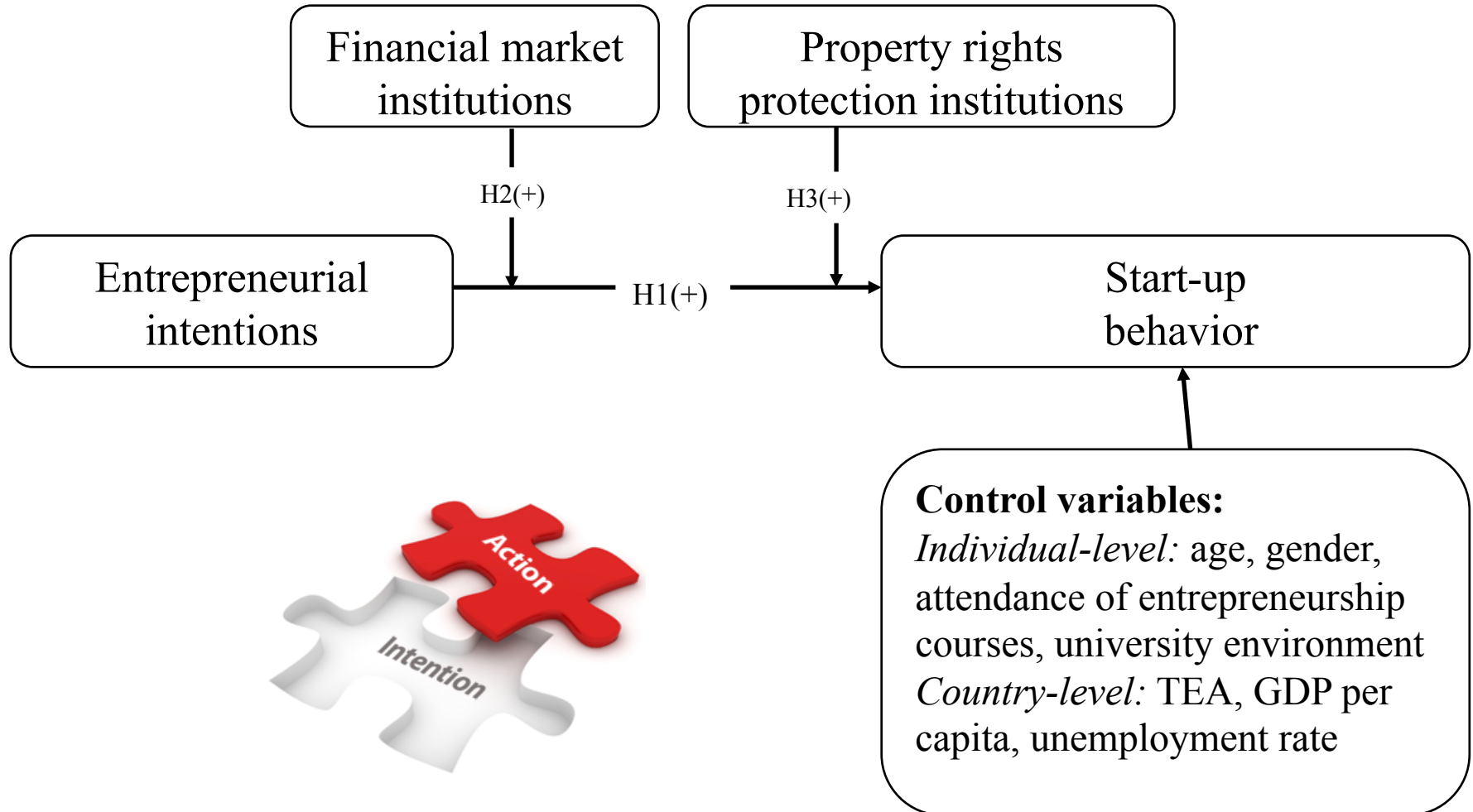
# Theory and research hypotheses (3)

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- ❑ Property rights protection represents **key “rules of the game”** with respect to business activity (Williamson, 2000)
- ❑ Stable and effective enforcement of property rights ensures **‘transactional trust’** reducing the overall uncertainty of doing business (Fogel et al., 2006)

*H3: The country-level property rights protection reinforces the relationship between entrepreneurial intentions and start-up behavior among youth, so that in countries with well-developed property rights system the relationship becomes stronger.*

# Theoretical model



# Method

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- ❑ Data from the 2011 and 2013/2014 **Global University Entrepreneurial Spirit Students' Survey (GUESSS)**
- ❑ **1434** students from **9** countries
- ❑ **IVs:** EI (dummy variable reflecting the desired choice of a career path), financial institutions (access to loans + venture capital availability, GCR, 2013-2014), property rights protection (IPRI 2013)
- ❑ **DV:** scope of start-up activities (count variable)
- ❑ **Statistical procedure:** negative binomial estimation







# Findings

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## ❑ Expected findings:

- ❑ EI predict entrepreneurial behavior (H1)
- ❑ Property rights protection strengthens the intention-behavior link (H3)

## ❑ Unexpected findings:

- ❑ Financial market institutions attenuate the intention-behavior link (H2)



# Discussion

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- ❑ Significant association between the declared **EI** and the subsequent **actions** with a two-year lag (Delanoë, 2013; Gielnik et al., 2014; Kautonen et al., 2015)
- ❑ Reinforcing effect of **property rights protection** – highlighted importance of legal security at the early stages of entrepreneurial process
- ❑ Negative effect of financial institutions – **a peculiarity of student entrepreneurship?**



# Contribution

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- ❑ Extension of knowledge within the **entrepreneurial cognition domain** (Liñán & Fayolle, 2015)
- ❑ Contribution to the stream of **comparative international entrepreneurship** literature (Terjesen et al., 2016)
- ❑ New insights to the **youth entrepreneurship** literature stream (Hulsink & Koek, 2014)



# Limitations & Future Research Directions

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- ❑ Single method analysis;
- ❑ Sample of a single coherent group of subjects – university students.
- ❑ Non exhaustive list of country level moderators;
- ❑ Necessity to embrace a more broad view on drivers of entrepreneurial actions.





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**Thank you for your time!**  
**Questions, comments, suggestions?**

