



# PERCEPTUAL VARIABLES AS DRIVERS OF SUSTAINABLE ENTREPRENEURSHIP: A COMPARATIVE STUDY

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## Background

As the world is experiencing increasing effects of climate change, depletion of resources and loss of biodiversity, there is a call for more sustainable practices. Sustainable entrepreneurship distinguishes itself from conventional entrepreneurship by creating environmental and social value, in addition to economic value. As sustainability is becoming an increasingly relevant topic, the academic field of sustainable entrepreneurship is gaining increasing attention as well.

## Objective

Despite new enterprises becoming increasingly sustainable, little research has been done about how the drivers of sustainable entrepreneurs differ from the drivers of conventional entrepreneurs. The key aim of this paper is to develop insight into the determinants of sustainable entrepreneurship.

## Introduction

Multiple studies find that a set of perceptual variables affect entrepreneurial behaviour. Perceptual variables define entrepreneurs' subjective judgements about themselves and the environment around them. This set of variables includes perception of opportunities, perception about one's own skills and abilities, perception of cultural support and perception of risk. The purpose of this study is to extend this knowledge by making a distinction between sustainable and conventional entrepreneurs and investigate whether there is a difference in perceptions about entrepreneurship between the two groups.

## Hypotheses

*Hypothesis 1.* Sustainable entrepreneurs are more likely to be recognisant of opportunities than conventional entrepreneurs.

*Hypothesis 2.* Sustainable entrepreneurs are less likely to have high levels of self-efficacy than conventional entrepreneurs.

*Hypothesis 3.* Sustainable entrepreneurs are less likely to perceive entrepreneurship as culturally desirable than conventional entrepreneurs.

*Hypothesis 4.* Sustainable entrepreneurs are more likely to be afraid of failure than conventional entrepreneurs.

## Methods

The data used for this research was employed from the Global Entrepreneurship Monitor (GEM). The GEM offers survey-based data on entrepreneurship over the world. As they collect data from entrepreneurs directly, it is a suitable means to investigate the effect of perceptions on sustainable entrepreneurship. The data used in this paper were collected in 2015, when a special section on social and environmental entrepreneurship was included by the GEM. The final sample that is used for this research contains **16.205 observations** from 58 countries. Of these respondents, 83,61% are conventional entrepreneurs and 16,39% are sustainable entrepreneurs.



## Results

To test the hypotheses, a logistic binomial regression was employed, using STATA software. The final model indicated the following:

### *Opportunity recognition*

- Sustainable entrepreneurs are more likely to recognize opportunities than conventional entrepreneurs.
- Those who perceive opportunities to exist are almost 1,4 times more likely to be a sustainable entrepreneur than those who do not.

### *Self-efficacy*

- Sustainable entrepreneurs are more likely to believe in their own skills and capabilities than conventional entrepreneurs.
- Those who believe to have the skills and abilities to be an entrepreneur are 1,2 times more likely to be a sustainable entrepreneur than those who do not.

### *Fear of failure/Cultural support*

- There is no evidence that sustainable entrepreneurs are more afraid to fail or perceive cultural support for entrepreneurs any differently than conventional entrepreneurs.

## Conclusions

The study results indicated that some, but not all, perceptual variables affect whether an individual pursues sustainable entrepreneurship. This suggests that, to an extent, the way individuals perceive themselves and the environment around them, affects in which context they run their businesses. These results advance research in sustainable entrepreneurship by providing novel information about the cognitive profile of sustainable entrepreneurs. On a practical level, the results of this study suggest that opportunity recognition and self-efficacy should be considered when aiming to increase sustainable entrepreneurial activity.