**GRADUATE PROJECT**

**THE IMPACT OF SELF-EFFICACY AND RISK PROPENSITY ON ENTREPRENEURIAL INTENTIONS: EVIDENCE FROM NGOS IN LEBANON**

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**DEDICATIONS**

I dedicate my work to my support system, my parents, my siblings and all my beloved ones who were next to me in each step.

**ACKNOWLEDGEMENTS**

First of all, I would like to express my special thanks and gratitude to Allah for giving me the strength and perseverance to finish this research.

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**ABSTRACT**

Entrepreneurship activities play a major role in the development of the Lebanese economy. It helps in reducing brain drain and provides new jobs opportunities for the youth. The factors that affect entrepreneurial intentions in Lebanon are a little bit discovered in the previous literature, according to the researcher’s knowledge. This study examines the impact of two psychological factors namely self-efficacy and risk propensity on entrepreneurial intentions of NGOs employees in Lebanon.

In a cross-sectional online survey, 59 responses were collected. Two hypotheses were tested using an Ordinary Least Squares (OLS) model for regression analysis. The results of the study show that both self-efficacy and risk propensity have a positive and significant impact on entrepreneurial intentions of NGOs employees in Lebanon.

The main limitation of this study was the time constraint which prohibited the collection of more responses.

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# **CHAPTER 1: INTRODUCING THE GRADUATE PROJECT**

# **Introduction**

Psychology has defined work as being the main source of identity, self-esteem and self-actualization. It provides the worker with a sense of purpose, fulfillment, importance and satisfaction. Moreover, it helps him to project his values to society (Babalola, 1998). Working individual could choose to be either employed or self-employed. When self-employment is combined with innovation, creativity and risk-taking, then it is termed “entrepreneurship” (Schumpeter, 1954). Entrepreneurship is also defined as the process by which an individual risks his effort, time and money and open a new business (Udeh, 1990).

There are two types of entrepreneurs: necessity and opportunity (Reynolds et al, 2002 and Thurik et al., 2008). The former is a defensive result of the increased unemployment (Vivarelli, 2004; Faria et al., 2008), and job dissatisfaction (Hisrich and Brush, 1986; Cromie and Hayes, 1991). While, the latter is the result of an innovative idea that exploits a market opportunity (Stevenson et al., 1989; Ruis and Scholman, 2012).

The benefits of entrepreneurship are numerous. It is the key element for economic growth (Tsyganova and Shirokova, 2010), establishing a new technology (Naqi, 2003) and reducing poverty (Ullah et al., 2010). As a result of these essential benefits, many governments, non-governmental organizations (NGOs), corporations, educational institutions, and policy makers are encouraging entrepreneurial intentions.

Studies related to the factors influencing entrepreneurial intentions are not recent. Researchers have highlighted three levels of factors affecting entrepreneurship decisions, specifically, macro, meso and micro levels (Grilo and Thurik, 2004). First, on macro level, researchers were focusing on the impact of economic growth, innovation, regulations and cultural differences on entrepreneurial activities in a country (Grilo and Thurik, 2005). Second, on meso level, they were concerned about the industry, specifically the entry and exit based on profit maximization (Audretsch et al., 2002). Third, on micro level, these researchers have studied the personal (psychological and non-psychological) factors affecting entrepreneurial intentions.

In Lebanon, many youths have immigrated, or thinking about immigration due to the current political and economic situations. They were left jobless and decided to search for jobs outside Lebanon. Therefore, encouraging entrepreneurship activities could limit this phenomenon. Since few studies have examined the determinants of entrepreneurial intentions in Lebanon, this study will fill the gap in the literature by focusing on the micro factors affecting entrepreneurship activities, more precisely, the psychological factors. There are numerous psychological factors investigated in the previous studies, this research is going to focus on self-efficacy and risk propensity.

This chapter is divided into 5 sections. Section 1.1 presents the research question. Section 1.2 sets the research aims and objectives. Section 1.3 gives an overview of the entrepreneurship activities in Lebanon. Section 1.4 provides the research hypotheses. Finally, section 1.5 presents the structure of the research.

# **Research Question**

The main research question of this study is as follow:

* What is the impact of psychological factors on entrepreneurial intentions?

This question is divided into two main sub-questions, as follow:

* What is the impact of self-efficacy on entrepreneurial intentions?
* What is the impact of risk propensity on entrepreneurial intentions?

# **Research Aim and Objectives**

This study aims to determine the influence of two psychological factors namely self-efficacy and risk-propensity on entrepreneurial intentions of NGOs’ employees in Lebanon.

# **Overview of Entrepreneurship in Lebanon**

The entrepreneurial environment in Lebanon is an essential pillar in the Lebanese economy, since investments in private firms have a lion share in the overall economic investments (Matar,

2015). However, many difficulties impact Lebanese entrepreneurship activities.

First of all, political parties create a monopoly which prohibits and prevents new entrants to any economic sector or industry (Matar, 2015). Moreover, unemployment rate has reached 33% of the labor forces, it specially affects the youth. These latter choose to migrate in order to work outside the Lebanese territory and this is what we call “brain drain” (El Khoury, 2013; Alexander, 2016). Furthermore, the unstable economic and political situation which discourage entrepreneurs to launch their businesses in Lebanon, they prefer to launch it outside the country. The Lebanese government cannot ensure any long-term activity (Matar, 2015). Finally, the Syrian revolution along with the political stagnation have also discouraged entrepreneurs to open any new activity in such unsecured area (Reilly et al., 2016).

International and local non-governmental organization (NGOs) play a major role in providing some job opportunities for the youth which can limit to a certain level the “brain drain”. At the same time, these NGOs provide some entrepreneurship trainings, that encourage Lebanese youth to become entrepreneurs. They also help in financing startup ideas by linking angel investors and young entrepreneurs.

# **Research Hypotheses**

To determine the factors that affect the entrepreneurial intentions, this study builds the following hypotheses:

H10: There is no statistically significant correlation between self-efficacy and entrepreneurial intentions.

H11: Self-efficacy has a significant positive impact on entrepreneurial intentions.

H20: There is no statistically significant correlation between risk propensity and entrepreneurial intentions.

H21: Risk propensity has a significant positive impact on entrepreneurial intentions.

# **Structure of the Graduate Project**

This research consists of 5 main chapters briefly described below as follows:

**Chapter One: Introducing the graduate project.** This chapter introduces the topic, states the research questions, and sets the objectives of the study. It also gives an overview of the entrepreneurship in Lebanon and presents the research hypotheses. Finally, it gives a general outline of the research.

**Chapter Two: Literature Review.** This chapter is divided into 5 sections. The first section defines entrepreneurship. The second provides some of the motivational theories related to entrepreneurship. The third presents the two psychological factors that affect entrepreneurial intentions. The fourth shows some empirical studies and finally, the fifth summarizes the chapter.

**Chapter Three: Research Methodology.** This chapter explains the philosophy and approach of the study. Moreover, it presents the research strategy, population and sampling techniques used along with the sample size. Furthermore, it provides the methodological choices, develops the research hypotheses and presents the performed analysis techniques.

**Chapter Four:** **Findings and Analysis.** This chapter presents the empirical findings of the study. It focuses on describing the data set, testing for validity and reliability of the data, presenting the correlation matrix, and finally providing and analyzing the results of the multiple regression.

**Chapter five: Conclusion, Limitations and Recommendations.** This chapter first provides a conclusion of the research. Then, it presents the research limitations. Finally, it gives some recommendations.

# **CHAPTER 2: LITERATURE REVIEW**

# **Overview**

This chapter presents the different factors influencing entrepreneurial intentions adopted by the study and provides a critical review of both theoretical and empirical background of these factors. Critically reviewing literature is the backbone of any research; it provides a clear understanding of the theories, the results of the previous studies, and gaps (Gratton and Jones, 2003).

The chapter consists of 6 sections. Section 2.1 defines and shows the evolution of entrepreneurship. Section 2.2 presents the different motivation theories. Sections 2.3 shows the different factors that affect entrepreneurial intentions including self-efficacy and risk propensity. Section 2.4 provides some empirical studies. Finally, section 2.5 summarizes the chapter.

# **Definition and evolution of entrepreneurship**

Entrepreneurship is the act of being an entrepreneur, the noun “Entrepreneur” is French originated from the verb “Entreprendre” made to “Entre” signifies “Between” and “Preneur” signifies "Taker" which indicates the person who takes in the middle of chances to accomplish wanted result (Filion, 2011). Entrepreneurship is a new field of study that goes back to the 18th and 19th century. It is defined as a creative process that involves producing new economic goods and services by discovering, evaluating, and exploiting of opportunities (Fayolle, 2014; Shane and Venkataraman, 2000).

Throughout history, numerous researchers have been making contributions in the entrepreneurship field among the noteworthy were the writings of Cantillon (1755), JeanBaptise Say (1971), Schumpeter (1934), Kirzner (1983), Knight (1921), Shane and Venkataraman (2000), who are the most notable in the comprehension of the business entrepreneur in the economy. Therefore, in order to obtain better knowledge about all the development made in the field of entrepreneurship this section will present a review of the statements of such pioneers (Fayolle, 2014).

Between the year 1775, and the end of the 19th century, the French economist Richard Cantillon states that the entrepreneur is a risk-taker. He anticipates risks when buying an input and sells it back to get a specific profit (Fayolle, 2014). He was one of the earliest authors who talked about the entrepreneurial role within the economy. Similarly, in the year 1800, the French economist and the industrial entrepreneur Jean-Baptise Say agreed with Cantillon concerning the role of entrepreneurs. They considered them as dynamic changers and developers of the economy. They defined an entrepreneur as a person who creates wealth by combining several resources and transforming them into productive investments like a trader, not an innovator (Fayolle, 2014). In Knight's view, the entrepreneur is also identified as a risktaker. An entrepreneur is a person who reaches profits due to taking a risk and working in an unsecured market.

In the late 19th century, the father of, and the most acknowledged author on entrepreneurship, Schumpeter, defined the entrepreneur as the central driver of the economic development due to his innovative ability in generating a profitable business (Fayolle, 2014). Schumpeter argued that being an innovative entrepreneur demands personal motives as well as economical motives causing him to become the first economist to bring psychology into the economic theory of entrepreneurship. He believed that the entrepreneur’s personal qualities guide him in his innovative processes (Fayolle, 2014).

In contrast to the Schumpeterian view, Kirzner studies entrepreneurship from a cognitive perspective. He identifies the entrepreneur as an individual who realizes profitable opportunities before anyone else and then employs these possibilities in the market. In other words, what stimulates an entrepreneur is the planning for the unobserved opportunities he or she discovers (Das and Teng, 1998). As a conclusion, these views show that the entrepreneur plays an important factor in the economic viewpoint. However, this approach has been criticized due to its ignorance of the human factor of an entrepreneur, and it concentrates only economic result.

After the criticism of the economic approach and to better understand the entrepreneur’s mind, numerous scholars shifted from their traditional perspectives of studying the entrepreneur to the trait perspectives. Studying entrepreneurship based on trait approach could be classified as the most used and popular approach in past studies. Its main focus is on presenting entrepreneur individual traits and nature. The individual traits are the capabilities that make him an entrepreneur by nature (Nandram and Samsom, 2007).

In addition, Shane and Venkataraman (2000) engaged in the study of the different personality factors that motivate entrepreneurs to recognize opportunities and create a business, not all people will catch those opportunities and make the decision to exploit them. Every person has different motivational characteristics that reflect their behavioral outcomes (Shane et al., 2003; Shane and Venkataraman 2000). Similarly, other researchers have defined the entrepreneur as one who has unique individual characteristics such as the self-efficacy, need for achievement, risk propensity, planning, and others that stimulate him or her to engage in entrepreneurial activities and being a successful entrepreneur (McClelland, 1961; Timmons and Spinelli, 2008).

Entrepreneurship has been defined in several ways. Shane and Venkataraman (2000) defined entrepreneurship as a process that starts from catching deficiencies in the market goods and services and working on remedying them in a profitable manner. Similarly, GEM global report (2016) affirmed that entrepreneurship is related to continuous actions from the moment of identifying market opportunities until running the business. They clearly defined entrepreneurship as: "Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business" (GEM website).

Entrepreneurship is an interdisciplinary subject due to its connotation with many fields such as management, economy, and psychology. In the 20th century, entrepreneurship studies propose that firm functions are not only dependent on the performance but people also have an influence over their organization's performance. Since entrepreneurship is the key supporter for the improvement of nations (Kalkan and Kaygusuz, 2012). In addition, it has been recognized that establishing a business does not guarantee having good management skills for individuals who participate in the establishment of the business. Therefore, an intersection between psychology and entrepreneurship has been made, where psychological factors are seen as an intermediate between individuals and their entrepreneurial activity performance (Baum et al.,2007).

# **Motivational Theories**

Motivation, in general, helps entrepreneurs to create a business (Edelman and Yli-Renko, 2010), make decisions and take actions to reach successful outcomes (Tipu and Arain, 2011). Feeling stimulated, boosted, or driven to be moved to accomplish something are the traits of somebody who is motivated. Somebody who feels no enthusiasm and stimulus to be moved to accomplish something is portrayed as an unmotivated person. Along these lines, we come to understand motivation as the want to gain an objective (Deci and Ryan, 2000). In order to explain motivation, there are several motivational theories divided into two types: content theories and process theories. Content theories emphasize on recognizing the motives that creates a certain behavior. It explores the causes within individuals toward sustaining or stopping a behavior. Whereas, process theories identify motivation through a cognitive process, where any action is a reflection of a decision-making process (Seiler et al., 2012).

## **2.2.1. Content Theories**

Content theories include many motivational theories that are commonly used in businesses and management fields. These theories are: Maslow’s hierarchy of needs, Herzberg’s two factor.

### **2.2.1.1. Maslow’s Hierarchy of Needs Theory**

In 1943, Maslow presented his hierarchy of needs theory that propose human needs through a pyramid comprised of five classes in a well-arranged hierarchical order. The pyramid starts from the bottom with physiological, safety, social belongings, esteem and finally with the self-actualization need (Robbins and Judge, 2013).

In this theory, the five needs are separated into from lower to higher human needs. Humans are motivated to satisfy first their physiological needs and then pass to the next ones until achieving the self-actualization needs as the higher top needs in the pyramid. Accordingly, individuals need to identify their proper place in the pyramid and to fulfill this need in purpose of achieving motivation (Robbins and Judge, 2013). In addition, he claimed that the individual would not have the motivation to become an entrepreneur while many of his basic needs are unfulfilled. This is because he is working on satisfying his physiological needs to survive without paying much attention to the upper needs in the pyramid such as the desire for self-esteem and actualization (Robbins and Judge, 2013).

According to Reynolds et al. (2002), The Maslow hierarchy of need pyramid has shown the variance between the entrepreneurs motivated by the necessity motivation and the opportunity motivation. Individuals who need to remain alive and acquire their basic physiological and security needs are seen in the first classes of the Maslow pyramid and they identify the necessity motivation. While, individuals driven by an opportunity motivation strive to satisfy the top classes in the hierarchy of needs pyramid. All they care about is the realization of the basic needs of any human being without any motivation for social recognition in the short term (Reynolds et al., 2002). However, Locke (2000) claims that individuals organize their needs based on values that change over time. There is no evidence that an entrepreneur will work to satisfy their needs in an order based on a specified hierarchy.

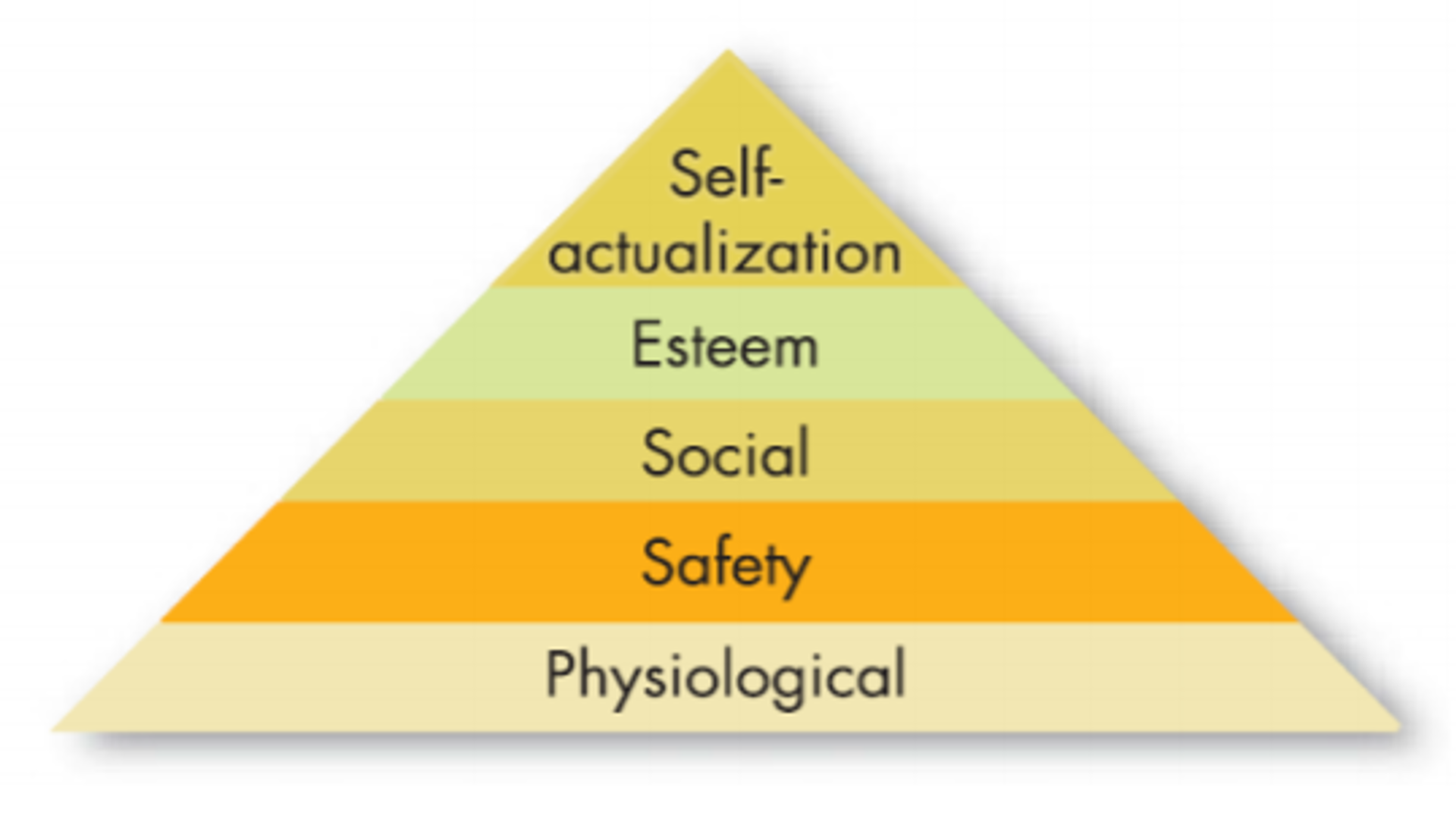


Figure 1 - Maslow Hierarchy of Needs

Ref: Robbins, and Judge, (2013)

### **2.2.1.2 Herzberg’s Two Factor Theory**

The second motivational theory is called Herzberg’s motivator-hygiene theory. It places emphasis on the needs of humans as a motivator. In contrast to Maslow, Herzberg theory suggests two types of motivational factors: motivators and hygiene factors. Motivators’ factors include personal growth and self-actualization. They have greater influence on increasing people’s satisfaction. While hygiene factors reflect whether an individual is treated in a good or bad manner. It comprises factors such as salary, working conditions, policies and relationships (Fisher, 2009).

Motivators identify factors that encourage individuals to work harder toward a specific goal. The hygiene factors influence people’s motivation inversely; they will de-motivate individuals when they are absent. The presence of those factors is not enough to motivate someone in the workplace, but their absence is associated with individual dissatisfaction (Robbins and Judge, 2013). Herzberg in this theory came up with a conclusion which contradicts the traditional understanding which proposes that the opposite of satisfaction is dissatisfaction. According to Herzberg, vanquishing the causes of dissatisfaction in a job setting does not really make the people satisfied. As presented in figure 2, he shows that the feeling of “satisfaction” is reversed with “no satisfaction”, and dissatisfaction feeling is reversed with no dissatisfaction (Robbins and Judge, 2013).

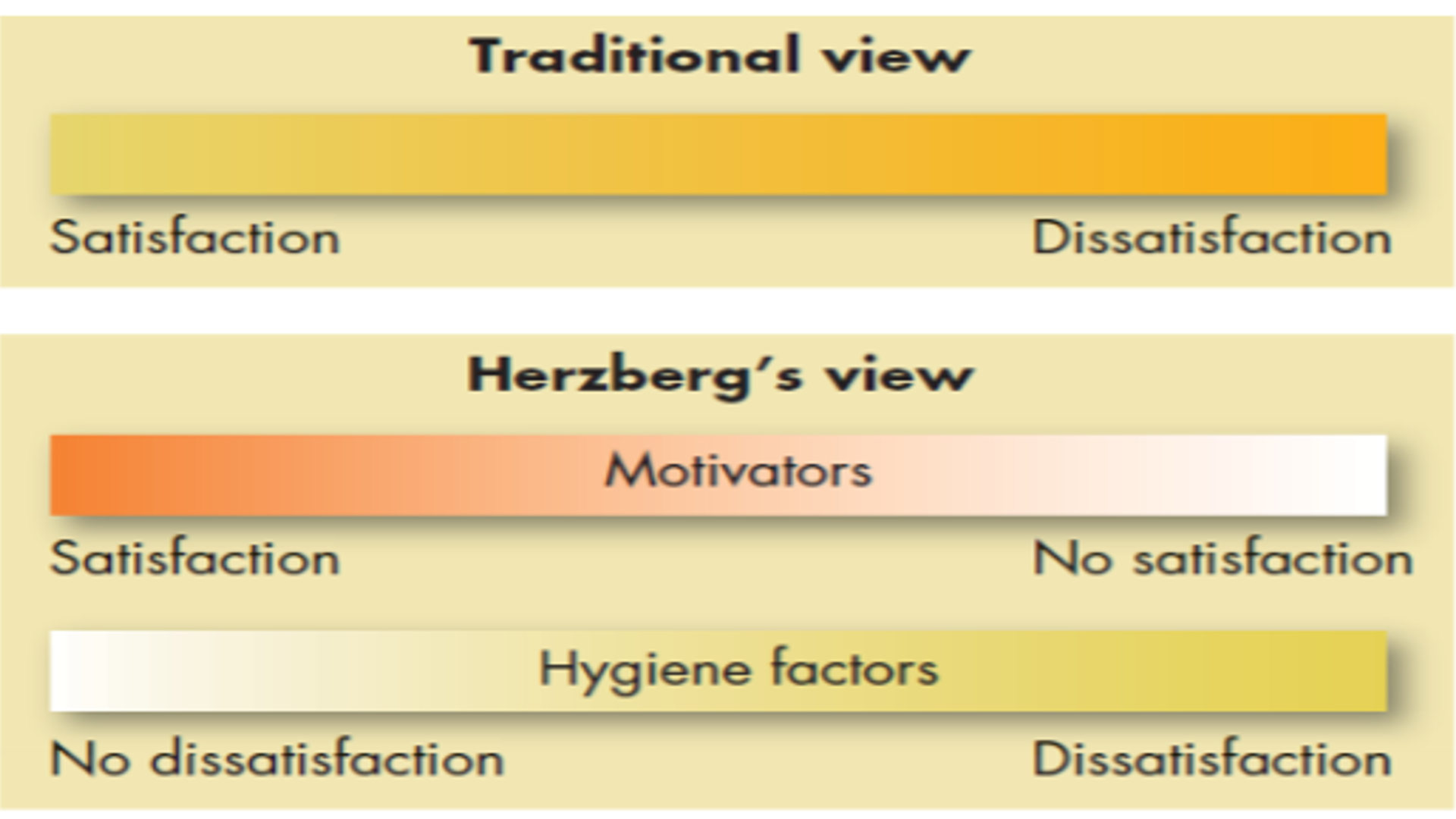


Figure 2 - Herzberg Two Factor Theory

Ref: Robbins and Judge, (2013)

The recommendation from Herzberg theory proposes that to enhance work productivity and profitability, managers must take care of these two sets of factors. In addition, any expansion in the motivator’s factors satisfaction does not mean a decline in people’s dissatisfaction towards an absence in hygiene factors such as work conditions and financial rewards. Thus, any individual who desires to become an entrepreneur should enhance his characteristics and entrepreneurial motivation, and decrease obstacles that dissatisfy his wants to behave entrepreneurially (Herzberg, 1987). In addition, concluding from Herzberg two factor theory, entrepreneurs encouraged by extrinsic motivation such as the desire for financial achievement will be highly motivated to start a business, but this motivation will end after meeting the financial target. In contrast to intrinsic motivators that originate from the inner self, it lasts more in encouraging entrepreneurs toward growing their business and survive (Herzberg, 1987).

## **2.2.2. Process Theories**

Process or cognitive theories give more directions on how we are motivated toward an action in a continuous decision. Two of the main process theories are: Vroom expectancy theory, Adams’ equity theory (Sesay et al., 2017).

## **2.2.2.1. Vroom Expectancy Theory**

In 1964, Victor Vroom proposed a motivational theory called Expectancy theory which describes motivation as a process that directs personal behavior and choices. This motivational theory suggests that people prefer to accomplish goals that can be reached and bring high personal utility. Thus, the motivation to act in a certain behavior depends on the attractiveness of goal benefits and the possibility of reaching it (Suciu et al., 2013; Sesay et al., 2017).

Based on Vroom theory, personal motivation occurs when three factors are achieved: expectancy, instrumentality, and valence. Expectancy is related to the individual confidence that making effort in something will results in a better performance. Instrumentality suggests that performing well in the current mission is translated in the outcome of the next goal. Valence focuses on the importance and value people place on the reward and outcome they get, so people are moved in order to realize that outcome (Suciu et al., 2013).

The basic idea of Vroom expectancy theory is that individuals are motivated toward an action when they believe that working for it will bring a high performance. In other words, Personal motivations are determined based on the association among effort, performance and internal motivation (Suciu et al., 2013). So, when a human being expects to achieve a high utility from being an entrepreneur, he or she will have a high tendency to start a business and perform in a good manner (Sesay et al., 2017).

## **2.2.2.2. Adams’ Equity Theory**

Equity theory claims that people search for a fair balance among their activity source of inputs and outputs in comparison with others and then try to dispose of any disparities (Robbins and Judge, 2013). Equity theory is a comparative procedure that focuses on equality between everyone in treatment. Motivation is generated from a fair treatment. According to Adam’s theory, pay and work setting are not the only regulators of motivation. Giving someone a promotion could affect others in an inverse manner by increasing their de-motivation. So, it is all about the feeling of fairness that enhances the motivation. The feeling of discrimination for someone could influence his or her motivation toward entrepreneurial activity in order to realize what he or she deserves (Ball, 2012).

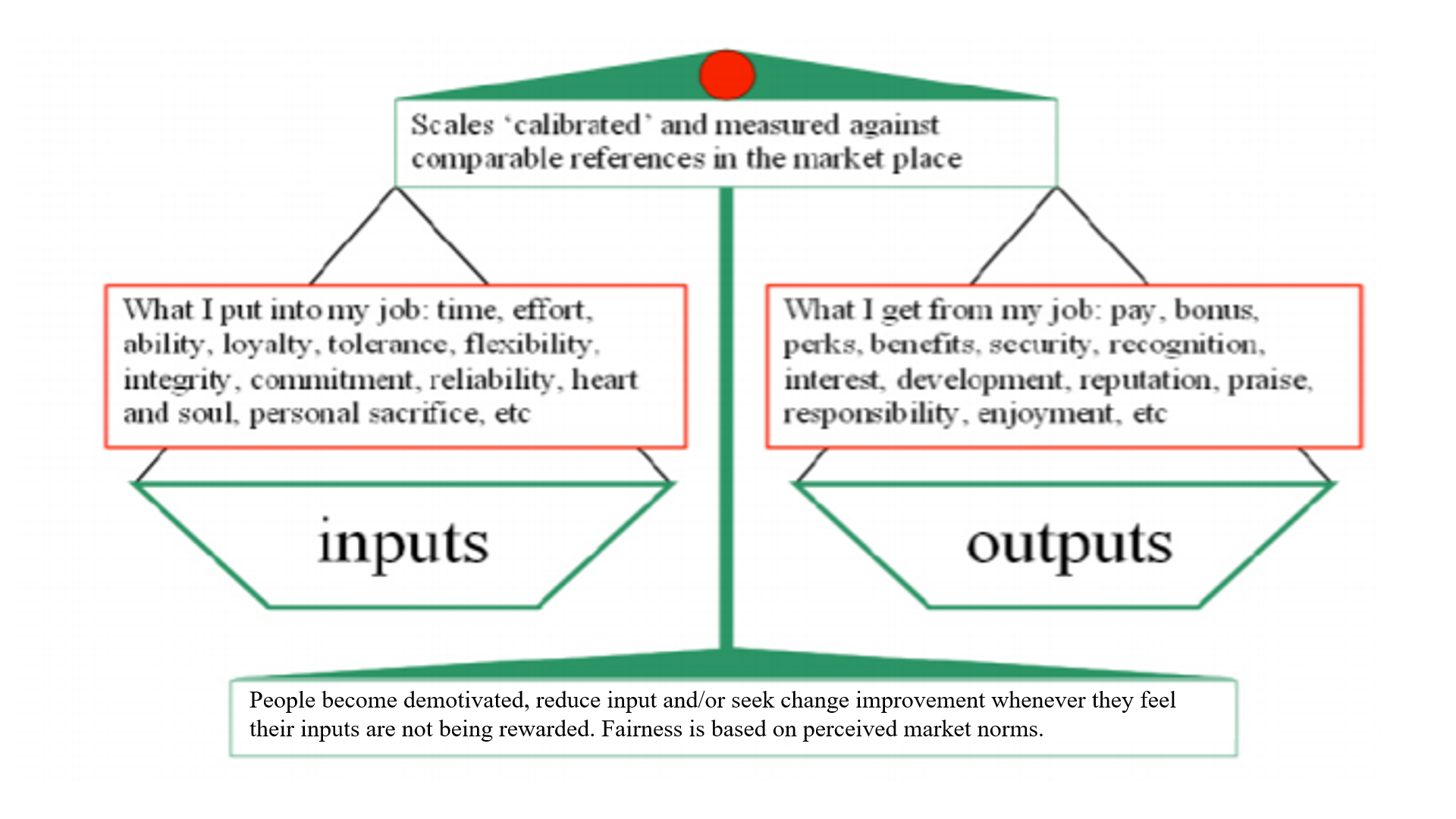


Figure 3 - Adams’ Equity Theory

Ref: Ball (2012)

# **Factors affecting entrepreneurial intentions**

The factors that impact entrepreneurial intentions could be categorized into two groups: non-psychological and psychological. Both groups of factors were highly discussed in the literature. The spectrum of non-psychological factors ranges from age, gender, experience, educational level, family background, networking support, marketing and administrative difficulties (Lévesque and Minniti, 2006; Wilson et al.,2007; Coduras et al., 2010). They were found to have a high significant impact on entrepreneurial intentions.

On the other hand, psychological factors, also called "perceptual", have a high influence on entrepreneurial intentions (Koellinger et al., 2013) and decisions to start a new business (Evdal et al., 2011). There are numerous psychological factors influencing entrepreneurial intentions studied in the literature. These are self-efficacy, self-independence, self-reliance, internal locus of control, innovativeness, creativity, perception of risk. This study focuses on self-efficacy and risk propensity.

## **Self-efficacy and entrepreneurial intentions**

Self-efficacy or what is known as self-confidence is the belief of an individual in his own abilities and skills to realize specific tasks (Chen et al., 1998). It reflects his thoughts on whether they have the capacity to execute a task and transfer their skills effectively into a preferred outcome. This belief influences individual behavior; therefore, it will affect their outcomes and lives. In other words, the self-efficacy concept mirrors individual trust in his own particular capacities.

This factor is one of the highly discussed factors in previous literature. Its impact on entrepreneurial intentions is not ambiguous. The majority of previous studies have found that it has a highly positive influence on entrepreneurial activities (Chen et al., 1998; Markman and Baron, 2003; Kickul et al., 2008; Prisca et al., 2017).

The higher the self-efficacy levels of the individual is, the higher the tendency to become an entrepreneur, and the higher the effort to overcome challenges (Bandura, 1989; 1997). Kickul et al. (2008) have indicated that self-efficacy plays a crucial role in motivating individuals to create and manage new businesses. Moreover, it impacts entrepreneurs' choices, efforts and perseverance when they face difficulties (Boyd and Vozikis, 1994). It positively affects business creation and success (Rauch and Frese, 2007). According to Yushuai et al., (2014), self-efficacy is one of the major factors that influence entrepreneurial intentions, because only if a person has enough self-confidence and faith in his entrepreneurial success, he will have the intentions to create a new venture.

Self-efficacy is derived from the Social learning theory (Kalkan and kaygusuz 2012). It is a crucial element in deciding human action (Bandura, 1989), and individuals with high self-efficacy will probably pursue an entrepreneurial activity task and then persevere continuously in this action (Bandura, 1997). Self-efficacy is likewise included as an intrinsic element. People who are affected by self-efficacy see themselves as impacted by a sentiment to do an activity, and therefore are inspired to perform and fulfill this emotion (Shane et al., 2003).

In addition, a self-efficacy perception influence actions in three different ways: the individual selection of activities that will be performed, the quality of performance, and individual perseverance in facilitating hard tasks (Kalkan and kaygusuz, 2012).

The low level of self-confidence in people prevents them from choosing entrepreneurship as a career because they don’t have enough faith in their skills (Verheul et al., 2005). Thus, a higher level of self-efficacy will lead to a higher tendency towards entrepreneurship. This motivator is a basic factor in expanding the number of entrepreneurs in any country. Additionally, the presence of role models in the general public might enhance the entrepreneurial self-efficacy (Wilson et al., 2007).

## **Risk propensity and entrepreneurial intentions**

Risk propensity is defined as individual's acceptation of engaging in activities that have a probability of success of less than 100% (Kuip and Verheul, 2003). It could also be called tolerance of ambiguity. It is an uncertain situation where incomplete or uncertain data is available about some activities (Ullah et al., 2012). In entrepreneurial context, it includes the risks related to career opportunities, relations with family, financial and psychic well-being (Erdem, 2001).

Risk taking and entrepreneurship can’t be split apart. Compared to working in an organization, which is a steady work, entrepreneurs must bear a high level of risk (Yushuai et al., 2014). Cooper et al., (1988) have stated that within its first 5 years, the survival rate of a new business is of 50%. However, according to Kahneman and Lovallo (1993), this rate is approximately 33% within the same period.

The relationship between risk propensity and entrepreneurial intentions is debated in the literature. Some researchers believe that high risk acceptance increases entrepreneurial intentions (Bouchard and Basso, 2011; Ullah et al., 2012; Franco, 2013; Quaye and Acheampong, 2013).

Entrepreneurial activities involve high uncertainty and thus, entrepreneurs should bear high risks (Yushuai et al., 2014). A person who avoids risk is not an entrepreneur (Quaye et al., 2015). A strong risk tolerance is more likely related to entrepreneurship which seeks risk premium (Yushuai et al., 2014). Cromie (2000) has found that entrepreneurs have higher risk propensity compared to other categories such teachers, managers and non-entrepreneurs. According to Ullah (2012), an entrepreneur has high risk tolerance and could respond positively to any ambiguous activity; whereas, a non-entrepreneur has a low risk and ambiguity tolerance. Also, Busenitz and Barney (1997) stated that a non-entrepreneur would feel uncomfortable in an ambiguous situation, therefore, he would strive to stay away from such activities. Also, the fear of failure also called risk aversion have a significantly negative impact on entrepreneurship activities (Wagner, 2005).

However, other researchers have shown that entrepreneurs prefer a moderate risk rather than high risk level in their business decisions. Being involved in situations where there is high risk is not accepted (Koh, 1996; Thomas and Mueller, 2000). Also, some researchers believe that having a higher risk propensity is not associated with entrepreneurs’ preference to take higher levels of risk but with their small perceived risk (Yushuai et al., 2014).

# **Empirical studies**

Many researchers have been concerned with the psychological factors affecting entrepreneurial intentions. These studies have found mixed results regarding the relationship between the two variables. This subsection presents these studies in a chronological order.

Ehigie et al. (2003) have investigated the psychological factors that influence entrepreneurial success in Nigeria. The factors investigated were self-concept, work stress, perceived managerial competence, and business commitment. Also, they have studied the impact of marital status and the number of children on entrepreneurial success. To conduct the study, 213 women entrepreneurs were questioned. They have found that a high self-concept, a high business commitment and a low level of conflict between business and family responsibilities would lead to the success of a woman in entrepreneurial context.

Verheul et al, (2010) have studied the factors affecting entrepreneurial intentions of necessity and opportunity entrepreneurs using a survey data from 27 European countries and the United States. The factors included were mainly educational level, self-employed parents, lack of financial support, and risk propensity. The results were computed using a multiple regression analysis. They showed that all factors have a significant impact on opportunity entrepreneurs, but they are not as important for necessity entrepreneurs.

Ullah et al., (2012) have empirically tested the psychological and non-psychological motivators for entrepreneurial intentions in Pakistan. The psychological factors studied were the need for achievement, internal locus of control, tolerance for ambiguity and role of intuition, while the non-psychological factors were the role of education, role of multiple skills and finally, role of formal and informal relationships. A multiple regression analysis was conducted using a questionnaire collected data from 218 respondents. The results showed that the psychological and non-psychological motivators are correlated. Also, they showed that both category of factors has a positive correlation with entrepreneurial intentions.

Yushuai et al., (2014) have investigated the influence of individual and environmental factors on entrepreneurial motivation in China. The individual factors included risk propensity, self-efficacy and resource level, while the environmental factors included entrepreneurial atmosphere and entrepreneurial policy. The sample consisted of 287 individuals coming from different Chinese regions. A multiple regression analysis was conducted and showed that risk propensity, self-efficacy and level of resources, entrepreneurial policy have a significant positive impact on entrepreneurial motivation. However, the entrepreneurial atmosphere has an insignificant impact on entrepreneurial motivation.

Jiménez et al., (2015) have explored the impact of different educational levels on formal and informal entrepreneurship intentions using a series of psychological factors as control variables. The study was conducted in 70 countries for formal entrepreneurship and 30 countries for informal entrepreneurship. The results have showed that formal entrepreneurship is increased by tertiary education. This is mainly due to lower perceived risk, higher self-efficacy and higher human capital. However, this educational level possesses a negative impact on informal entrepreneurship, since it leads to higher sensitivity and awareness to the probable negative outcomes of this activity. Furthermore, secondary education was found to have a negative impact on informal while a positive one on formal entrepreneurship.

Mustapha and Selvaraju (2015) have studied the main motivators for entrepreneurial orientation in Malaysia. The sample consisted of 178 undergraduate students and a hierarchical multiple regression analysis and t-tests were used for data analysis. The main motivators were grouped into 3 categories personal attributes ((1)gender, (2) perceived skills, attributed and abilities and (3) independent learning approach) family influences ((1) family involvement, (2) peers involvement, (3) image of successful entrepreneurs) and entrepreneurship education ((1) entrepreneurship content and curriculum and (2) entrepreneurship supportive environment) The results have showed that only gender is not a significant motivator in entrepreneurial orientations. All remaining factors were showed to have a positive significant impact on it.

Quaye et al., (2015) have explored the impact of gender on entrepreneurial intentions in Ghana. Among the factors studied that could influence these intentions were risk-taking, innovativeness, and proactivity. The study questioned 300 respondents, 62.3% of which are male, and have used a multiple regression analysis to test its hypotheses. The results have showed that men are more risk-taking than women and thus have more entrepreneurial intentions than these latter.

Prisca et al. (2017) have studies the different psychological motivators that influence entrepreneurial intentions among women in Nigeria. The sample consisted of 117 women whose age is between 18 and 50 years. The factors studied were in terms of three namely: self-efficacy, job involvement and goal orientation. They have used a stepwise regression analysis, and have found that only self-efficacy, among the other factors, had a positive and significant impact on entrepreneurial intentions.

# **Summary of Literature Review**

This chapter presented the theoretical and empirical literature regarding the impact of the two psychological factors (self-efficacy and risk propensity) on entrepreneurial intentions. It has started by defining the entrepreneurship concept and describing its evolution process. Then, it continued to show the different motivation theories including the content and process theories. Thereafter, it presented the different psychological factors affecting entrepreneurial intentions including the two factors chosen by the study: the self-efficacy and risk propensity. Finally, the chapter presented the empirical evidence.

It has been clear that are plenty of theories and studies that have examined this concept and that there is no consensus on the significance of the factors that affect entrepreneurship intentions.

The next chapter will present a detailed description of the research methodology, approach, samples, data sources, variable measurements and analysis techniques.

# **CHAPTER 3: RESEARCH METHODOLOGY**

# **Overview**

The chapters mentioned above have introduced the topic and presented previous studies. This chapter is going to present the research methodology that enables to assess the relationship between two psychological factors namely, self-efficacy and risk propensity, and entrepreneurial intentions.

This chapter consists of 7 main sections. Section 4.2 explains the adopted research approach. Section 4.3 describes the time span of the study. Section 4.4 presents target population and sample size along with the used sampling technique. Section 4.5 presents the data sources. Section 4.6 describes the dependent and independent variables. Section 4.7 presents different analyses techniques used along with model specification. Finally, section 4.8 summaries the chapter.

# **Research Philosophy**

A research philosophy is a thought of how data about a topic have be collected, analyzed, interpreted and used. According to Saunders et al. (2009), there are two main research philosophies: positivism and interpretivism. Positivism refers to recognizing only which can be scientifically or mathematically proven or verified (Saunders et al., 2009). It relies on quantitative data that are captured through estimation or observation, and the researcher’s duty is to objectively analyze these latter. However, interpretivism, also called anti-positivism, refers to integrating the human interests into the research. It believes that any phenomenon is viewed and interpreted based on the researcher’s social constructions. Any data collection is subjectively analyzed and interpreted, as a result, it is mostly used with qualitative data (Dudovskiy, no date)

Since the aim of this research is to scientifically prove the relationship between different factors and entrepreneurial intentions without any subjective interference from the researcher, a positivistic philosophy will be adopted.

# **Research Approach**

A research approach to data collection can be either deductive or inductive (Saunders et al., 2009). A deductive approach is defined as one that starts with scientific principles and theories, and then moves to data collection and empirical testing. Thus, it aims to test an existing theory. Moreover, its main purpose is to explain the causal relationship between variables via the collection of quantitative (numerical) data. However, an inductive approach is defined as one that starts with particular events and then moves to a deep understanding of the meaning humans attach to these events. Therefore, it aims to build a theory and not to test an existing one. Furthermore, it aims to have a close understanding of the research context via the collection of qualitative data mainly from semi-structured or unstructured interviews.

In this research, the purpose is to find out the relationship between entrepreneurial intentions and two psychological motivators, self-efficacy and risk propensity, via the collection of numerical quantitative data. This research is based on existing theories and aims to test them empirically in NGOs context. Accordingly, the deductive approach is suitable for this research.

# **Research Strategy**

A research strategy is the method used for data collection. There are numerous research strategies as indicated by Saunders et al. (2009) ranging from experiments, to case studies, to archival researches and to surveys. Surveys are used to collect large amount of quantitative data in a fast and economical way by using a questionnaire. These data are called primary data since they are from first hand sources. This strategy is highly associated with the deductive approach and the exploratory research purpose. Based on this explanation, this study is going to use a survey strategy by distributing an online structured questionnaire prepared on google forms (See appendix 1).

The questionnaire is composed of ten closed-end questions distributed into two sections. Section one consists of four questions and tries to collects general information about the respondent (gender, age educational level, and years of experience with NGOs). Section two consists of six questions that are dedicated to collect test the relationship between entrepreneurial intentions and the two psychological factors. All questions in this section are designed using a five-point Likert scale, which give different choices for respondents to rate their opinion using the appropriate point scale for example 1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree.

## **Research sample**

There are two main sampling techniques that can be used in a research: probability and non-probability sampling (Saunders et al., 2009). When the number of cases in the population is known, then a probability sampling technique must be used and vice-versa.

In this research our population are the employees that work with NGOs in North Lebanon and since there is no statistics that shows the exact number of these employees, a non-probability sampling technique is used in this research. More precisely, a snowball non-probability sampling is used: we have sent the link of the questionnaire first to the employees that we already know, then we asked them to send it to their colleagues. Their colleagues were also asked to send it to any NGO employee they know in North Lebanon. As a result, we have obtained a sample of 59 cases. We couldn’t collect more cases due to time constraints, but having 59 cases is enough to assure the normal distribution of our data (Saunders et al., 2009).

# **Research Methodological Choice**

The methodological choice lets in the reader to critically evaluate a study's standard validity and reliability. There are two sorts of methodological choices, quantitative and qualitative (Saunders et al., 2009). This study has used a quantitative methodology, since it most suits the positivism philosophy, the deductive approach, and the survey strategy that have been adopted by the study. Moreover, this study employs the mono-method as it considers using only one sort of information collection technique.

## **Research model and hypotheses**

Both theoretical and empirical literature have shown that there are many factors that affect entrepreneurial intentions. Motivators of entrepreneurial intentions could be divided into two categories: psychological and non-psychological. As mentioned previously, this research will study the impact of two psychological factors namely: self-efficacy and risk propensity. Accordingly, and based on previous discussion this sub-section will present the hypotheses of the study.

* **Self-efficacy**

Self-efficacy is one of the major psychological factors discussed in the literature. The majority of previous studies have found that it has a highly positive influence on entrepreneurial activities (Chen et al., 1998; Markman and Baron, 2003; Kickul et al., 2008; Prisca et al., 2017). This is mainly due to the fact that higher the self-efficacy levels would lead to a higher tendency to become an entrepreneur, and a higher effort to overcome challenges (Bandura, 1989; 1997).

Furthermore, the low level of self-confidence in people prevents them from choosing entrepreneurship as a career because they don’t have enough faith in their skills (Verheul et al., 2005). Thus, a higher level of self-efficacy will lead to a higher tendency towards entrepreneurship. Therefore, this research is going to consider that self-efficacy positively affects entrepreneurial intentions:

H10: There is no statistically significant correlation between self-efficacy and entrepreneurial intentions.

H11: Self-efficacy has a significant positive impact on entrepreneurial intentions.

* **Risk propensity**

Risk taking is always combined with entrepreneurship activities. Any new business is associated with risk taking. The relationship between risk propensity and entrepreneurial intentions is debated in the literature. Some researchers believe that high risk acceptance increases entrepreneurial intentions (Bouchard and Basso, 2011; Ullah et al., 2012; Franco, 2013; Quaye and Acheampong, 2013). This is mainly due to the fact entrepreneurs should have high risk tolerance and should have the ability to respond to any unexpected situation (Ullah, 2012). A person who avoids risk is not an entrepreneur (Quaye et al., 2015). However, other researchers have shown that entrepreneurs prefer a moderate risk rather than high risk level in their business decisions. Being involved in situations where there is high risk is not accepted (Koh, 1996; Thomas and Mueller, 2000). Also, some researchers believe that having a higher risk propensity is not associated with entrepreneurs’ preference to take higher levels of risk but with their small perceived risk (Yushuai et al., 2014). As a result, this study is going to expect that risk propensity have a positive impact on entrepreneurial intentions:

H20: There is no statistically significant correlation between risk propensity and entrepreneurial intentions.

H21: Risk propensity has a significant positive impact on entrepreneurial intentions.

Table 1 - Summary of research hypotheses

|  |  |  |
| --- | --- | --- |
| **Independent variables** | **Hypothesis code** | **Expected effect** |
| Self-efficacy | H1 | Significant and Positive |
| Risk propensity | H2 | Significant and Positive |

A research model shows the relationship between the different studied factors. This research tries to recognize impact two psychological factors on entrepreneurial intentions. The independent variables are self-efficacy and risk propensity. The dependent variable is entrepreneurial intentions.

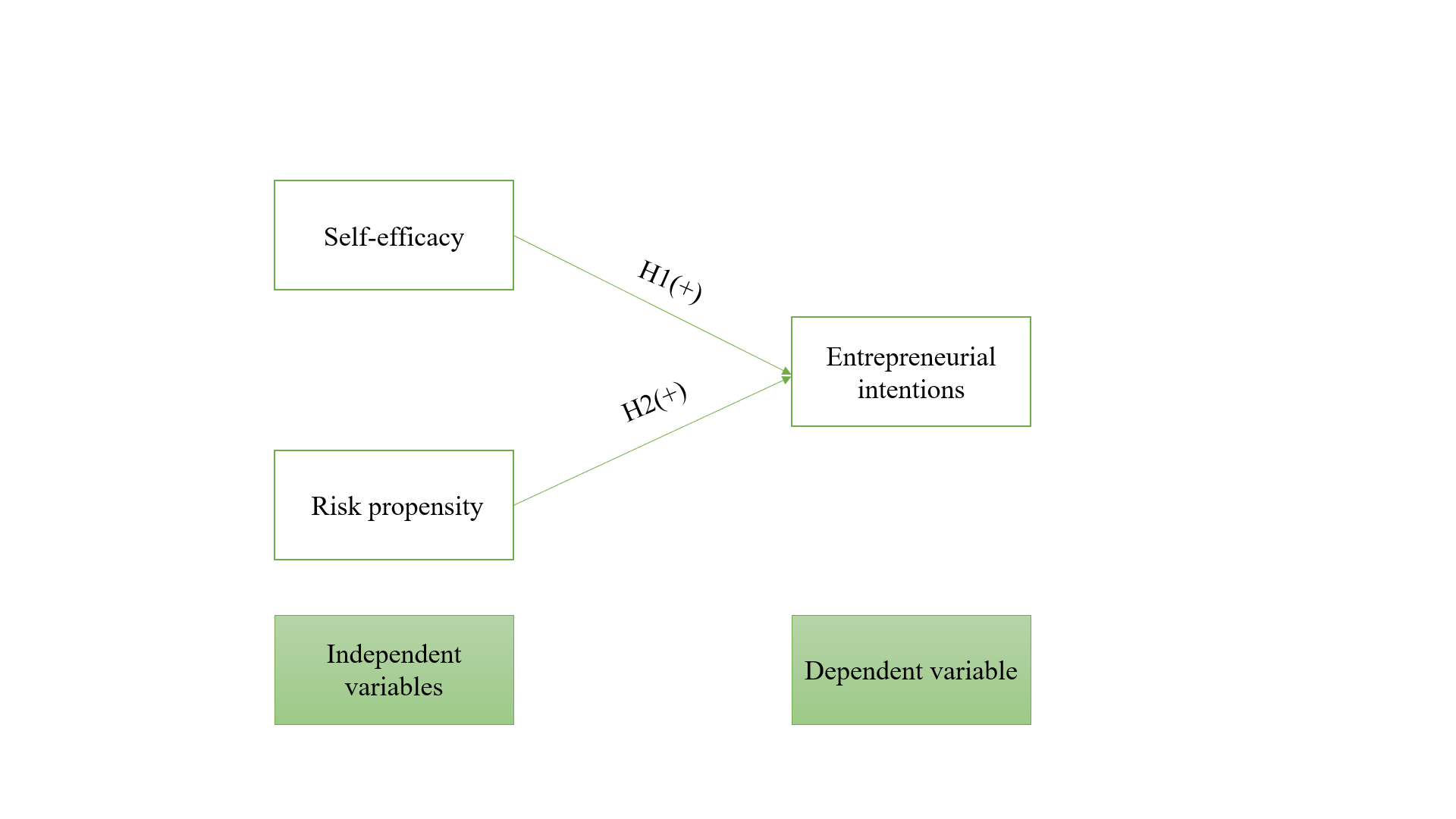


Figure 4 - Research model representing the relationship between entrepreneurial intentions and two psychological factors: self-efficacy and risk propensity.

# **Time horizon**

There are 2 different time horizons that can be used in a study (Saunders *et al*. 2009): cross-sectional and longitudinal. A cross-sectional data study consists of analyzing data collected at a specific point in time. Whereas, a longitudinal data research also called panel data research consists of analyzing a time series of a cross-sectional data set. This research is going to collect data from respondents only once using a questionnaire, as a result, it is having a cross-sectional time horizon.

# **Techniques and/or Procedures for Data Analysis**

This study has performed a variety of analysis techniques in order to attain its objectives. The data was performed using the statistical program “Statistical Package for the Social Sciences” (SPSS) version 25.0. Statistical techniques used in this research are the following:

1. **Descriptive statistics:** it is used in order to have a general overview about data set. This technique helps to reduce the huge number of data into a simpler summary, which allows a more meaningful data presentation and a simpler interpretation. The practice of this statistical tools aims to represent variable attributes and the demographic profile of our sample.
2. **Validity and reliability tests:** these tests are essential to discover whether the variables used measure exactly what they are supposed to measure (validity) and whether the results of these variables are consistent (reliability). To test the validity, two tests will be conducted: Kaiser-Meyer-Olkin measure of sampling adequacy (KMO and Bartlett’s Test of Sphericity (Hair et al., 2010). However, to test reliability, Cronbach’s alpha statistic will be conducted.
3. **Correlation analysis:** it is used in order to quantify both direction and strength of linear association between 2 variables. To test the correlation between 2 variables a bivariate test, called **Pearson Product Moment Correlation Coefficient,** is used. This test gives a correlation coefficient denoted “r” that has a value ranging from -1 to +1. When “r” is equal to zero, then there is no correlation between 2 variables. When “r” is between zero and +1, then there is a positive correlation between both variables. Finally, when “r” is between -1 and zero, then there is a negative correlation between the two variables.
4. **Normality tests:** these tests are performed in order to examine whether the data set is normally distributed or not. To test normality, two tests will be conducted: skewness and kurtosis. These statistics must be between -1 and +1 for a data to be normal.
5. **Regression analysis:** it is used to assess the relationship between the dependent and independent variables. Note that the research has focused on 3 main indicators as follow:
6. **The coefficient of determination denoted “R2”.** It indicates the percentage of variation in dependent variable that is explained by independent variables. Its value ranges from zero to +1. A value that is closer to +1 indicates that the model has a high explanation power, since most of variations in the dependent variable are explained by the independent variables. However, a value that is closer to zero means a low explanation power of the model.
7. **The standardized coefficient “Beta”.** It indicates both the degree of strength and direction of the relationship between dependent and independent variable. Its value ranges from -1 to +1.
8. **The P-value**. It indicates the overall significance of the model and the significance of each independent variable in the model, based on the level of significance adopted by the study. These latter are 1%, 5% and 10%, so accordingly a model or a variable is significant if its P-value is less than 0.01, 0.05 and 0.1 respectively.

# **Summary**

The chapter included a discussion about the research philosophy, approach and strategy used throughout the study in order to achieve the research objectives. Employee in NGOs in North Lebanon were the target population, and by using a non-probability snowball sampling technique, 59 responses were collected through an online questionnaire. Data was collected from primary sources and using a cross-sectional set.

The study has used the statistical program SPSS version 25.0 for processing and analysis of data. The techniques for data analysis used were mainly descriptive statistics, correlation analysis, and regression analysis. The next chapter will present the results of the study.

# **CHAPTER 4: FINDINGS AND ANALYSIS**

# **Introduction**

Previous chapters have reviewed the literature and discussed the research methodology. This chapter analyzes the data, provides the findings of the different statistical analysis used in order to meet our objectives and test the research hypotheses. The data was gathered and analyzed through SPSS version 25.0 software package using tools such as descriptive statistics, correlation analysis and multiple regression.

This chapter consists of 8 main sections. Section 4.1 presents the descriptive statistics. Section 4.2 provides the reliability test. Section 4.3 shows the validity tests. Section 4.4 provides the correlation matrix. Section 4.5 discusses the normality tests. Section 4.6 presents findings of multiple regression. Section 4.7 analyzes the results of the Ordinary Least Squares (OLS) model. Finally, section 4.8 summarizes the chapter.

# **Descriptive Statistics**

In this section, descriptive statistics are presented based on the demographic factors of this study (gender, age, educational level, and experience in NGOs).

Table 2 below shows the profile of our 59 respondents. As shown in this table, our sample is approximately equally distributed among males and females. It consists of 59.3% females and 40.7% males. Furthermore, all our respondents are between 18 and 65 years old. Therefore, all respondents are included in the Lebanese labor forces.

Moreover, all of our respondents are educated. There are 3.4% who have a secondary degree, 66.1% have a graduate degree, and finally 30.5% have a post graduate degree, which could be either a masters or a doctorate.

Table 2 - Sample Profile

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Gender | Female | 35 | 59.3 | 59.3 | 59.3 |
| Male | 24 | 40.7 | 40.7 | 100.0 |
| Total | 59 | 100.0 | 100.0 |  |
| Age | Between 18 and 65 years old | 59 | 100.0 | 100.0 | 100.0 |
| Educational Level | Secondary degree | 2 | 3.4 | 3.4 | 3.4 |
| Graduate degree | 39 | 66.1 | 66.1 | 69.5 |
| Post graduate degree | 18 | 30.5 | 30.5 | 100.0 |
| Total | 59 | 100.0 | 100.0 |  |
| Experience with NGOs | Less than 1 year | 23 | 39.0 | 39.0 | 39.0 |
| Between 1 and 3 years | 14 | 23.7 | 23.7 | 62.7 |
| Between 3 and 5 years | 8 | 13.6 | 13.6 | 76.3 |
| More than 5 years | 14 | 23.7 | 23.7 | 100.0 |
| Total | 59 | 100.0 | 100.0 |  |

Finally, 39% of the respondents have a less than 1-year experience in NGOs, 23.7%, 13.6% and 23.7% of them have an experience of between 1 and 3 years, between 3 and 5 years and more than 5 years’ experience respectively. Therefore, the majority of our respondents (23.7%+13.6%+23.7%=61%) have an NGO experience of more than 1 year.

# **Reliability test**

In this section, Cronbach’s alpha coefficient is prepared to assess the internal consistency of items used to measure the variables. According to Hair et al., (2010), the data set is reliable when Cronbach’s alpha is higher than 0.5. Based on table 3 below, the output of Cronbach’s alpha demonstrates that the internal consistency of variable measure is acceptable since the coefficient is equal to 0.708.

Table 3 - Cronbach's Alpha

|  |  |  |
| --- | --- | --- |
| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| .708 | .721 | 6 |

# **Validity tests**

The determination of variables measures was chosen based on a broad review of the literature. Thus, the entrepreneurial motivations variables have a rational degree of content validity. Construct validity is employed to define whether the questionnaire scales measure the true theoretical meaning of a concept in its practical use (Cooper and Schindler, 2014).

Two tests were used in order to test the validity and suitability of data: Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) that must be more than 0.50 and Bartlett’s Test of Sphericity that must be significant (Hair et al., 2010).

Table 4 - KMO and Bartlett's Tests

|  |  |  |
| --- | --- | --- |
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .616 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 137.809 |
| Df | 15 |
| Sig. | .000 |

Table 4 above shows that KMO value is equal to 0.616 which can be considered as satisfactory (more than 0.5). Bartlett’s Tests of Sphericity, was significant at p<.001. In this manner, the data outputs are satisfactory, suitable and valid.

# **Correlation Matrix**

Correlation analysis is performed in order to investigate the strength and direction of the relationship between 2 variables. Table 5 below presents the results of the bivariate test, Pearson Product Moment Coefficient. It shows the following:

Heard has a positive and significant relation with intention (at 5% level of significance) and on participated, increasedEI, and self-efficacy (at 1% level of significance), where Pearson coefficients “r” are 0.286, 0.390, 0.407, 0.338 respectively. However, it has a negative but insignificant correlation with risk where Pearson coefficient is equal to -0.255.

Table 5 - Pearson Correlation Matrix

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Intention | Heard | Participated | increasedEI | Self-efficacy | Risk |
| Intention | 1.000 | .286\* | .363\*\* | .715\*\* | .644\*\* | -.255 |
| Heard | .286\* | 1.000 | .390\*\* | .407\*\* | .338\*\* | -.166 |
| Participated | .363\*\* | .390\*\* | 1.000 | .621\*\* | .312\* | .295\* |
| increasedEI | .715\*\* | .407\*\* | .621\*\* | 1.000 | .540\*\* | -.019 |
| Self-efficacy | .644\*\* | .338\*\* | .312\* | .540\*\* | 1.000 | .039 |
| Risk | -.255 | -.166 | .295\* | -.019 | .039 | 1.000 |
| \*. Correlation is significant at the 0.05 level (2-tailed). | | | | | | |
| \*\*. Correlation is significant at the 0.01 level (2-tailed). | | | | | | |

*Note that intention refers to “I have a high intention in starting a new business”, heard refers to “I have heard a lot about NGOs activities regarding the establishment of new businesses”, participated refers to “I have participated in many NGOs activities concerning entrepreneurship”, increasedEI refers to “NGOs activities have highly increased my intentions to open a new business”, self-efficacy refers to “I have the knowledge, skills and experience required to start a new business”, risk refers to “One should not start a business if there is a risk it might fail”.*

Moreover, participated has a positive and a highly significant correlation (at 1% level of significance) with intention, increasedEI, where Pearson coefficient are respectively equal to 0.363 and 0.621. Also, it has a positive and significant relationship with self-efficacy and risk (“r” = 0.312 and 0.295 respectively).

This shows that those who have heard about NGO activities regarding the establishment of a new business are more likely to participate in these activities. This participation would increase their entrepreneurial intentions. Furthermore, it shows that those who have participated in NGOs entrepreneurship activities have a higher risk aversion than those who have only heard about these activities. This means that participating in such activities would increase the ability of entrepreneurship risk assessment.

In addition, self-efficacy has a positive and highly significant correlation (at 1% level of significance) where “r” is equal to 0.644. Those who have a high self-efficacy level have heard and participated in NGOs entrepreneurship activities, and thus they have an increased entrepreneurial intention.

Finally, risk have a significant correlation (at 5% level of significance) only with participated. This correlation is positive since “r” is equal to 0.295. The relationship between risk and intention, heard, increasedEI, and self-efficacy is not significant.

# **Normality tests**

In order to figure out whether data in the sample have a normal distribution, both skewness and kurtosis tests are performed in this section.

Table 6 below shows the results of both skewness and kurtosis tests. A data set is assumed to be normal, if its skewness is between -1 and +1. A value that is higher than +1 reflects a positively skewed data and that less than 1 reflects a negatively skewed data. Accordingly, it can be inferred from table 6 below that all variables are normally distributed.

Moreover, a data set is assumed to be normal, if its kurtosis is between -1 and +1. A kurtosis value that is higher than +1 represents a leptokurtic distribution. This latter has a higher and sharper central peak compared to a normal distribution. However, a kurtosis value of less than -1 represents a platykurtic distribution, where its central peak is lower and broader as compared to normal distribution (Brooks, 2008). Thus, it can be inferred that intention, heard and risk are not normally distributed according to the kurtosis test. The main reasons for having a non-normal distribution are high dispersion and presence of outliers.

Table 6 - Skewness and Kurtosis tests

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | N | Skewness | | Kurtosis | |
| Statistic | Statistic | Std. Error | Statistic | Std. Error |
| Intention | 59 | -.317 | .311 | -1.107 | .613 |
| Heard | 59 | -.270 | .311 | -1.102 | .613 |
| Participated | 59 | .499 | .311 | -.679 | .613 |
| increasedEI | 59 | -.245 | .311 | -.884 | .613 |
| Self-efficacy | 59 | -.071 | .311 | -.866 | .613 |
| Risk | 59 | .283 | .311 | -1.039 | .613 |
| Valid N (listwise) | 59 |  |  |  |  |

*Note that intention refers to “I have a high intention in starting a new business”, heard refers to “I have heard a lot about NGOs activities regarding the establishment of new businesses”, participated refers to “I have participated in many NGOs activities concerning entrepreneurship”, increasedEI refers to “NGOs activities have highly increased my intentions to open a new business”, self-efficacy refers to “I have the knowledge, skills and experience required to start a new business”, risk refers to “One should not start a business if there is a risk it might fail”.*

According to Saunders et al. (2009), *“the assumption of normality could be ignored without incurring too many problems especially when the number of observations is higher than 30”* (Saunders et al., 2009, pp. 457, 459). Based on previous discussion, the research will ignore the normality problem and continue further tests.

# **Multiple regression: Ordinary Least Squares (OLS) Model**

Multiple regression analysis is performed in order to test the strength and direction of the relationship between the dependent variables: entrepreneurial intentions and the independent variables namely self-efficacy and risk propensity. An Ordinary Least Squares (OLS) model for regression analysis is performed in this study.

Table 7 - Model Summary

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | p-value |
| 1 | .702a | .493 | .475 | .890 | .000 |

Table 7 above shows an adjusted coefficient of determination “R-square” of 0.475 meaning that 47.5% of the variations in entrepreneurial intentions are due to variations in independent variables, while the remaining 52.5% are explained by other factors. The p-value is equal to p-value= 0.000, which means that the whole model is highly significant.

Table 8 - Ordinary Least Squares (OLS) results

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | | Standardized Coefficients | t | Sig. |
| Beta |
| 1 | (Constant) |  | 5.246 | .000\*\* |
| Self-efficacy | .655 | 6.882 | .000\*\* |
| Risk | -.280 | -2.944 | .005\* |
| Dependent Variable: intention  \*\* 1% level of significance  \*5% level of significance | | | | |

*Note that intention refers to “I have a high intention in starting a new business”, self-efficacy refers to “I have the knowledge, skills and experience required to start a new business”, and risk refers to “One should not start a business if there is a risk it might fail”.*

Furthermore, table 8 above provides the results of the OLS model. These results show that beta coefficients of self-efficacy and risk are respectively equal to 0.655 and -0.280. This means that self-efficacy has a positive impact on entrepreneurial intentions, while risk has a negative impact on these intentions. Moreover, both psychological factors (self-efficacy and risk propensity) are significant indicators of entrepreneurial intentions at different level of significance: self-efficacy is significant at 1% level of significance (p-value= 0.000), whereas, risk is significant at 5% level (p-value=0.005).

# **OLS Model Analysis**

As shown in the previous section, both psychological factors were found to have a significant impact on entrepreneurial intentions at different level of significance.

Self-efficacy, which is measured by “I have the knowledge, skills and experience required to start a new business”, was found to have a positive impact on entrepreneurial intentions measured by “I have a high intention in starting a new business”. This positive relationship was also found by the majority of the previous studies mainly: Chen et al. (1998), Markman and Baron (2003), Kickul et al. (2008) and Prisca et al. (2017). A high level of self-efficacy motivates the individuals to create and manage a new business (Kickul et al., 2008). It positively affects business creation and success (Rauch and Frese, 2007). As a result, this study accepts the first alternative hypothesis (H11), which expects that self-efficacy has a significant positive impact on entrepreneurial intentions.

Risk propensity is measured by “One should not start a business if there is a risk it might fail”. Therefore, a respondent is risk-averse when he strongly agrees with this statement and he has a low degree of risk propensity. Whereas, he is a risk-lover when he strongly disagrees with it and he has, in this case, a high degree of risk propensity. This means that the result of this measure must be interpreted in reverse. The beta coefficient of risk was found negative, therefore, based on the previous discussion, risk propensity has a positive impact on entrepreneurial intentions. This result is in line with Bouchard and Basso (2011), Ullah et al. (2012), Franco (2013), and Quaye and Acheampong (2013). Risk taking is highly associated with entrepreneurship. Entrepreneurial activities involve high uncertainty and thus, entrepreneurs should bear high risks (Yushuai et al., 2014). According to Ullah (2012), an entrepreneur has high risk tolerance and could respond positively to any ambiguous activity; whereas, a non-entrepreneur has a low risk and ambiguity tolerance. Consequently, this study would accept the second alternative hypothesis (H21) which expects that Risk propensity has a significant positive impact on entrepreneurial intentions.

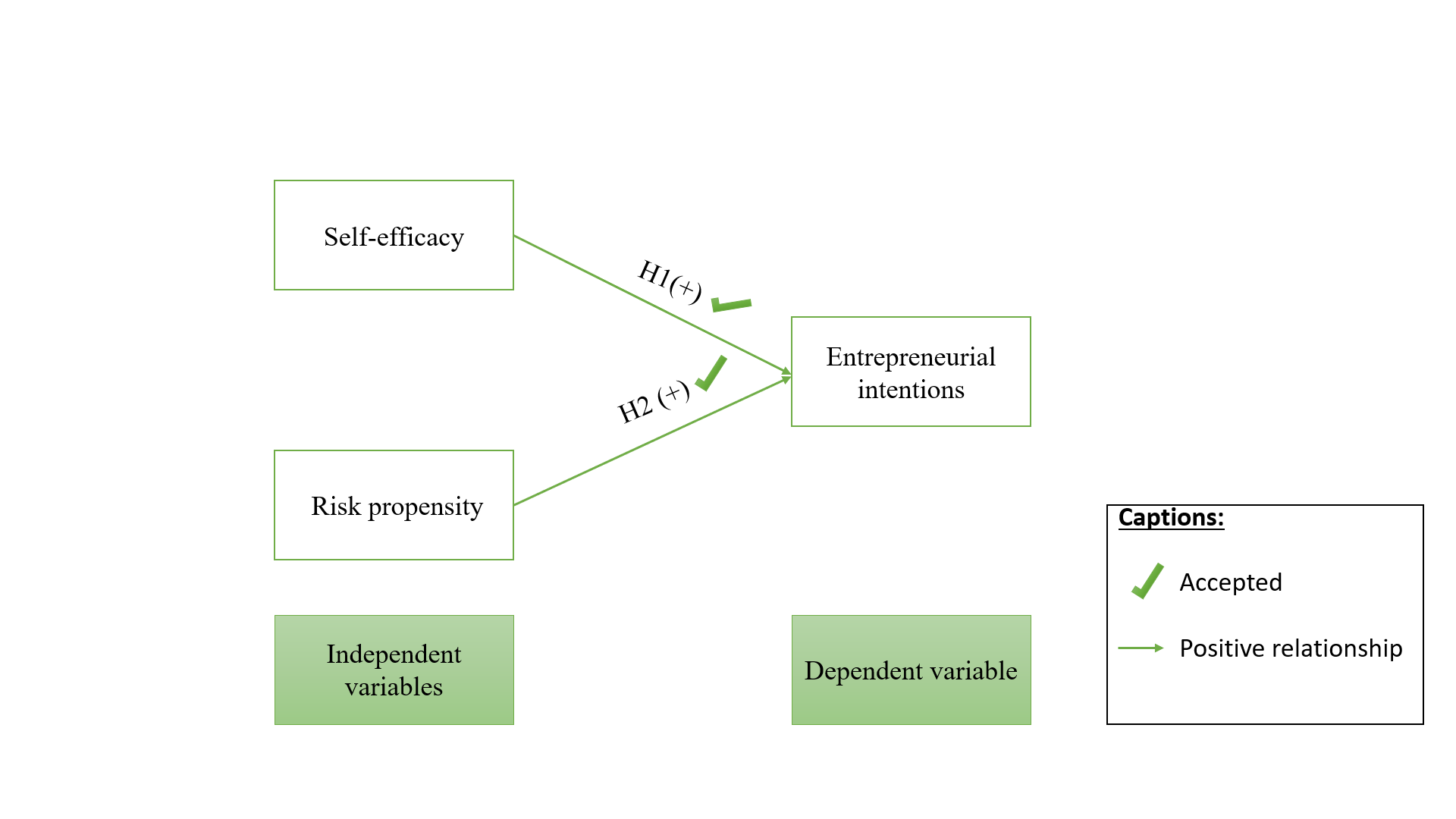


Figure 5 - Summary of the results of OLS model

In conclusion, the results of the OLS model were as expected, and the two alternative hypotheses of this study were accepted. Figure above shows a summary of the results of the OLS model.

# **Summary of Findings and Analysis**

This chapter has presented the outputs acquired from data analysis in SPSS 25.0. The first section designates outputs like descriptive statistics by showing the sample profile, which includes respondents’ gender, age, education, and entrepreneurial experience.

It has been followed by a section on the consistency and accuracy of the variable’s measures (reliability and validity test). Then, the next sections provided the findings of Pearson correlation, the regression analysis and the results analysis. The results have showed that the two psychological factors have a significant a positive impact on entrepreneurial intentions, as expected previously in the research hypotheses. The next chapter will present the study conclusions, recommendations and limitations.

# **CHAPTER 5: CONCLUSION, LIMITATIONS, AND RECOMMENDATIONS**

# **Conclusion**

The Lebanese economy is mainly based on Small and Medium Enterprises (SMEs). The majority of these SMEs are family and startup businesses. Entrepreneurship is as a result, considered as the main pillar of the economic growth (Matar, 2015). It is also considered as an alternative of immigration for all unemployed Lebanese youth, who are in vein searching for jobs. Furthermore, entrepreneurship has motivated the innovations and the technological development in the country. NGOs had major role in encouraging young Lebanese to become entrepreneurs through trainings, seminars, and bootcamps.

This study aims to investigate the impact of two psychological factors namely self-efficacy and risk propensity on entrepreneurial intentions of NGOs employee in Lebanon. The relationship between these two factors and entrepreneurial intentions is highly discussed in the literature. Self-efficacy is the belief in an individual’s ability to execute a task (Chen et al., 1998). It was agreed to have a positive impact on the individual’s intentions to open a new innovative business. According to Yushuai et al., (2014), self-efficacy is one of the major factors that influence entrepreneurial intentions, because only if a person has enough self-confidence and faith in his entrepreneurial success, he will have the intentions to create a new venture. However, risk propensity is the degree of a person’s risk acceptance and tolerance (Ullah et al., 2012). Its relationship with entrepreneurial intentions is debated in the literature. Some researchers believe that a high degree of risk acceptance would lead to having more entrepreneurial intentions, since entrepreneurship and risk are hardly linked (Yushuai et al., 2014). Consequently, these researchers have a positive and significant relationship between risk propensity and entrepreneurship. However, other researchers believe that entrepreneurship is associated with a moderate risk, and being involved in situations where there is high risk is not accepted (Koh, 1996; Thomas and Mueller, 2000).

Based on the previous discussion, this study has built two hypotheses. The first one expects that self-efficacy has a positive and significant impact on entrepreneurial intentions, while the second estimates that risk propensity has a also a positive and significant impact on these intentions.

A snowball sampling technique was performed and it resulted in 59 respondents to the online administered questionnaire. These respondents were approximately equally distributed among males and females, they were well educated and the majority had an NGO experience of more than one year. Many analysis techniques were conducted, for instance testing for validity and reliability of the data set, correlation analysis, and regression analysis through the Ordinary Least Squares (OLS) model.

The results of this study show that both hypotheses were accepted. Self-efficacy and risk propensity have a positive and significant impact on entrepreneurial intentions of NGOs employee. The majority of these employees have heard about NGO trainings and seminars for entrepreneurship, also some of them have participated in these activities. In the next two sections, this study will provide the limitations and the recommendations for future researchers.

# **Limitations**

Along with conducting the study, the researcher has encountered few limitations. These later were summarized as follow:

First, the results of the study were limited to the sample size. The researcher has collected data from only 59 respondents that are employed in NGOs in North Lebanon. There was a difficulty to collect data from other regions due to time constraints and the devastating Beirut Blast. Thus, obtaining a larger sample size was impossible. Consequently, the results of the study do not represent the NGOs employees in whole Lebanon, it represents only those in North Lebanon.

Second, the questionnaire used had few numbers of questions, this is also mainly due to time constraint.

Third, there were limited number of studies concerned with the impact of self-efficacy and risk propensity on entrepreneurial intentions in Lebanon, according to researcher’s knowledge. Therefore, the literature of this research was supported mainly by foreign countries.

Fourth, the psychological factors studied in this research may not be the only factors affecting entrepreneurial intentions. There may be other factors that could be included, and consequently this may alter the results of the study.

Fifth, the questions used in the survey to measure each factor are not the only way to measure these variables. Other questions may be used in order to indicate the same variable. Accordingly, the results of this study may also be altered.

# **Recommendations**

Based on research results, some important points should be recommended. These are divided into two categories: recommendations for entrepreneurs to be and recommendations for future researchers.

First, the recommendations for entrepreneurs to be are summarized as follow:

* Entrepreneurs to be are recommended to improve their skills and knowledge in order to transfer their intentions into a well-established business.
* Self-efficacy has been concluded to have a positive and significant impact on entrepreneurial intentions. Thus, entrepreneurs to be are asked to increase self-efficacy which is achieved by learning new information and skills through trainings and workshops.
* Risk propensity has been found to have a positive impact on entrepreneurship. Therefore, entrepreneurs to be are encourage to take higher levels of risk and to open their new ventures.

Second, the recommendations for future researchers are summarized as follow:

* Future researchers are recommended to increase the sample size, to reduce sampling error and to increase the ability of results’ generalization. For instance, collecting data from NGO employees in Beirut or any other region. This could yield to fewer observations.
* Future researchers are recommended to include other psychological motivators such as internal locus of control, self-independence, self-reliance, innovativeness, and creativity.
* They are recommended to include not only psychological factors but also non-psychological such as age, gender, and educational level.
* They are recommended to focus on macro and meso factors that affect entrepreneurial intentions such as economic growth, inflation, industry barriers of entry and exit.
* They can investigate the determinants of entrepreneurial intentions in other sectors such as banking, educational, and services sector. They could also include other North African and Middle Eastern countries and to compare the results.
* They are recommended to measure not only entrepreneurial intentions as a dependent variable but also to include entrepreneurship activities. Since sometimes an individual could have a high intention to open a business but he doesn’t make any step forward to open it.
* More studies are needed to be done to test whether the factors included in the study consistently affect entrepreneurial intentions or they may be changed over time.

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# **APPENDICES**

# **APPENDIX 1: QUESTIONNAIRE**

This survey is part of Mater on Business Administration in Lebanese International University, Lebanon.

I am conducting a market research to know the factors that affect entrepreneurial intentions among NGO employees.

The survey will take approximately 5 minutes, your participation is voluntary and your response will be completely anonymous and kept confidential.

*Section 1: General Information*

In this section, **please answer the following questions.**

1. What is your gender?
   1. Female
   2. Male

1. What is your age?
   1. Less than 18 years old
   2. Between 18 and 65 years old
   3. Above 65 years old
2. What is your highest educational level?
   1. None
   2. Some secondary
   3. Secondary degree
   4. Graduate degree
   5. Post graduate degree
3. For how long have you been working in NGOs?
   1. Less than 1 year
   2. Between 1 and 3 years
   3. Between 3 and 5 years
   4. More than 5 years

*Section 2: The impact of different factors on entrepreneurial intentions*

In this section, **please specify to what extent do you agree with the following statements.**

1. I have a high intention in starting a new business.
   1. Strongly Disagree
   2. Disagree
   3. Neutral
   4. Agree
   5. Strongly agree
2. I have heard a lot about NGOs activities regarding the establishment of new businesses.
   1. Strongly Disagree
   2. Disagree
   3. Neutral
   4. Agree
   5. Strongly agree
3. I have participated in many NGOs activities concerning entrepreneurship.
4. Strongly Disagree
5. Disagree
6. Neutral
7. Agree
8. Strongly agree
9. NGOs activities have highly increased my intentions to open a new business
10. Strongly Disagree
11. Disagree
12. Neutral
13. Agree
14. Strongly agree
15. I have the knowledge, skills and experience required to start a new business.
    1. Strongly disagree
    2. Disagree
    3. Neutral
    4. Agree
    5. Strongly agree
16. One should not start a business if there is a risk it might fail.
17. Strongly disagree
18. Disagree
19. Neutral
20. Agree
21. Strongly agree