

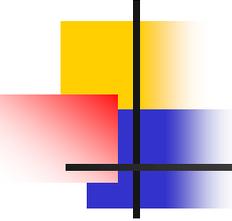
What factors lower the Japan's (opportunity) TEA?

RIETI Workshop

January 21, 2013

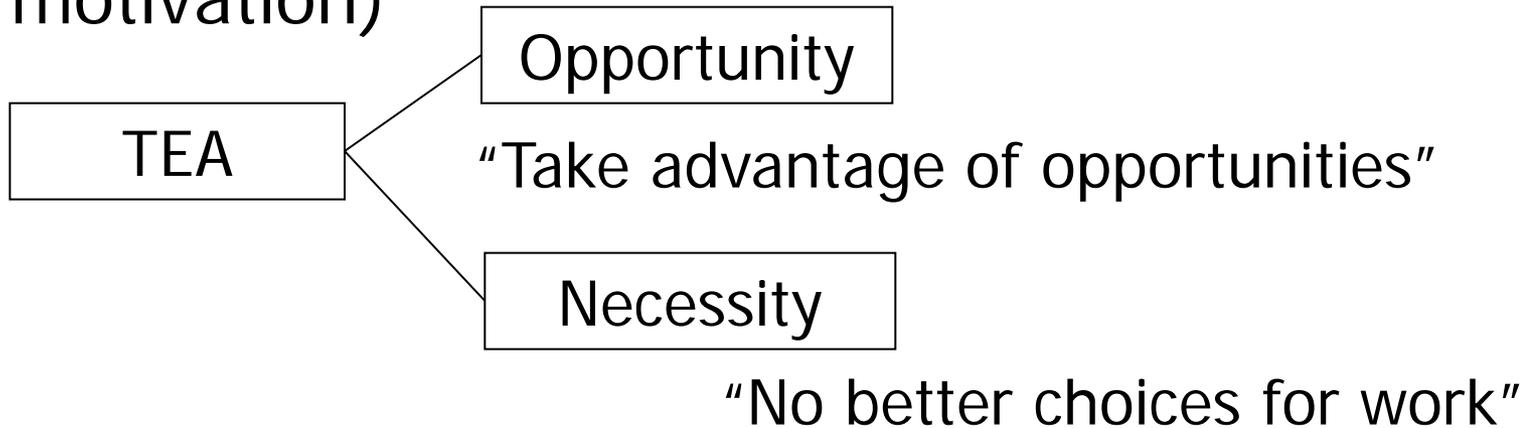
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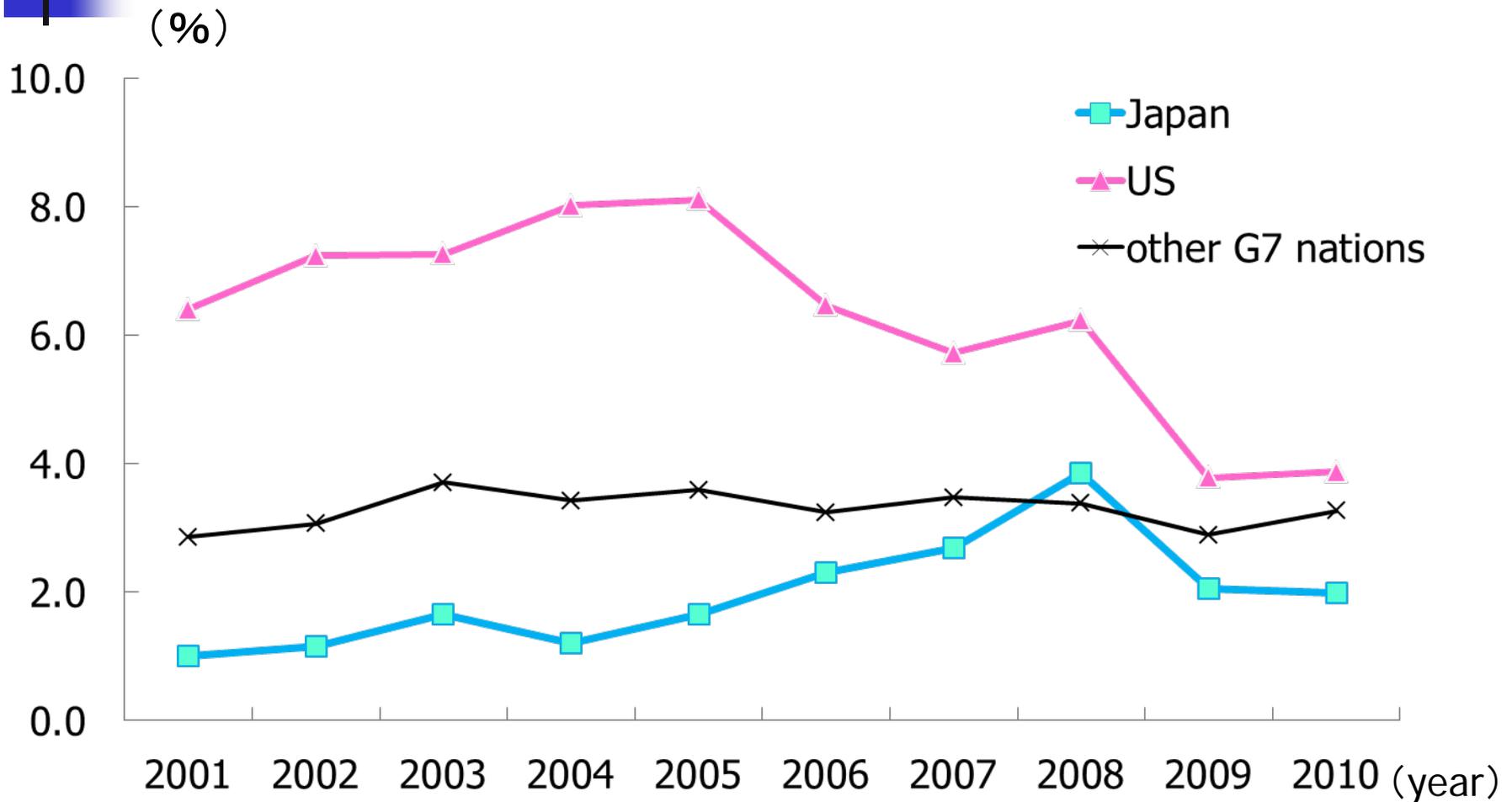
Introduction

- Two types of entrepreneurial activities (by motivation)

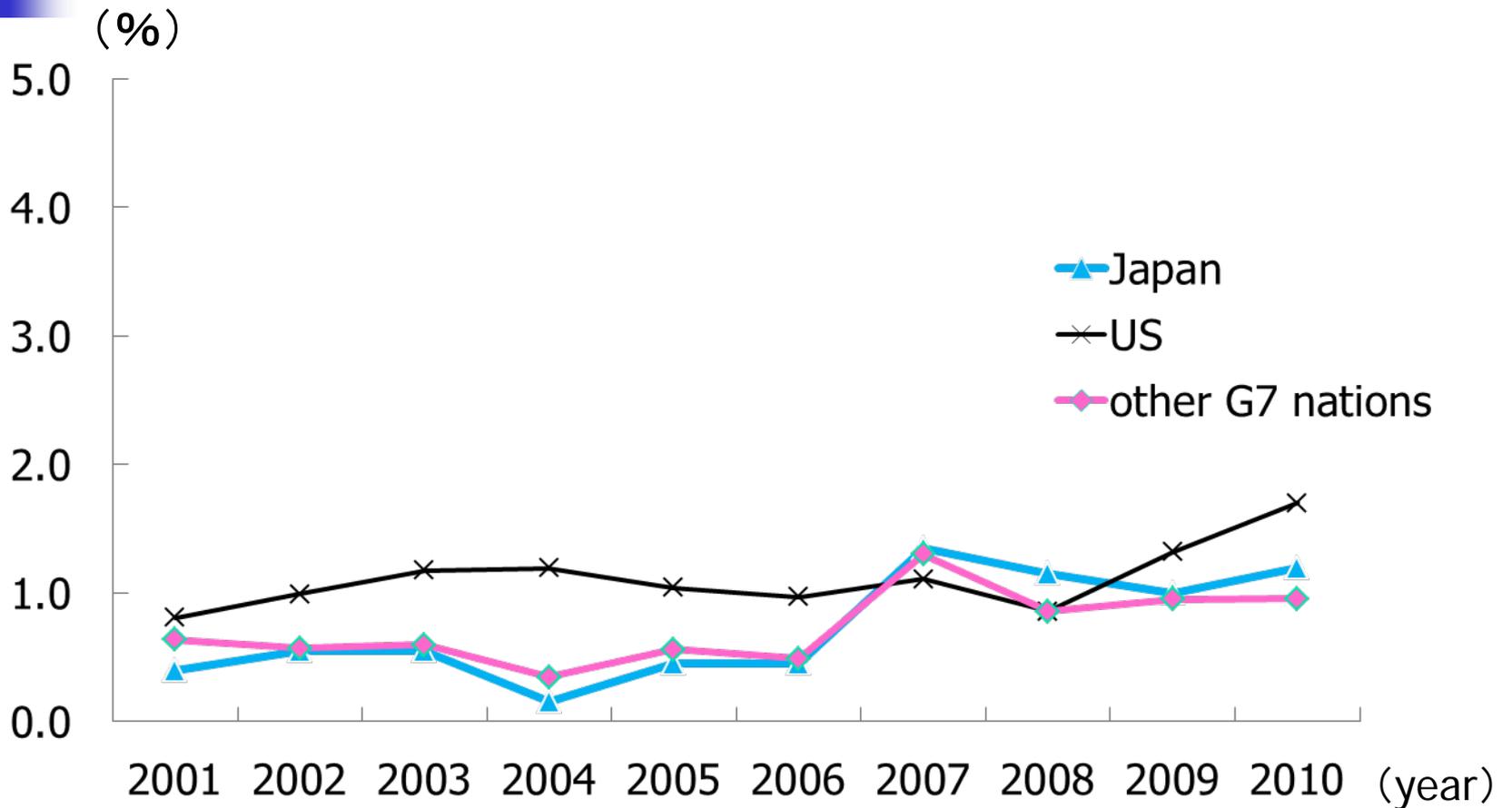


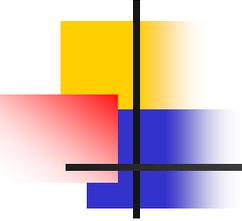
- Different patterns of these TEAs?
 - The effects of entrepreneurial attitudes
 - Compare to G7 nations (excl. Canada)

Opportunity TEA



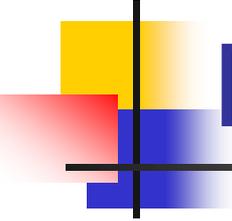
Necessity TEA





What creates the differences?

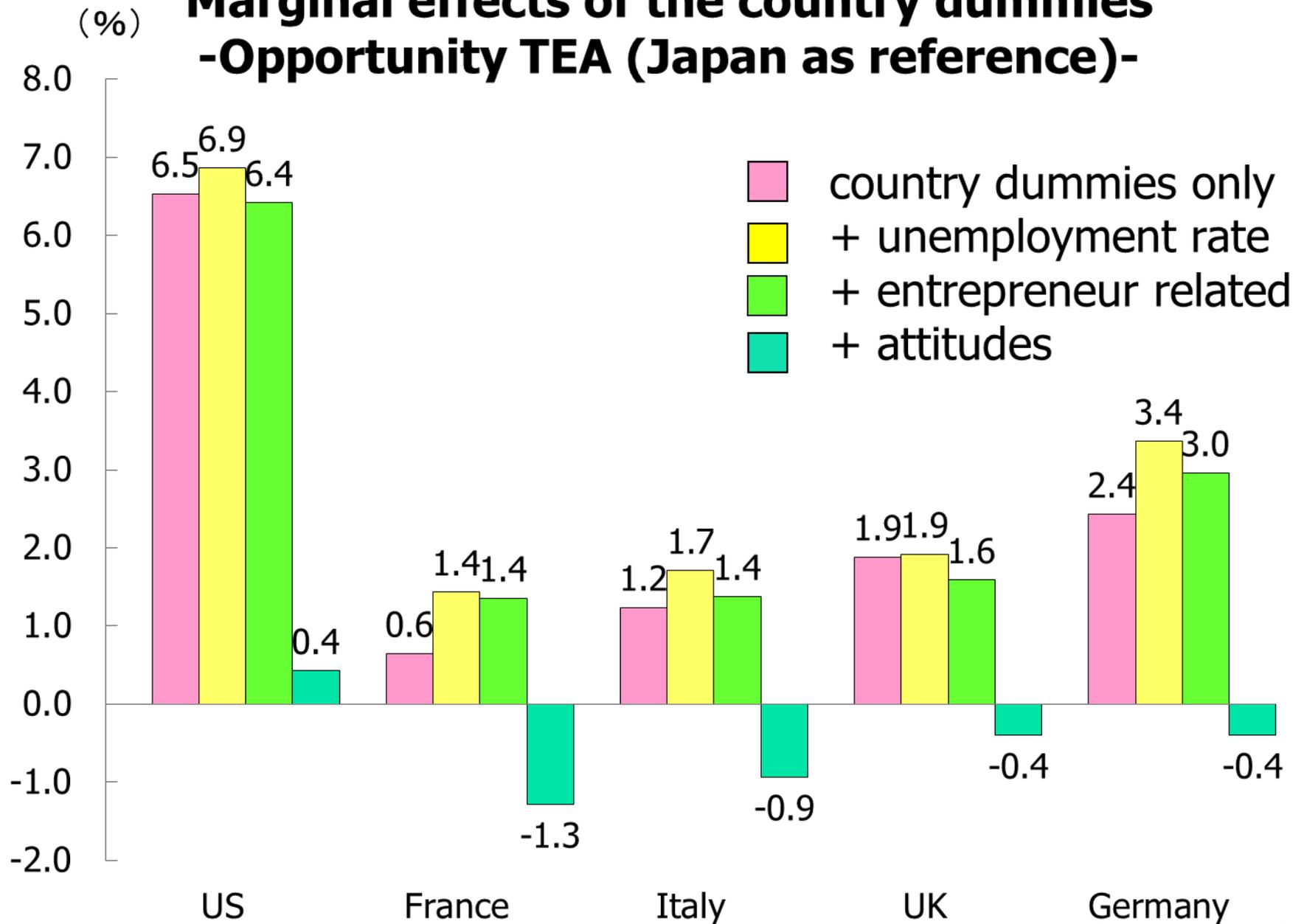
- Estimate the marginal effect on opportunity/necessity TEAs (multinomial logit)
 - Dependent variable: Entrepreneurial activity (3 categories; opportunity, necessity, not engaged)
 - Explanatory variables:
 - ✓ country dummies (Japan as reference)
 - ✓ unemployment rate
 - ✓ entrepreneur-related (age,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



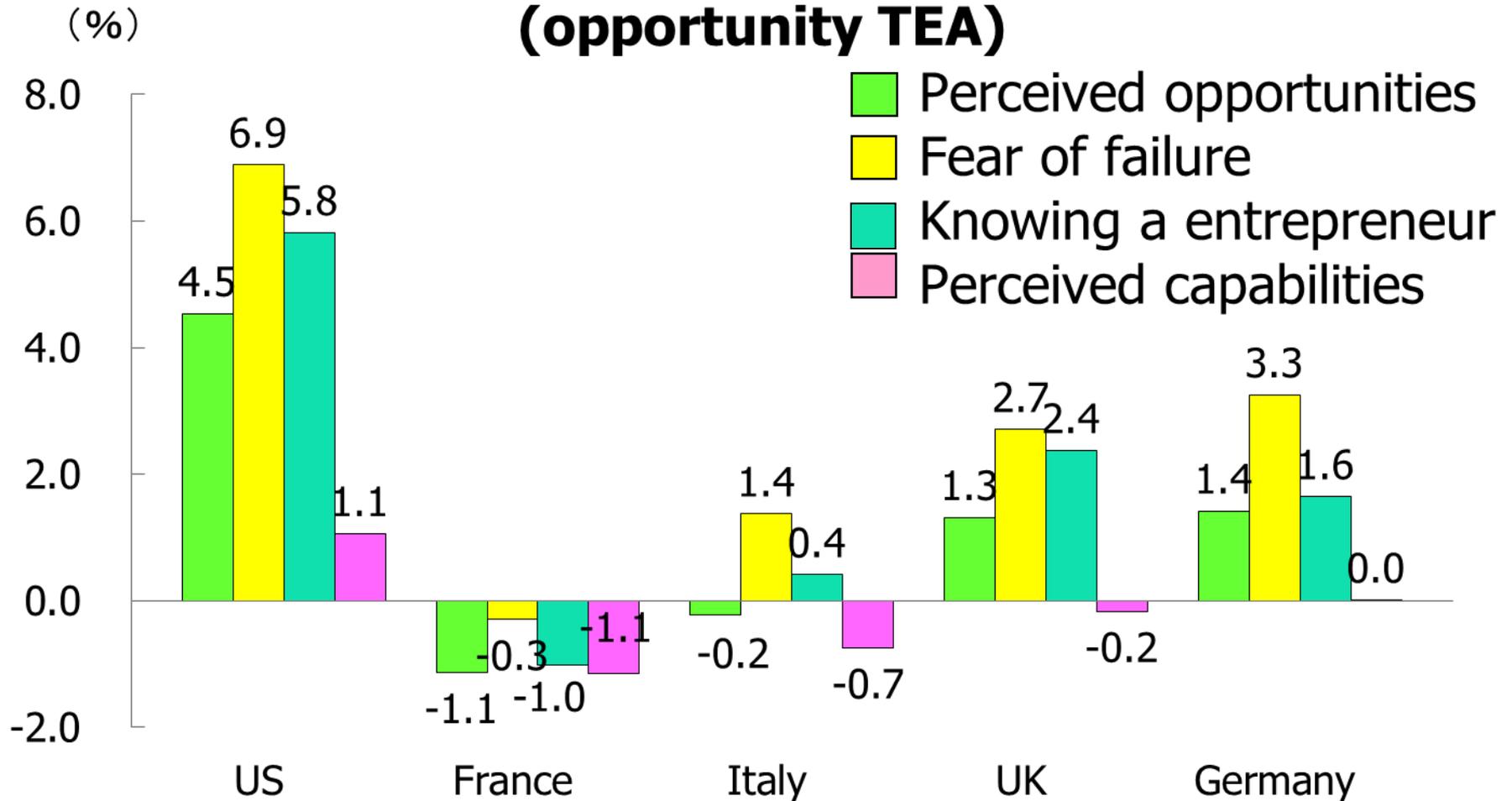
Data and Method

- 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)-

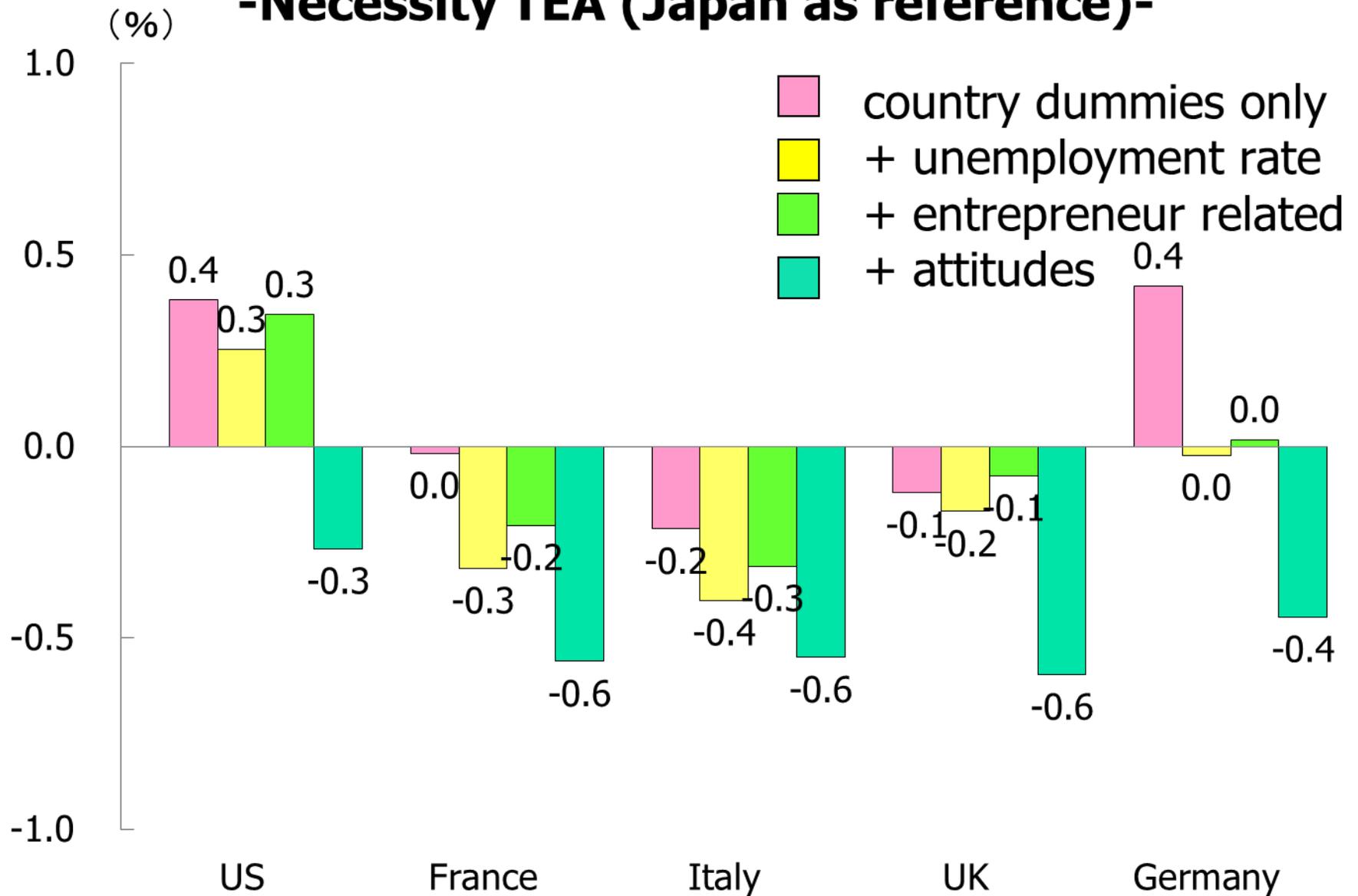


Marginal effects of the country dummies after controlling for the attitudes (opportunity TEA)

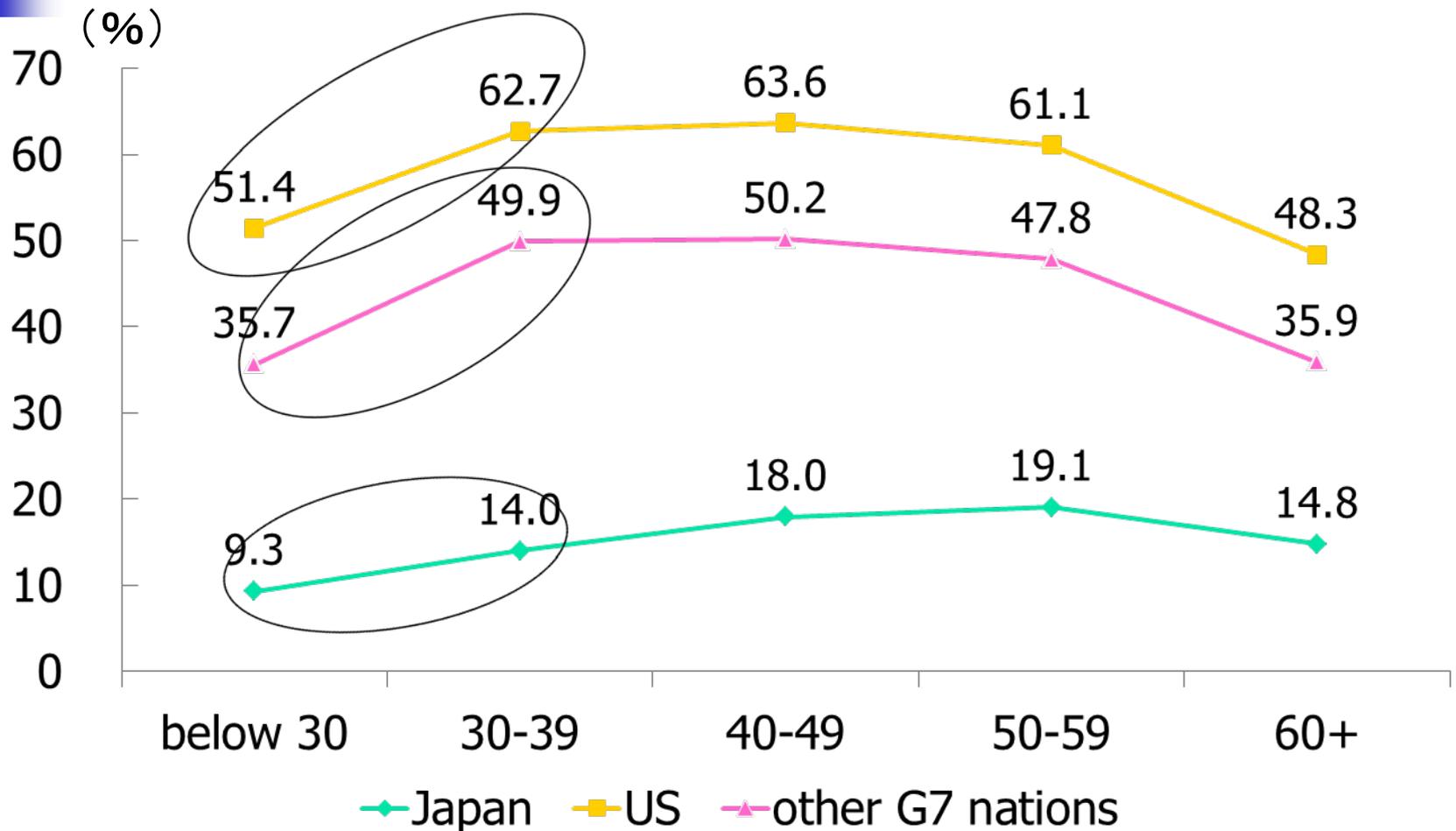


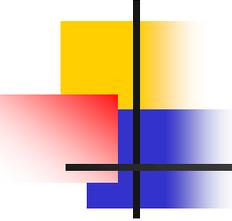
Note: added an attitude variable one by one to the regression with country dummies, unemployment rate and entrepreneur-related variables.

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



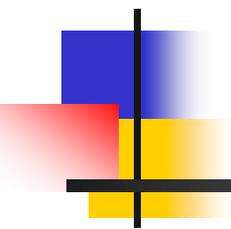
Perceived capabilities by age





How to change the perception on capabilities?

- 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
