

## **The Effects of Knowledge about Establishing a Business and Job Stress on the Willingness To Be an Entrepreneur**

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### **Extensive Summary**

#### **Introduction**

Entrepreneurship results in job creation (Decker *et al.*, 2014; Fölster, 2000), innovation (Wong, Ho, and Autio, 2005), and economic growth (Acs *et al.*, 2012; Wong, Ho, and Autio, 2005), so determining the antecedents of individuals' willingness to establish their own businesses carries economic importance. Although there are many studies on the topic, there is a gap in research on the effects of job stress and knowledge about establishing a business on the willingness to be an entrepreneur. To fill this gap in research, this study:

- 1) Explores the effects of job stress and knowledge about establishing a business on the willingness to be an entrepreneur.
- 2) Determines whether job stress moderates the relationship between knowledge about establishing a business and the willingness to be an entrepreneur.

#### **1. Literature Review and Hypotheses**

The motivations for entrepreneurship are categorized as pull and push factors (Gilad and Levine, 1986; Hughes, 2003; Kirkwood, 2009; Schjoedt and Shaver, 2007). Entrepreneurial knowledge, which also includes knowledge about establishing a business (Roxas, 2014), is categorized as a pull factor for entrepreneurship (Orhan and Scott, 2001), and job stress is categorized as a push factor (Hughes, 2003).

Research shows that entrepreneurial knowledge, which includes knowledge about establishing a business, is positively related to entrepreneurial intentions (Roxas, 2014) and pulls individuals to entrepreneurship (Orhan and Scott, 2001). The reason most frequently mentioned for not establishing a business is lack of knowledge about how to start a business (Belwal, Balushi, and Belwal, 2015). Based on the results of extant research, it is hypothesized that:

H<sub>1</sub>: Knowledge about establishing a business is positively related to the willingness to be an entrepreneur.

Studies also show that job stress pushes individuals to entrepreneurship (Hughes, 2003; Kephart and Schumacher, 2005), so it is hypothesized that:

H<sub>2</sub>: Job stress is positively related to the willingness to be an entrepreneur.

Job stress moderates the relationships between important variables related to employees. For instance, job stress moderates the relationships between the dimensions of leader-member exchange and job satisfaction (Bitmiş and Ergeneli, 2012) and the relationship between the extent to which a leader is representative of the collective group identity and job satisfaction (Cicero, Pierro, and van Knippenberg, 2007). This study predicts that, as job stress increases, employees' willingness to set up their own businesses also increases, such that they become willing to be entrepreneurs so much that they care less about whether they have knowledge about establishing a business or not. Therefore, it is predicted that, as job stress increases, the influence of knowledge about establishing a business on entrepreneurial willingness decreases:

H<sub>3</sub>: The relationship between knowledge about establishing a business and the willingness to be an entrepreneur is negatively moderated by job stress, such that, as job stress increases, the strength of the relationship between knowledge about establishing a business and the willingness to be an entrepreneur decreases.

## **2. Method**

### **2.1. Sample and Procedure**

The study used convenience and snowballing sampling to increase the response rate. Questionnaires were completed by 472 out of 665 white-collar employees in seventy-eight companies in Istanbul and Gebze, Turkey, with a response rate of 71 percent.

Of the seventy-eight companies, 74 percent were in the manufacturing sector, 21 percent were in the service sector, 4 percent were in the export-import sector, and 1 percent were in the retail sector. The sample was 65 percent male and 75 percent non-managers. Forty-five percent were younger than thirty, and 51 percent had tenures between two and nine years. Fifty-six percent had only high-school education, but 32 percent had associate (10%), bachelor's (19%), or master's (3%) degrees.

To minimize the potential for common method bias as a result of using self-reported surveys (Podsakoff et al., 2003), the questions were clarified after a pre-test (with 14 white-collar employees) and a pilot (with 86 white-collar employees) to avoid item ambiguity. The item on the dependent variable, entrepreneurial willingness, was placed before the items on the independent variables, knowledge about establishing a business and job stress, to minimize the priming effect, which is another cause of common method bias (Podsakoff et al., 2003).

### **2.2. Measures**

Knowledge about establishing a business was measured with a single item: I think I am knowledgeable enough to establish my own business.

Job stress was measured with three items adapted from other studies: 1) My job is very stressful (Motowidlo, Packard, and Manning, 1986), 2) I feel fidgety or nervous as a result of my job (Parker and DeCotiis, 1983), and 3) I feel pressured because of my job (Keller, 1984).

The willingness to be an entrepreneur was measured with a single item: I want to establish my own business in the future.

Research shows that education level (Hatak, Harms, and Fink, 2015), work experience level (Carr and Sequeira, 2007), and male gender (Hatak, Harms, and Fink, 2015) are positively related to entrepreneurial intentions, and age is negatively related to entrepreneurial intentions (Hatak, Harms, and Fink, 2015). Hence, gender, age, education level, and work experience level were used as control variables.

### **2.3. Analyses**

Factor analysis was carried out for the items on job stress. Since the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy figure is above 0.60 (0.658,  $p < 0.001$ ), the data are suitable for factor analyses (Sharma, 1996). The items for job stress load together to one factor, with a factor loading of at least 0.755, and the total variance explained is 72.5 percent. The Cronbach's alpha value for job stress is 0.81.

Hypotheses were tested with three-step hierarchical moderated regressions (Cohen et al., 2003). Independent variables were mean-centered before the analysis.

### **3. Findings**

Knowledge about establishing a business ( $\beta = 0.51$ ,  $p < 0.001$ ) and job stress ( $\beta = 0.15$ ,  $p < 0.001$ ) predict the willingness to be an entrepreneur in a significant way even after controlling for age, gender, education level, and work experience, so Hypotheses 1 and 2 are supported.

Hypothesis 3 proposes that the relationship between knowledge about establishing a business and the willingness to be an entrepreneur is negatively moderated by job stress. Results of the regression analyses show that the product term of Knowledge about establishing a business  $\times$  Job stress explains a significant variance in the willingness to be an entrepreneur ( $\beta = -0.09$ ,  $\Delta R^2 = 0.01$ ,  $p < 0.05$ ), so Hypotheses 3 is supported.

The results of a simple slope test (Aiken and West, 1991) show that the relationship between knowledge about establishing a business and the willingness to be an entrepreneur is stronger for employees who have a low level of job stress (slope  $\beta = 0.62$ ,  $p < 0.0001$ ) than it is for those who have a high level of job stress (slope  $\beta = 0.44$ ,  $p < 0.0001$ ). That is, for employees with a high level of stress, knowledge about establishing a business has less influence on the willingness to be an entrepreneur than it does for those with low job stress. Hence, Hypothesis 3 is supported with the simple slope test as well.

### **4. Conclusion and Discussion**

The results of hierarchical multiple regression analysis using data from 472 white-collar employees in Turkey show that both knowledge about establishing a business and job stress are positively related to the willingness to be an entrepreneur. Moreover, job

stress negatively moderates the relationship between knowledge about establishing a business and the willingness to be an entrepreneur.

The results of the study have important implications for both managers and public administrators. Since knowledge about establishing a business increases employees' willingness to be entrepreneurs, public administrators who wish to increase the level of entrepreneurship can carry out new projects to increase the level of entrepreneurial knowledge. What is already being done, such as the activities of the Small and Medium Enterprises Development Organization, can be more heavily publicized; courses on entrepreneurship can be made part of universities' core courses, especially in management departments; television programs or documentaries on entrepreneurship can be supported financially; business plan and entrepreneurship competitions can be organized; and publicity programs in which successful entrepreneurs tell about how they established their companies can be organized; and municipalities can provide entrepreneurship courses along with the language, computing, art, and vocational courses they already provide.

The results of the study show that job stress also increases employees' willingness to be entrepreneurs. In fact, if job stress is high, employees' willingness to be entrepreneurs is less influenced by whether they have knowledge about establishing a business than it is if job stress is low. Managers can take precautions to reduce job stress so that, instead of thinking about becoming entrepreneurs, employees focus on their jobs. The factors that result in job stress can be determined by one-on-one interviews or questionnaires so measures can be taken to minimize them. Companies can get help from academicians and other experts on this issue, and training and development programs on how to manage job stress can be organized. As a result of such efforts, employees' willingness to be entrepreneurs will decrease. While entrepreneurship is vital for the economy, from the Positive Organizational Scholarship (Cameron, Dutton, and Quinn, 2003) perspective, it is better if individuals are pulled to entrepreneurship with positive factors, such as having knowledge about establishing a business, instead of being pushed to entrepreneurship with negative factors like job stress.

The study has several limitations. First, it was carried out in a single country, Turkey, so the model must be tested in other countries if the results are to be generalized. Second, there is a potential for common method bias since the data were collected using self-reported surveys (Podsakoff et al., 2003), although steps were taken to avoid item ambiguity and the priming effects associated with common method bias (pre-testing and pilot testing, and ordering the question on the dependent variable before the questions on the independent variables). However, in order to minimize the possibility of common method bias further, future research should test the hypotheses using data from multiple sources by, for instance, determining individuals' level of knowledge on establishing a business by analyzing respondents' answers to questions that assess their knowledge about different areas on establishing a business.

Despite these limitations, the study makes two important contributions to the vital issue of entrepreneurship (Acs *et al.*, 2012; Decker *et al.*, 2014; Wong, Ho, and Autio, 2005). Based on the results of the literature review, the study is the first to investigate the effects of knowledge about establishing a business and job stress on the willingness to be an entrepreneur and to determine the moderating effect of job stress on the relationship between such willingness and knowledge about establishing a business.