

# What factors lower the Japan's (opportunity) TEA?

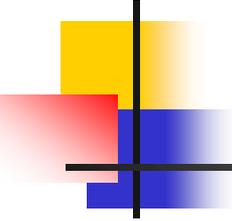
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RIETI Workshop

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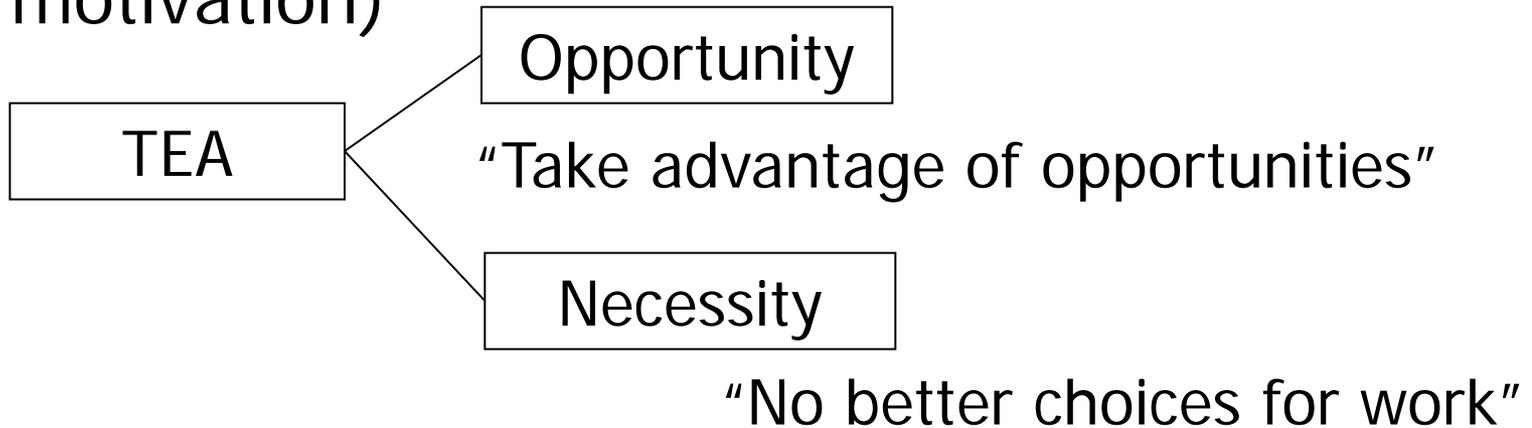
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# Introduction

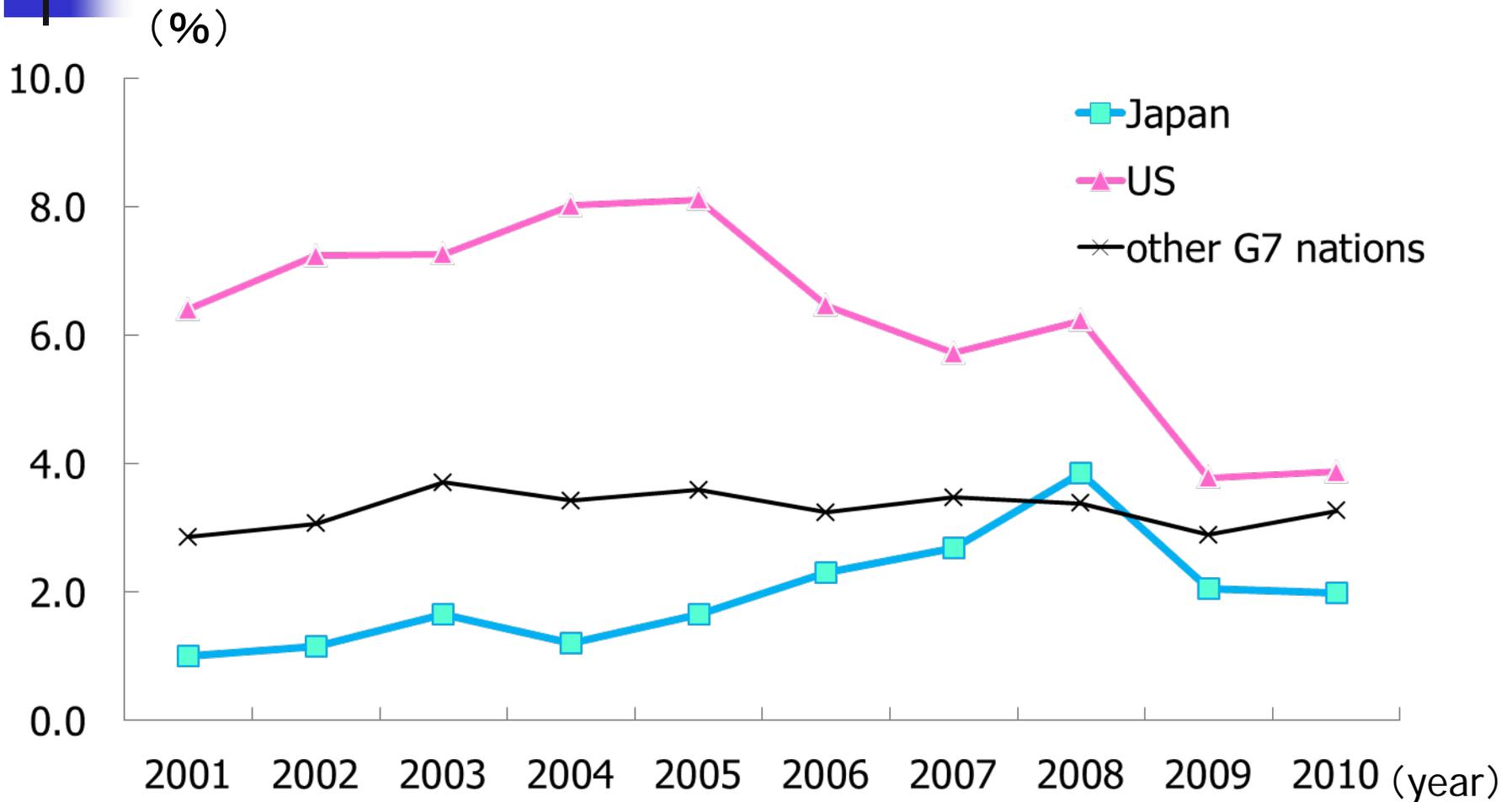
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- Two types of entrepreneurial activities (by motivation)

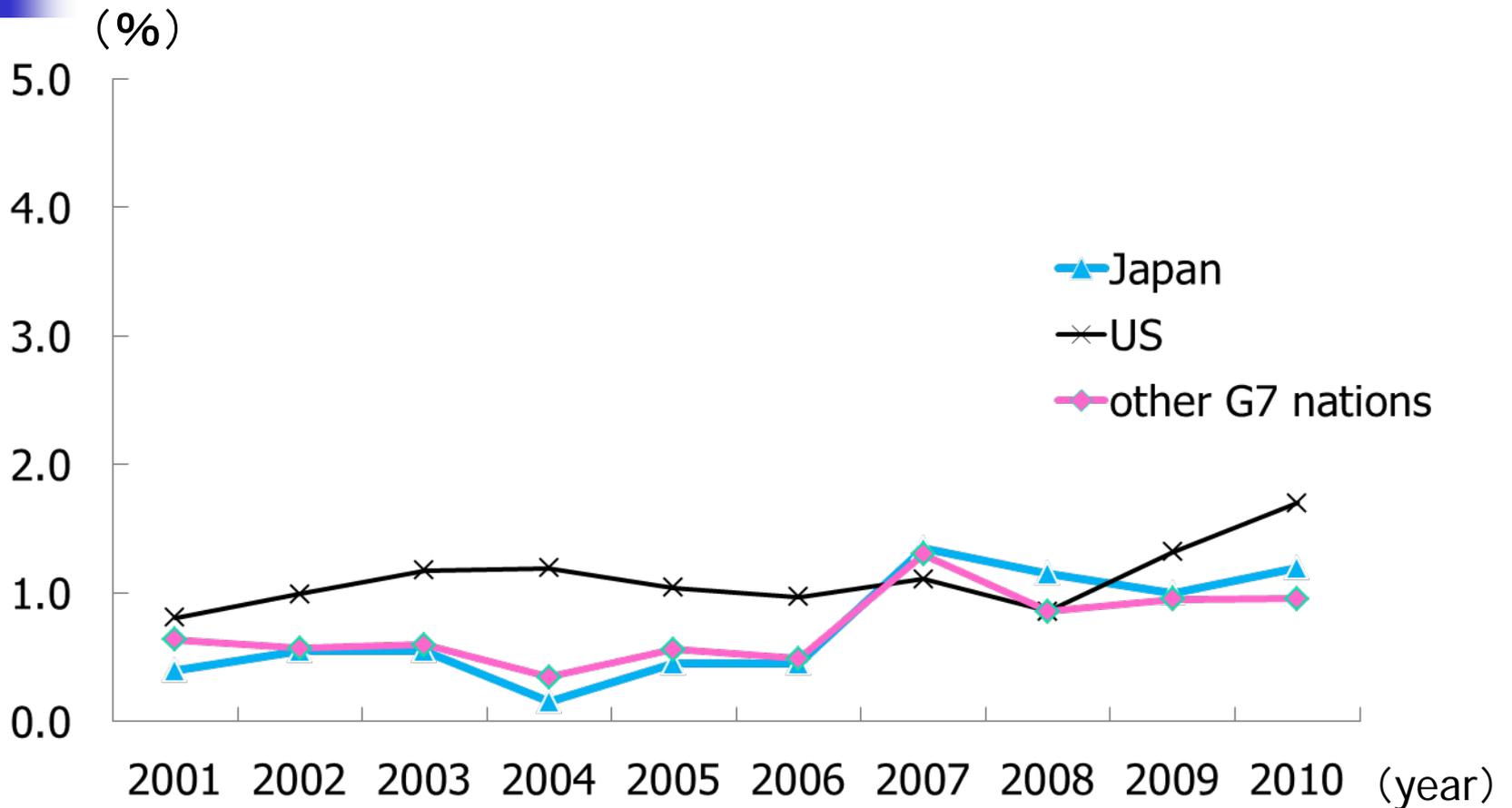


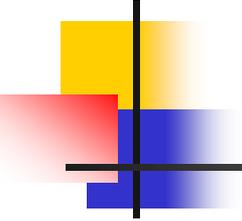
- Different patterns of these TEAs?
  - The effects of entrepreneurial attitudes
  - Compare to G7 nations (excl. Canada)

# Opportunity TEA



# Necessity TEA

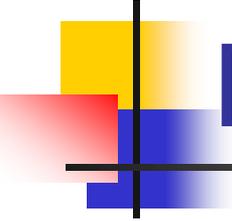




# What creates the differences?

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- Estimate the marginal effect on opportunity/necessity TEAs (multinomial logit)
  - Dependent variable: Entrepreneurial activity (3 categories; opportunity, necessity, not engaged)
  - Explanatory variables:
    - ✓ country dummies (Japan as reference)
    - ✓ unemployment rate
    - ✓ entrepreneur-related (age, gender, education)
    - ✓ entrepreneurial attitudes (perceived capabilities/ opportunities, fear of failure, knowing an entrepreneur)

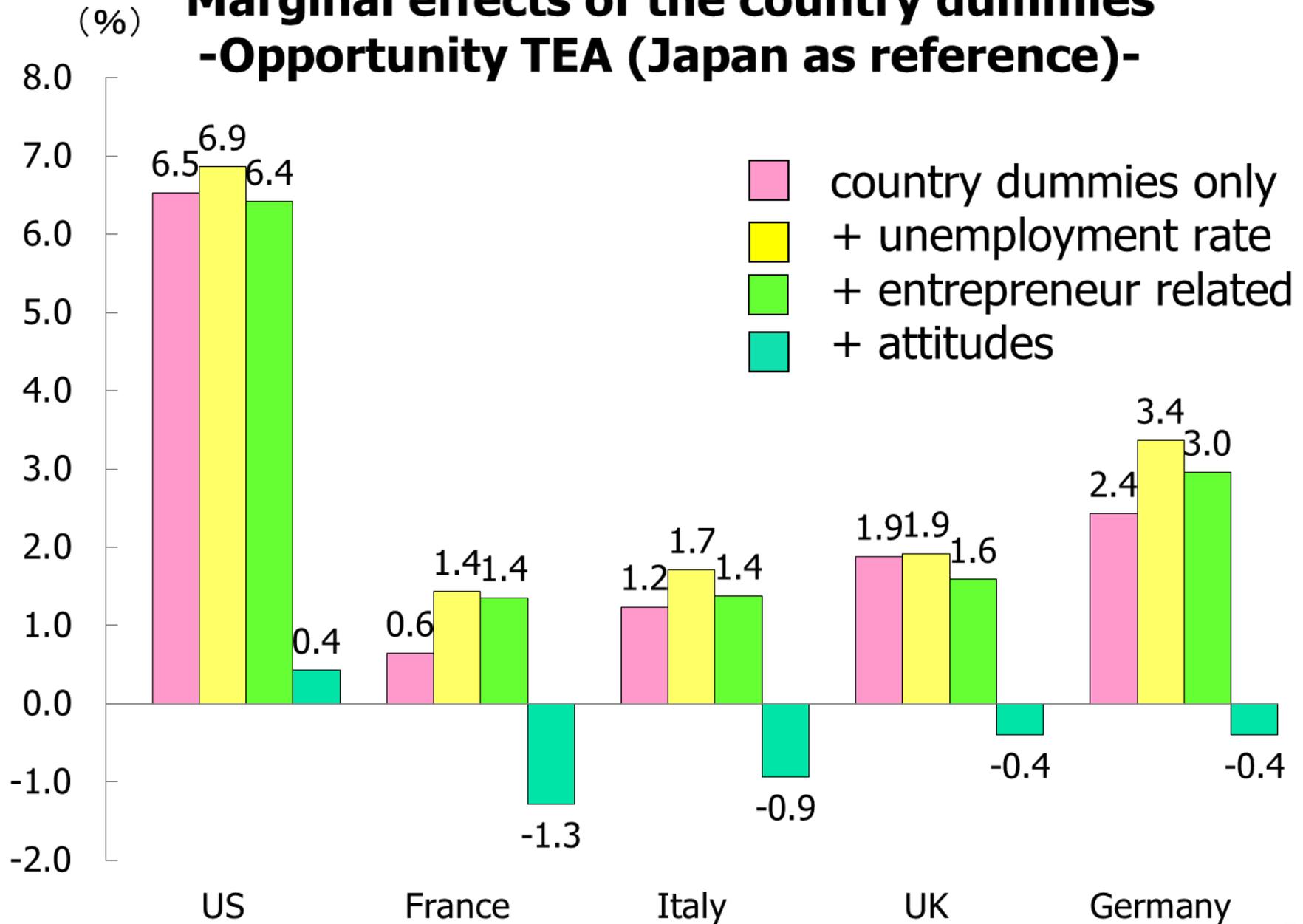


# Data and Method

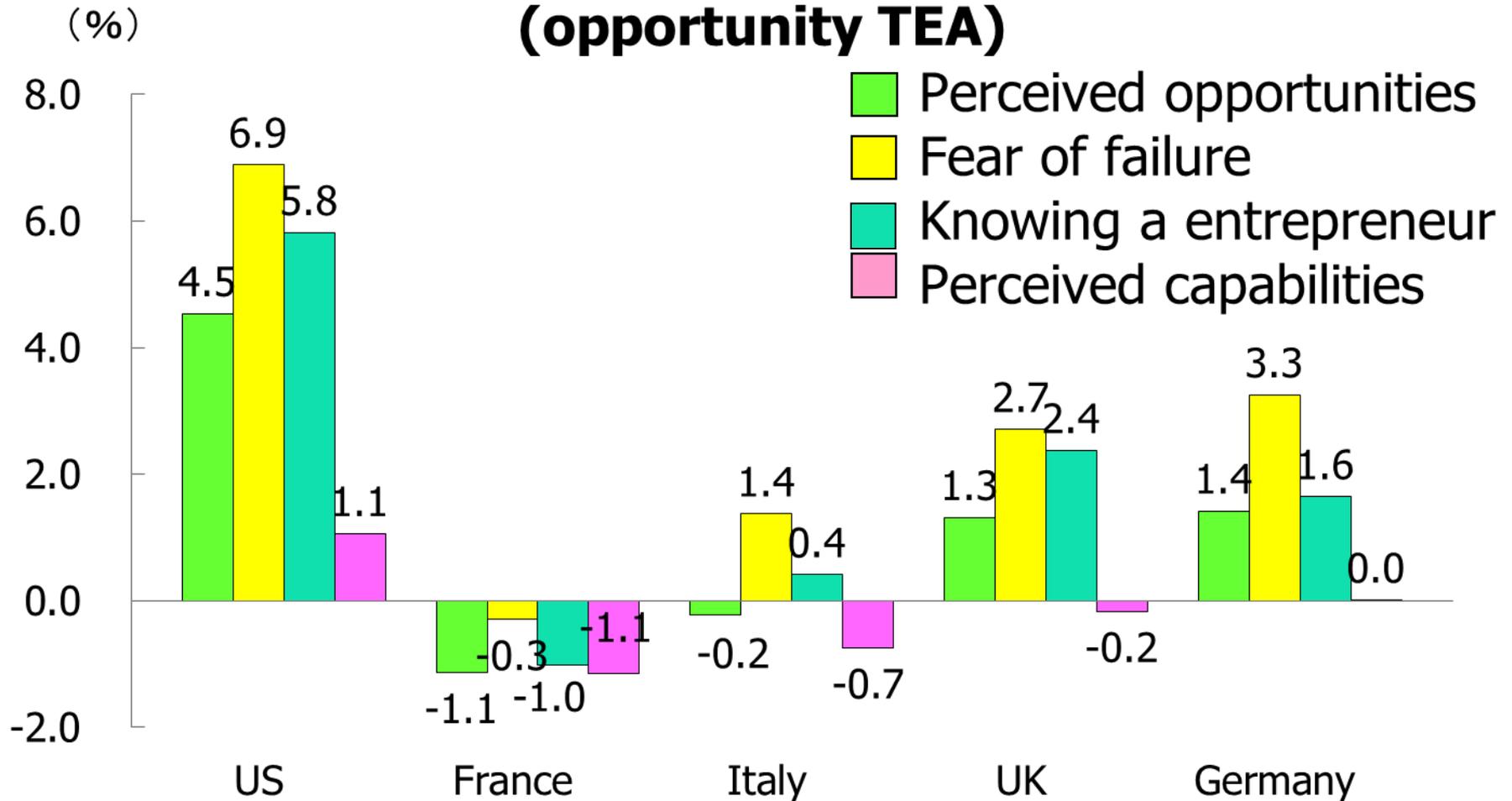
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- Data: G7 (2001-2010), individual data
- Method:
  - First, only country dummies are included
    - ✓ A country dummy shows the difference in TEA between Japan and the country concerned
  - Then, add other explanatory variables in sequence and observe the changes of the country dummy effect
    - ✓ Looking for a variable which weakens the effect of a country dummy
    - ✓ This variable likely creates a difference between Japan and the country.

# Marginal effects of the country dummies -Opportunity TEA (Japan as reference)-

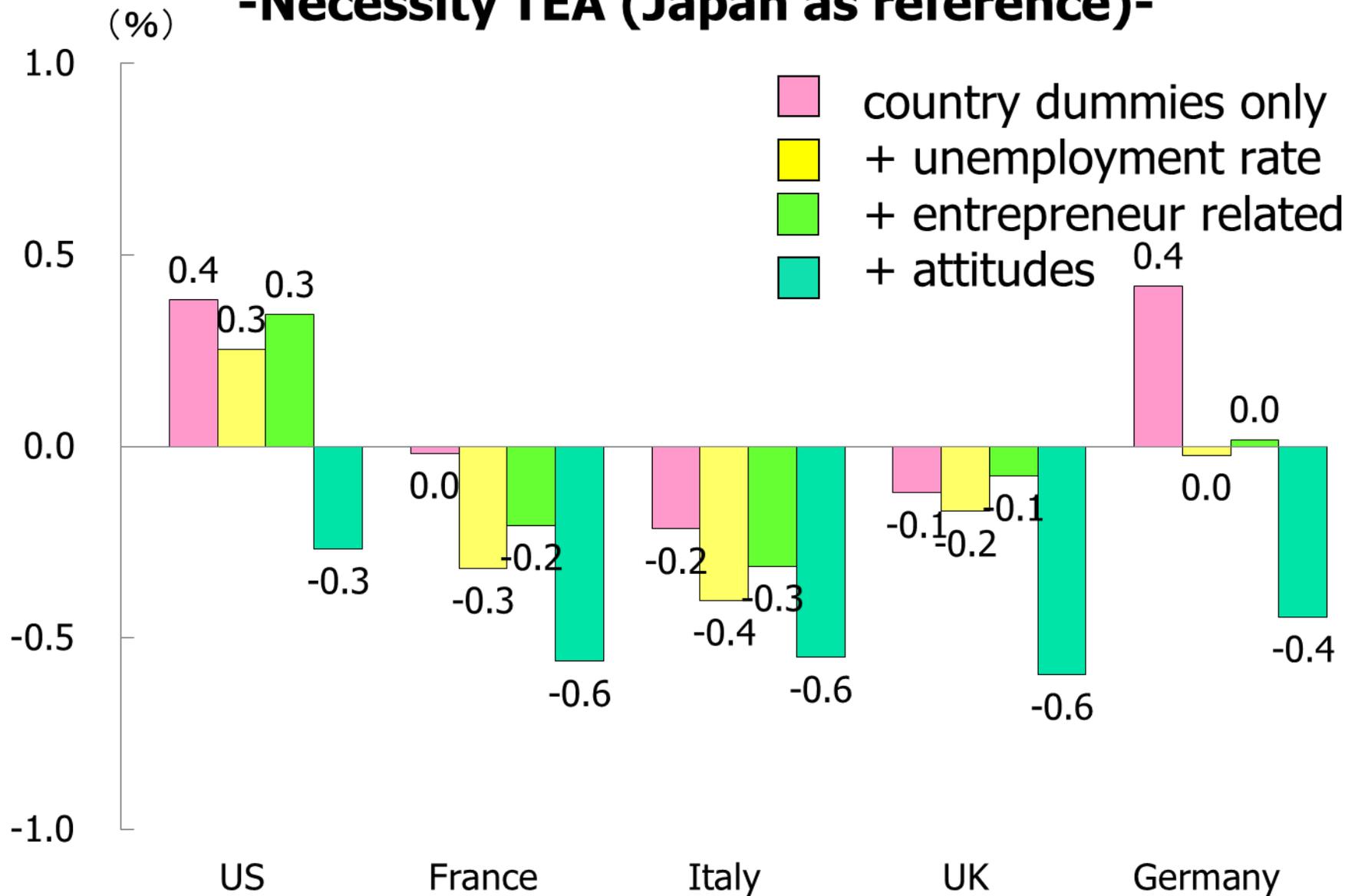


## Marginal effects of the country dummies after controlling for the attitudes (opportunity TEA)

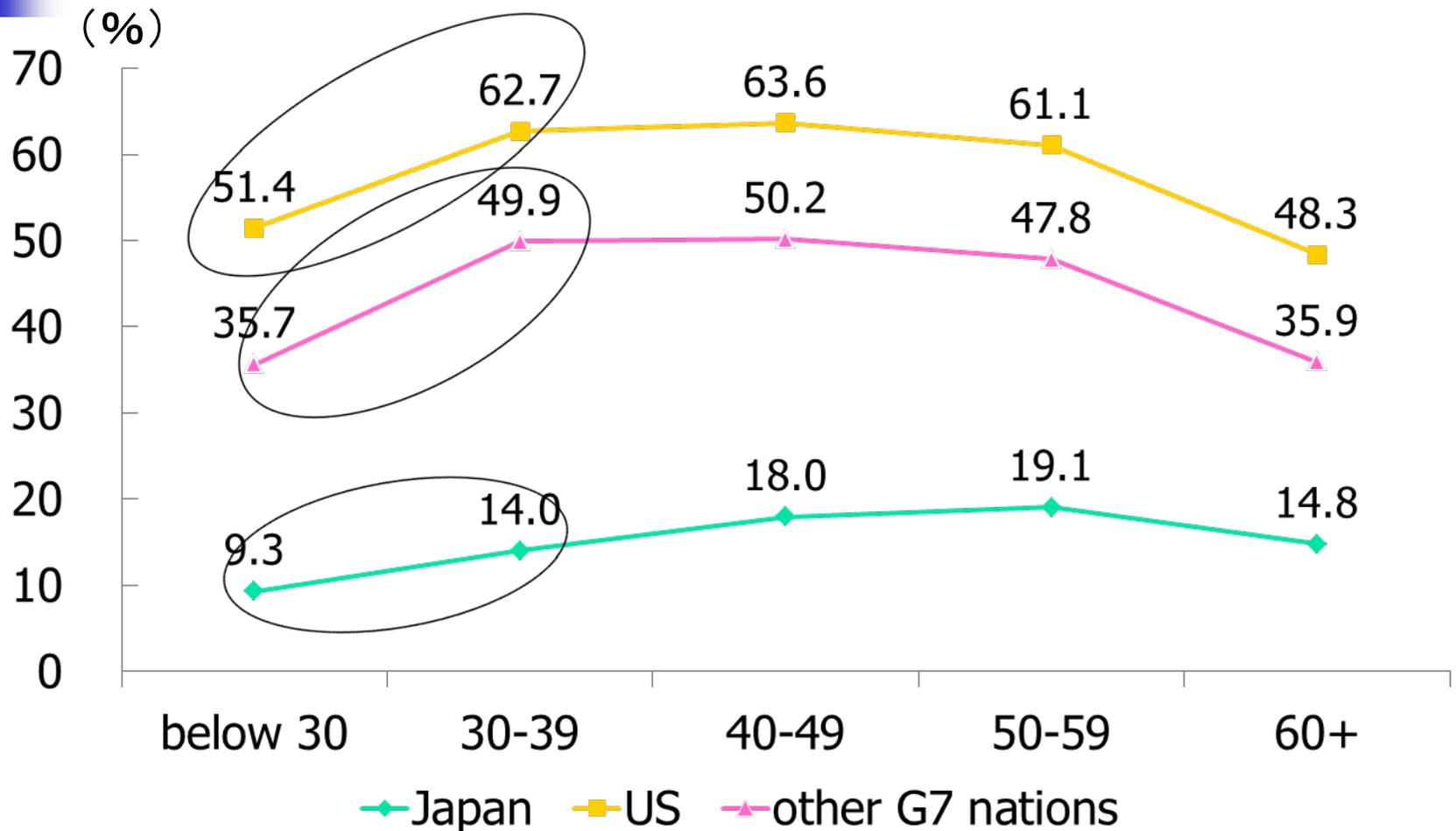


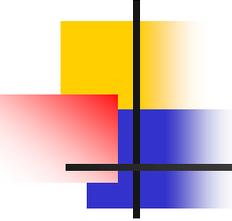
Note: added an attitude variable one by one to the regression with country dummies, unemployment rate and entrepreneur-related variables.

# Marginal effects of the country dummies -Necessity TEA (Japan as reference)-



# Perceived capabilities by age

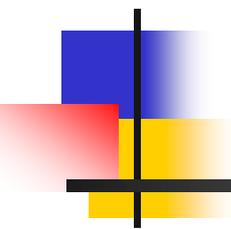




# How to change the perception on capabilities?

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- Entrepreneurial education?
  - Make perception of capabilities more accurate
  - Enhance capabilities to avoid failure
- Networking with entrepreneurs?
  - Perceived capabilities
    - ✓ 38% for those who know an entrepreneur
    - ✓ 9% for those who do NOT know an entrepreneur
  - Those who know an entrepreneur
    - ✓ 22% for Japan, 34% for US, 29% for other G7 nations



Thank you for your attention

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