Chapter 2
Toward A Contextual Model of Entrepreneurial Intentions

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Abstract In this chapter, the authors challenge the existing linear views of entrepreneurial intentions by proposing a contextual model of entrepreneurial intentions (EIM). This model, initially proposed by Elfving (2008), bridges self-efficacy, motivations, and intentions, in particular it addresses the role that specific goals and motivations play in intentionality. In addition, the chapter addresses the issues of the inconsistent effect of social norms on entrepreneurial intentions. It builds upon the prior work of a broad range of researchers, including those represented in the other chapters in this cluster on entrepreneurial intentions within this volume.

2.1 Introduction

This chapter challenges the existing views of entrepreneurial intentions by proposing a contextual model of entrepreneurial intentions (EIM). It builds upon the prior work of a broad range of researchers, including those represented in the other chapters in this cluster on entrepreneurial intentions within this volume. This chapter also builds on the work of Elfving (2008), which bridges self-efficacy, motivations, and intentions. As is been shown in the chapters in this volume, the ideas adapted from social cognitive theory have widely impacted entrepreneurial research, especially the work in entrepreneurial intentions. While the implementation of perception and cognition has certainly increased our understanding of entrepreneurial behavior and despite the relatively large number of studies done there is really only one model that has been empirically tested to such an extent that it can be viewed as reliable and useful. Although that work is not complete. When studying why people choose to become entrepreneurs and continue being entrepreneurs, it remains one of the most influential models with respect to entrepreneurial cognitions. This model is called the entrepreneurial intention model and was developed by Krueger and his
associates (see, for example, Krueger, 1993; Krueger and Brazeal, 1994; Krueger et al., 2000). The model is illustrated in Fig. 2.1.

The model proposed by Krueger and his associates draws heavily on the work of Ajzen and Fishbein and their theory of planned behavior (described in Chapter 7) as well as on the work of Shapero (1982) and his theory of the entrepreneurial event. Shapero’s work (1975, 1982) focused on factors which make an entrepreneurial event, such as venture creation, happen. His conclusion was that entrepreneurial events are a result of interacting situational and social–cultural factors. Each entrepreneurial event occurs as a result of a dynamic process providing situational momentum that has an impact upon individuals whose perceptions and values are determined by their social and cultural inheritance and their previous experience.

The greatest reason for an entrepreneurial event is a change in the person’s life path, e.g., the loss of one’s job, a midlife crisis, or an opportunity to take the risk after a financial situation becomes more secure. Changes in one’s life path alone, however, are insufficient conditions for an entrepreneurial event to occur. Other influencing factors are, e.g., background, previous experience, and one’s perception of feasibility. The division between perceived feasibility and perceived desirability, central in Krueger’s model, also originate from Shapero’s model (Shapero and Sokol, 1982).

Drawing on these arguments, Krueger (1993) created the entrepreneurial intentions model. The entrepreneurial intentions model assumes that perceived feasibility and perceived desirability predict the intentions to become an entrepreneur. Perceived social norms and perceived self-efficacy are antecedents of perceived desirability and perceived feasibility (Krueger and Brazeal, 1994). Social norms have not always had a significant impact (Krueger et al., 2000). However, one also has to consider that social norms could be expected to vary across cultures, i.e., in some countries, social norms are more supportive of entrepreneurial activity than in others (McGrath and MacMillan, 1992; Davidsson and Wiklund, 1997; Krueger and Kickul, 2006).
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According to the model of planned behavior, perceived desirability or personal attitude depends on the perceptions of the consequences of outcomes from performing the target behavior: their likelihood, negative and positive consequences, and both intrinsic and extrinsic rewards (Ajzen and Fishbein, 2005; Kuratko et al., 1997). In short, we are talking about a perceived expectancy framework. Perceptions are dependent on the social context and on what can be regarded as personally desirable. What kind of behavior is considered worthy of a reward and what is not will vary across cultures and societies.

2.2 Social Norms

The social norm measure is a function of the perceived normative beliefs of significant others, such as family, friends, and co-workers, weighted by the individual’s motive to comply with each normative belief. Social norms often reflect the influence of an organizational and/or community culture and provide guidelines for what in a culture is regarded as desirable. It is both a very interesting and a very complicated component in the model. Many researchers, however, tend to claim that social norms do not explain additional variances in intentions for would-be entrepreneurs (Krueger et al., 2000). Which certainly may be true within a given culture, but few studies have compared across cultures and societies. Kickul and Krueger (2004) pointed out that if social norms are valid constructs, cultural contexts should be reflected in them, perhaps not as a real measure but at least as a proxy.

One problem when measuring the impact of social norms is that social norms tend to vary both across cultures (McGrath and MacMillan, 1992) and within cultures (Davidsson and Wiklund, 1997). For example, in the United States, starting one’s own business is usually considered a measure of achievement and personal success and thus attracts admiration and praise. In Finland, however, the general reaction is often a mix of awe and envy (Carsrud et al., 2007). While bankruptcy is probably never considered something to aim for, it is not the “end of the world” in the United States. In fact, there are those who regard it as an effective learning process (Shapero, 1975).

However, in countries such as Australia, Finland, and Sweden and indeed in most of Europe, those who have gone through bankruptcy will be marked for life (Carsrud et al., 2007; Gustafsson, 2006). In Finland, too much success can also be as much of a sin as failure. This is also true in Latin cultures where extreme success is perceived to mean others have not done well as a result, the concept of “limited good.” Consequently, in general, Americans perceive entrepreneurship as much more desirable than Finns or even Canadians. Furthermore, Bryant and Bryant (1998) showed that as social norms in a community change that in turn alters what is more likely to be considered an opportunity. In short, to identify which factors can be labeled as social norms, i.e., to know what to measure may be more difficult than measuring the social norms themselves.

Another challenge when measuring social norms is identifying the correct reference group. The reference group for an entrepreneur or a potential entrepreneur
is not necessarily only family and friends, but may actually include colleagues and business partners (Carsrud et al., 2007). Once again this is a context-specific issue. In some countries or cultures, the impact of family may be greater than in others. Recent work by Carsrud et al. (2007) showed it might be useful to distinguish between different kinds of social norms. In this study, they separated general social norms from family social norms and showed that each impacts entrepreneurial intentions differently. The reference group, or role models, can be somebody to look up to, but in some cases, it may equally well be somebody you can be familiar with. If you look at somebody who has started a company and you think “He is no smarter than I am. If he can do it I can do it” that might well function as a triggering event (Shapero, 1975).

2.3 Self-Efficacy

As will be stated in both Chapter 7 and Chapter 11, self-efficacy is one’s sense of competence: a belief that we can do something specific (Bandura, 1977, 2001). Self-efficacy is a strong driver of goal-oriented behavior (Baum and Locke, 2004; Bandura, 1977, 2001). Desiring to do something, however, is not enough to lead to intentions. A belief that one can actually do it is also required. For instance, gender and ethnic differences in work preferences and performance can often be traced to differences in self-efficacy. Kourilsky and Walstad (1998) compared perceptions of knowledge with actual knowledge of entrepreneurial skills and showed that although the skill levels of boys and girls were comparable, girls were more likely to feel ill prepared. This might be the result of the gender role of femininity in which self-awareness is stronger, for discussion on this factor, refer to Chapter 7. Support for this was found by Wilson et al. (2004) who demonstrated a direct relationship between self-efficacy and intentions in girls and highlighted the significance of girls’ self-efficacy on their entrepreneurial aspirations. As mentioned above, for a more detailed discussion on self-efficacy, the reader is referred to Chapter 11.

2.3.1 Collective Self-Efficacy

Self-efficacy can also be collective, i.e., support from other organizational members of an intention can be needed to support an intention. Perceptions of collective efficacy are likely to be important (Bandura, 1986, 1995). It can be expected that collective self-efficacy enforces social norms and low collective self-efficacy may decrease high personal self-efficacy so as to ultimately inhibit action, i.e., social norms, self-efficacy, and culture are tightly interconnected.

2.3.2 Self-Efficacy as Task-Specific Cognitions

Researchers also point out the importance of “career self-efficacy” as a domain or task-specific construct (Boyd and Vozikis, 1994; Betz and Hackett, 1981; Lent and
Hacket, 1987). Career self-efficacy refers to the perception of self-efficacy in relation to the process of career choice and adjustment. Self-efficacy has been found to predict stated occupational interests and occupational choices among college students (Betz and Hacket, 1981; Lent and Hacket, 1987). Boyd and Vozikis (1994), therefore suggesting that career self-efficacy may be an important variable when studying how entrepreneurial intentions are formed in the early stages of a person’s career. However, they also indicated that entrepreneurial intentions were often a result of previous work experience and therefore were not always very strong immediately after graduation, and moreover even if a graduate student did have strong entrepreneurial intentions they might not be acted upon until they had gained enough experience to provide the level of confidence necessary to anticipate venture success (Boyd and Vozikis, 1994; Shane, 2008). Once again the reader is referred to Chapter 11.

2.4 Revising Basic Assumptions About Intentions

Both the theory of planned behavior and the entrepreneurial intentions model are widely used for predicting entrepreneurial intentions and behavior. Using the software “Publish or Perish” (www.harzig.com), 180 references to the entrepreneurial intentions model can be found. This is clear evidence that although some minor changes have been suggested and implemented, the basic structure of the model has remained robust and is commonly accepted. One wonders, however, if that is because the model really is so reliable and well functioning, or whether it is perhaps because no one has made a serious attempt to question the basic assumptions in the model? Brännback et al. (2006a) suggested it might be time to put the model to test and to revise it critically. Considering the wide usage of the model that is indeed a brave suggestion, but it might be needed in order to develop the field of entrepreneurial cognition research.

When reviewing and revising the intentions, model two different questions must be asked. First of all, are there significant errors in the current models that need to be deleted or corrected? Second, are there any significant variables missing from the model? Starting with the first question, recent work by Brännback et al. (2006b), Krueger and Kickul (2006), and Carsrud et al. (2007) unearthed an unusual finding.

While perceived desirability and perceived feasibility were significant antecedents of intentions, as expected, a rudimentary test found that desirability and intent also clearly predicted feasibility, while feasibility and intent also clearly predicted desirability. In fact, the data from their studies seemed to suggest that feasibility may prove – statistically – to be the dependent variable. In their research, when the intent was the dependent variable, $R^2 = .462$ and was driven by desirability ($\beta = 0.547$) and feasibility ($\beta = 0.217$). When desirability was the dependent variable $R^2 = .464$ and was driven by feasibility ($\beta = 0.222$) and intent ($\beta = 0.545$). When feasibility was the dependent variable, $R^2 = .284$ and driven by desirability ($\beta = 0.297$) and intent ($\beta = 0.289$). This would imply that feedback loops exist. Hence, we notice evidence for intention influencing its “predictors.”
This finding indicates the intention process may not be linear. Considering that the theory of planned behavior and the entrepreneurial intentions model are linear, we face a serious contradiction (Carsrud et al., 2007). However, when looking at previous attitude research (Kelman, 1974; McBroom and Reed, 1992; Allport, 1935), it can be seen that this idea of reciprocal causation is not entirely new. Kelman (1974) claimed that attitudes cause behavior and that behavior causes attitudes (i.e., reciprocal causation exists) and McBroom and Reed (1992) suggested that the two are unrelated or that the two are caused by another third factor. Moreover, Allport (1935) argued that behavior may be predicted by triumvirate of “intention”-like constructs: cognitive, affective, and conative (which very roughly correspond to feasibility, desirability, and the intent to act). Behavior is likely to occur only when all three predictors are in place to some minimal degree. Empirically, this troika tends to be strongly inter-correlated. Given these earlier findings, it is reasonable to assume reciprocal causation within entrepreneurial intentionality as well (Carsrud et al., 2007). Consequently, it is time to explore whether the basic structure of the model really holds.

2.5 A Revised Entrepreneurial Intentions Model

In line with the findings from the work of Carsrud et al. (2007), the study of entrepreneurial intentions can be understood only in a theoretical framework where motivation, goals, and opportunity evaluation are included. The entrepreneurial intentions model (Krueger, 1993; Krueger and Carsrud, 1993; Krueger and Brazeal, 1994; Krueger, 2000) does not include any of these and is therefore a limited framework. However, this model does not explicitly include motivation. This lack of attention to motivation in entrepreneurship research also is pointed out in Chapter 7. Drawing on the elements of the existing models and on the findings from Elfving (2008), a theoretical framework for understanding how entrepreneurial intentions emerge is presented in Fig. 2.2. Elfving (2008) in her qualitative study was not able to determine the variable connections as precisely as in a quantitative study, nor is it possible to say how strong the connections are. This model therefore is to be considered a conceptual framework that still needs to be tested. Nevertheless, this kind of a conceptual framework is necessary in order for research to progress.

The research questions in Elfving (2008) focused on: What are the characteristics of an entrepreneurial intention? How does an entrepreneurial intention emerge? The results of that study are summarized in the context-specific entrepreneurial intentions model (context-specific EIM), graphically represented below. From a critical realist point of view, the EIM model illustrates the structure of the entrepreneurial intention formation process. This structure possesses the power to cause entrepreneurial behavior and is therefore helpful when seeking to understand entrepreneurial behavior. However, the role of social norms remains an elusive one as it clearly impacts the model, but it may in fact be an indirect one via motivation, goals, desirability, and self-efficacy. Additional discussion on motivation and goals can be found in Chapter 7.
The variables in the model in Fig. 2.2 represent the mechanisms that constitute the structure of an entrepreneurial intention formation process. The structure of an entrepreneurial intention deeply affects entrepreneurial behavior, but the impact is mediated through entrepreneurial goals and therefore entrepreneurial goals are important if one wants to understand entrepreneurial behavior. The existence of different kinds of goals, in this case, superordinate goals and entrepreneurial goals, also reflects the hierarchy of goals introduced by Bagozzi and Dholakia (1999). Entrepreneurial goals can be either focal goals or subordinate goals. However, the transition from entrepreneurial goals to entrepreneurial action is likely to be affected by non-volitional variables. This model stops at the level of intentions and does not take a stand on when or how an intention is transferred into action, although they are implied. Even in the Panel Study of Entrepreneurial Dynamics (PSED) by Gartner et al. (2004), there remains a group of entrepreneurs who intend to start something after a prolonged period, even if they have yet to really start a venture. Even if somebody has a strong intention to do something, something might prevent the person from pursuing the plan (Gollwitzer and Brandstätter, 1997). This might include not taking enough actions to make a decision to either quit or start a venture. The impact of barriers and volitional versus non-volitional behavior occurs after the intention has emerged and is outside the scope of this chapter.

Entrepreneurial intentions are first and foremost a result of superordinate goals, perceived entrepreneurial desirability, perceived entrepreneurial feasibility, and opportunity evaluation. In the context-specific EIM, these variables constitute a circle around the entrepreneurial intention. The variables in the circle reciprocally
impact each other. The results from Elfving (2008) indicated that superordinate goals affect both perception of entrepreneurial desirability and perception of entrepreneurial feasibility. If the main goal is to gain independence, entrepreneurial feasibility and entrepreneurial desirability will be evaluated in relation to how much independence it can provide.

The superordinate goal also impacts opportunity evaluation. The case studies showed motivation and superordinate goals affect what kinds of opportunities the entrepreneurs recognize. Moreover, the results from Elfving (2008) support earlier research findings that desirability and feasibility reciprocally impact each other (Brännback et al., 2006b; Carsrud et al., 2007). It seems that feasibility and desirability are always closely linked: high feasibility increases desirability and vice versa.

Opportunity evaluation is not included in the entrepreneurial intentions model developed by Krueger and his colleagues. (Krueger, 1993; Krueger and Carsrud, 1993; Krueger and Brazeal, 1994; Krueger, 2000). However, Kaish and Gilad (1991), Shane and Venkataraman (2000), Eckhardt and Shane (2003), Gustafsson (2006), and Elfving (2008) support the importance of opportunities and opportunity recognition in the intentional process. The variable opportunity evaluation in the context-specific EIM also includes a tendency to be optimistic and use self-serving biases. The optimism and the self-serving biases result in the entrepreneurs not perceiving themselves as taking risks. This finding is also supported by previous research (Shaver and Scott, 1991; Palich and Bagby, 1995) and consequently is not necessary to include perception of risk as a separate variable.

As Ajzen and Fischbein (2005) point out there is a difference between general attitudes toward a phenomenon and attitudes toward performing a specific behavior: the latter being more likely to result in action. One certainly hopes this is the case in entrepreneurship. The results in Elfving (2008) show perceived entrepreneurial feasibility and perceived entrepreneurial desirability impact general attitudes toward entrepreneurship. By also including superordinate goals and opportunity evaluation the behavior is tied to a context and this makes it possible to explore the person’s attitude toward performing a particular entrepreneurial activity.

If an individual perceives entrepreneurship as feasible and desirable (i.e., in general holds a positive attitude), considers entrepreneurship to be in line with his overall goals in life and additionally sees an opportunity to perform an entrepreneurial act (the two latter constituting a positive attitude toward performing an entrepreneurial activity), then he is likely to form an entrepreneurial intention. The ability to predict attitudes toward a particular entrepreneurial activity, and not only a general attitude toward entrepreneurship, makes the context-specific EIM more precise than the original entrepreneurial intentions model.

Even if self-efficacy and motivation do not impact the formation of an entrepreneurial intention directly, the indirect impact is of such importance that it legitimizes including them in the model. Motivation is discussed in-depth in Chapter 7. Motivation is important because it determines what kind of superordinate goals a person sets in life. The superordinate goals are always set in relation to what is perceived as motivating. Self-efficacy is important because if motivation
determines what a person wants to do, self-efficacy determines what he thinks he can do. Self-efficacy impacts both superordinate goals and entrepreneurial goals. Once again the reader is referred to Chapter 11. However, it is important to remember that self-efficacy is context and content specific (Bandura, 1986, 1989) and both kinds of goals are likely to be impacted by different kinds of self-efficacy. Self-efficacy impacts motivation mainly through commitment, which Bandura (1989) also finds in his research. High self-efficacy improves commitment and thus makes the person more motivated to continue.

Reality consists of many different processes and different structures where one event causes another. The context-specific EIM shows an entrepreneurial intention can result in entrepreneurial goals, which in turn leads to entrepreneurial behavior. Once behavior emerges it may cause changes in motivation. These changes then function as a triggering event, which results in new entrepreneurial intentions. This is seen for example in the case of an individual whose first intention is to start a small business to provide a living for herself. Once she gets started her motivation may change and so will her intentions. She may have formed an intention to explore the possibilities for growth. The triggering mechanisms for these changes can also stem from another source, and in the model, this is illustrated in the variable triggering event. The term is borrowed from Shapero’s research (1982).

Finally, the context-specific EIM does not include the variable social norms. That does not mean that social norms are not important or that they do not have an impact but because the results for social norms were mixed further investigation is required before they can be placed in the model with accuracy. It is clear that they belong, especially in various cultures, but exactly how they function is still unclear and requires studying non-American populations.

2.6 Conclusions

We have in this chapter proposed a different model of entrepreneurial intentions, EIM, that ties motivations and goals into the traditional model of intentions. By doing so we are trying to integrate the various cognitive elements of the entrepreneur into a more comprehensive model that will link intentions to behaviors.

References


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