



<http://www.sciforum.net/conference/wsf3>

Article

Fear to Fail and Entrepreneurship: Deterrent Factors for Sustainable Development in the Middle East?

Dr. Vikinta Rosinaite

American University of the Middle East / Kuwait

E-Mail: rosinaite@yahoo.com

Received: / Accepted: / Published:

Abstract: All over the world scientists agree that entrepreneurship plays a significant role for the development and well-being of society. New business creation is undoubtedly one of the most relevant aspects for the economic growth, social development and competitiveness of countries (Wennekers, Thurik, 1999; Wennekers et al., 2005; Audretsch, Keilbach, 2004; Stel et al., 2005). Therefore the aim of this manuscript is to analyse the state of entrepreneurship in 2009 – 2012 in such Middle East countries like Egypt, Iran, Jordan, Lebanon, Saudi Arabia, Syria, United Arab Emirates (UAE), Turkey, and Yemen.

Keywords: entrepreneurship, entrepreneurial attitudes, entrepreneurial actions, the Middle East.

1. Entrepreneurship concept

Entrepreneurship is a multifaceted phenomenon with many different meanings and definitions. Nevertheless, almost all entrepreneurship concepts in academic discourse are described as a kind of behaviour that includes: (1) initiative taking, (2) organizing and reorganizing of social and economical mechanisms to turn resources and situations in to practical account, (3) the acceptance of risk or failure (Sarasvathy, 2006).

An ambitious entrepreneur serves as a catalyst for economic growth, job creation and competitiveness on national and international levels. Meanwhile behaviour of less ambitious entrepreneur is characterized by (new) business activities with limited or no grow-, innovation- or international orientation, i.e. pursuing their need for independence or having no alternative options for work. They are more focused on taking care of themselves and their families than on overall economy.

Since statistical data in this manuscript is analyzed from Global Entrepreneurship Monitor (GEM)¹, entrepreneurship definition is absorbed from GEM as well. GEM defines 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.” (Bosma, Coduras, Litovsky, Seaman, 2012, 20).

GEM takes a comprehensive socio-economic approach and considers the degree of involvement in entrepreneurial activity within a country, identifying different types and entrepreneurship phases. This approach and especially the focus on the individual as the embodiment of entrepreneurship, differentiates GEM measures from other data sets that measure new business registrations.

According to the GEM’s conceptual theoretical methodology, entrepreneurship is affected by national conditions - social, cultural, political and economical context (Entrepreneurs and Entrepreneurial..., 2011; Global Entrepreneurship Monitor database, <http://www.gemconsortium.org/key-indicators>). It also points out that GEM considers three major components of entrepreneurship: attitudes, activity and aspirations. Two of them – attitudes and activity – are analysed in this manuscript.

2. Research methodology

Empirical data analysis in this manuscript is based on representative quantitative GEM’s Adult Population Surveys (APS) 2009-2012 in Egypt, Iran, Jordan, Saudi Arabia, Syria, Lebanon, Turkey, UAE, and Yemen. Representativeness of APS is ensured with survey sample, which are at least 2000 individuals in each of the above mentioned countries. Survey questionnaire is available under <http://www.gemconsortium.org/docs/cat/135/questionnaires>.

Descriptive statistics method was used for empirical data analysis in this manuscript.

There should be mentioned, that there is no sociological evidence in GEM’s databases about Bahrain’s, Cyprus’s, Iraq’s, Kuwait’s, Oman’s, and Qatar’s entrepreneurial attitudes or actions. Therefore these countries were excluded from the analysis of the entrepreneurial development of the Middle East.

The results are meticulously checked before being distilled into a series of indicators, which provide valuable insights into global and national entrepreneurship.

3. Empirical analysis

This part of the manuscript focuses on the individual aspects of entrepreneurship in the Middle East. Two main characteristics of entrepreneurship are analysed in this here: attitudes towards entrepreneurship and actual actions in the field of entrepreneurship.

3.1. Assessment of entrepreneurial attitudes

This part of the manuscript focuses on individual variables measuring entrepreneurial attitudes. Fostering entrepreneurial awareness and positive attitudes towards entrepreneurship are high on the policy agenda of several economies around the world (Education at a Glance..., 2011). Particular attitudes and perceptions towards entrepreneurship could affect individuals venturing into entrepreneurship.

¹ GEM is worldwide non-profit academic research project. GEM explores the role of entrepreneurship in national economic growth, unveiling detailed national features and characteristics associated with entrepreneurial activity.

Individuals, who have positive entrepreneurial attitudes tend to recognize opportunities, know entrepreneurs personally, endow entrepreneurs with high status and respect, accept the risks associated with business start-ups, and have the skills to launch businesses successfully.

Moreover, if national attitudes towards entrepreneurship are positive, this will generate a supportive environment for entrepreneurship start-ups and growth.

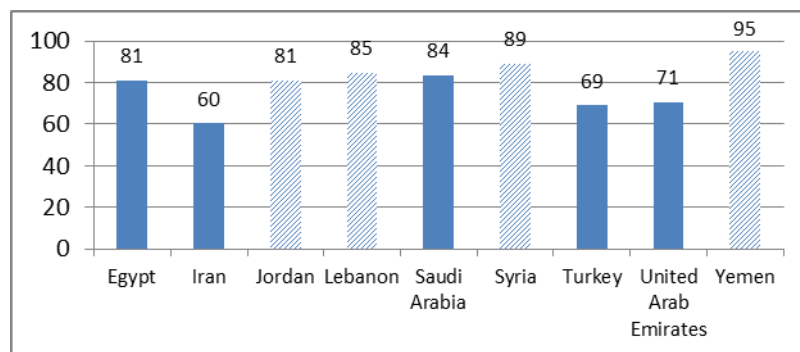
Three variables are used to measure entrepreneurial attitudes here: entrepreneurship as desirable career choice, entrepreneurial intention and fear of failure (see Table 1).

Table 1. Available GEM data on entrepreneurial attitudes in the Middle East countries in 2009 – 2012.

Country	Career choice					Intention					Fear of failure				
	2009	2010	2011	2012	Average	2009	2010	2011	2012	Average	2009	2010	2011	2012	Average
Egypt	-	78	-	83	81	-	24	-	42	33	-	25	-	33	29
Iran	56	64	61	60	60	22	31	30	23	27	32	30	33	41	34
Jordan	81	-	-	-	81	25	-	-	-	25	39	-	-	-	39
Lebanon	85	-	-	-	85	22	-	-	-	22	21	-	-	-	21
Saudi Arabia	80	87	-	-	84	34	1	-	-	18	49	39	-	-	44
Syria	89	-	-	-	89	54	-	-	-	54	18	-	-	-	18
Turkey	-	71	-	67	69	-	19	9	15	14	-	25	22	30	26
United Arab Emirates	70	-	71	-	71	36	-	2	-	19	26	-	51	-	39
Yemen	95	-	-	-	95	9	-	-	-	9	65	-	-	-	65

Variable ‘*Entrepreneurship as desirable career choice*’ measures percentage of 18-64 years old individuals who agree with the statement that in their country, most people consider starting a business as a desirable career choice. According to available GEM data for 2009-2012 among Middle East countries, it can be stated that the most individuals, who think that entrepreneurship is desirable career choice (even 95 percent of population agree with this statement) are from Yemen. Only 60 percent of Iranians think that entrepreneurship is a desirable choice for professional career. Rest of the countries in the Middle East (Egypt – 81, Jordan – 81, Lebanon – 85, Saudi Arabia – 84, Syria – 89, Turkey – 69, UAE – 71 percent) expressed positive position towards entrepreneur as wishful career decision.

Figure 1. Entrepreneurship as desirable career choice in the Middle East in 2009-2012



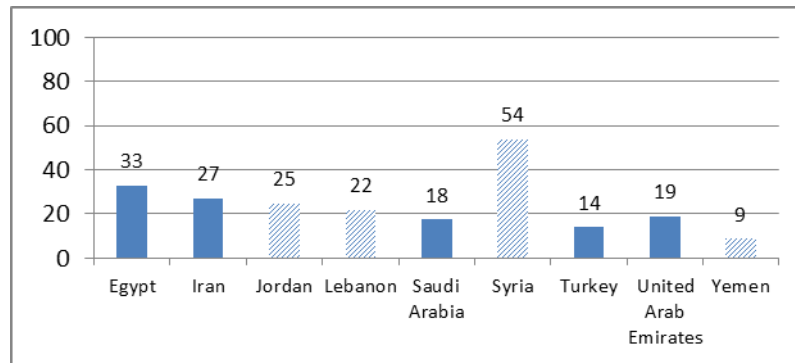
*Columns in patterns represent countries with limited data (refer to the Table 1).

Variable ‘*Entrepreneurial intention*’ measures percentage of 18-64 years old individuals who intend to start a business within three years (individuals involved in any stage of entrepreneurial activity are excluded from this group of respondents). As the statistical data show, Syrians have the most positive attitudes towards establishing their own business within next three years (more than half of the population – 54 percent – intends to start their own business). Over the years (from 2009 till 2012) in Iran intention to start their own business increased from 22 to 30 and then dropped to 23 percent; meanwhile in the UAE it has decreased from 36 to 2 percent. Totally the opposite thinking is observed in Yemen. Although in Yemen being or becoming an entrepreneur is the most desirable career choice among all Middle East countries, individuals do not have positive attitudes towards intention to start

their own business. Intentions to start own business almost doubled in Egypt in several years – from 24 to 42 percent. Rest of the Middle East countries show these results: Iran - 27, Jordan – 25, Lebanon 22, Saudi Arabia 18, Turkey – 14, UAE – 19 percent.

There should be pointed out that entrepreneurship as a wishful career choice and/or positive entrepreneurial intention do not necessarily represent the key determinant of making the step to entrepreneurial activity. McMullen and Shepherd (2006) argue that individuals first react to opportunities, only then comes considerations about desirability and feasibility for new business start-up. Fear of failure could be one of the deterrent factors for starting a new business.

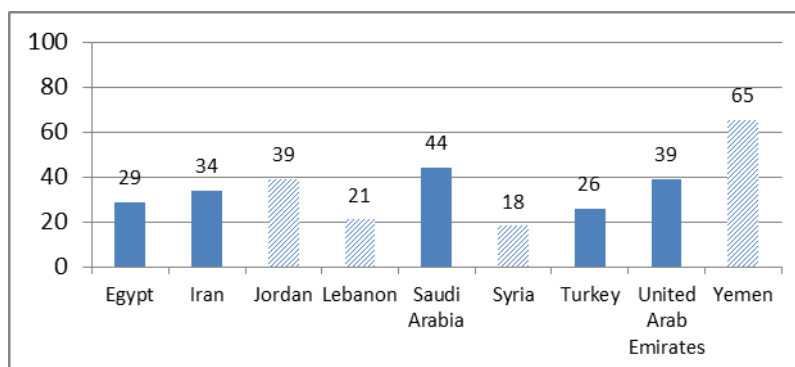
Figure 2. Intention to start entrepreneurial venture in the Middle East in 2009-2012



*Columns in patterns represent countries with limited data (refer to the Table 1).

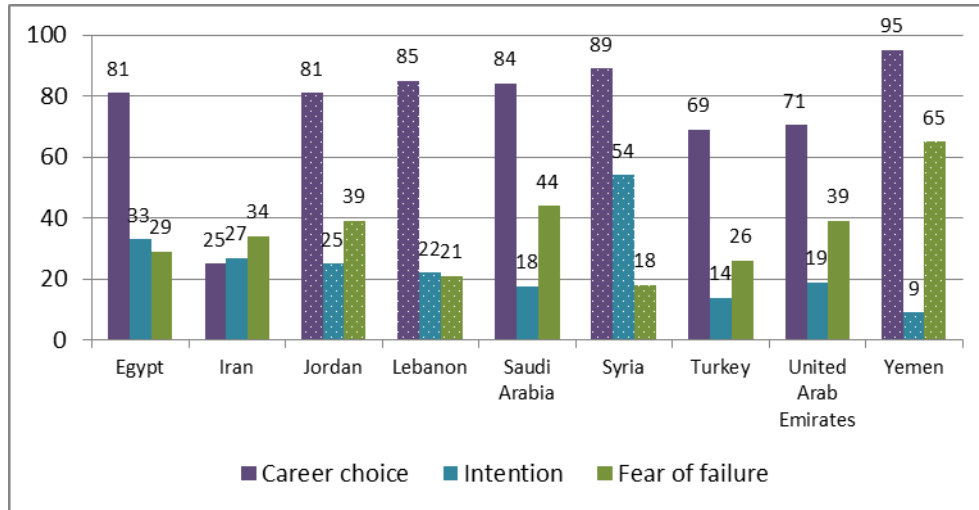
Variable ‘*Fear of failure*’ measures percentage of 18-64 years old population with positively perceived opportunities who indicate that fear of failure would prevent them from setting up a business. The highest fear of failure is estimated in Yemen. This explains why entrepreneurial intentions are so low, when entrepreneurship as a career choice in the same country is very desirable. One of the reasons for this fact could be that the fear of failure stops implementing new business ventures in Yemen. Fear of failure rate has increased twice in UAE since 2009, where it was 26 percent, and in 2011 already 51 percent. Among all Middle East countries Syrians have lowest fear of failure - 18 percent only (and the highest entrepreneurial intention rate). Fear of failure in the rest of the Middle East countries appear as follows: Egypt – 29, Iran – 34, Jordan – 39, Lebanon – 21, Saudi Arabia – 44, Turkey – 26 percent.

Figure 3. Fear of failure to start new entrepreneurial venture in the Middle East in 2009-2012



*Columns in patterns represent countries with limited data (refer to the Table 1).

The significance of fear of failure reflects in the Figure 4. Almost in all countries in the Middle East fear of failure limits creation of entrepreneurial venture - regardless very desirable career choice is it highly likely that the fear of failure decreases intention to start new business significantly.

Figure 4. Entrepreneurial attitudes in the Middle East countries in 2009 – 2012

*Columns in patterns represent countries with limited data (refer to the Table 1).

Entrepreneurial attitudes are important because they express the general feeling of the population towards entrepreneurs and entrepreneurship. Positive attitudes are generally linked to higher start-up rates, but in the end – actual entrepreneurial actions reveal the state of entrepreneurship in particular country.

3.2. Assessment of entrepreneurial actions

Entrepreneurial actions in this manuscript are conceptualized as a continuous process that includes (1) nascent entrepreneurs involved in setting up a business, (2) entrepreneurs who own and manage a new business and (3) entrepreneurs who own and manage an established business (High – Impact Entrepreneurship Global Report, 2011). Therefore under the actual actions aspect will be analyzed such statistical rates like nascent entrepreneurship rate, new business ownership rate, established business ownership rate (see Table 2).

Table 2. Available GEM date on entrepreneurial actions in the Middle East countries in 2009 – 2012.

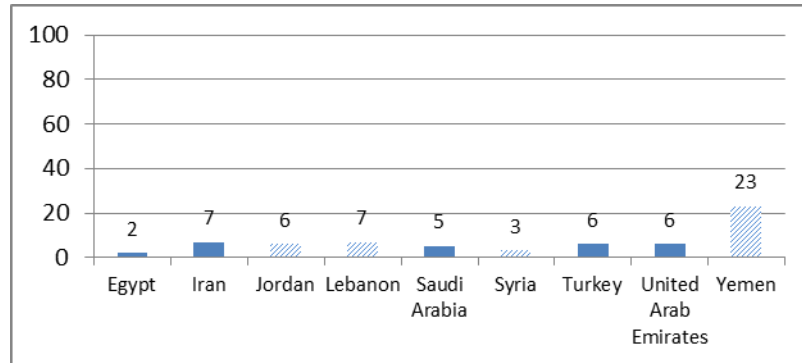
Country	Nascent entrepreneurship rate					New business ownership rate					Established business				
	2009	2010	2011	2012	Average	2009	2010	2011	2012	Average	2009	2010	2011	2012	Average
Egypt	-	2	1	3	2	-	5	-	5	5	-	5	-	4	5
Iran	8	5	11	5	7	4	8	4	7	6	6	12	11	10	10
Jordan	6	-	-	-	6	5	-	-	-	5	5	-	-	-	5
Lebanon	7	-	-	-	7	9	-	-	-	9	16	-	-	-	16
Saudi Arabia	3	6	-	-	5	2	3	-	-	3	4	4	-	-	4
Syria	3	-	-	-	3	5	-	-	-	5	7	-	-	-	7
Turkey	-	4	6	7	6	-	5	6	5	5	-	11	8	9	9
United Arab Emirates	7	-	4	-	6	7	-	3	-	5	6	-	3	-	5
Yemen	23	-	-	-	23	1	-	-	-	1	3	-	-	-	3

The analysis of these three rates uncovers different phases of the entrepreneurial process – getting ready to start a new business, starting a new business and managing already established business. These entrepreneurial activities stages form first glance of entrepreneurial dynamics for each of the economies.

‘*Nascent entrepreneurship rate*’ is understood as a percentage of 18-64 years old population who are currently a nascent entrepreneur, i.e., actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages, or any other payments to the owners for more than three months. Yemen stands out from other Middle east countries with the highest rate of nascent entrepreneurial activities, i.e. actively involved individuals who refers to actions such as looking for

business location, looking for employees, searching for money or writing a business plan. Rest of the Middle East countries have a very low setting up a new business percentage: Egypt – 2, Iran - 7, Jordan – 6, Lebanon – 7, Saudi Arabia – 5, Syria – 3, Turkey – 6, UAE – 6 percent. Although in Iran we could have notice growing tendency – in 2009 the nascent entrepreneurship rate was 8 percent and in 2011 it reached 11 percent, it has dropped down to 5 percent in 2012 again.

Figure 5. Nascent entrepreneurship rate in the Middle East countries in 2009 – 2012

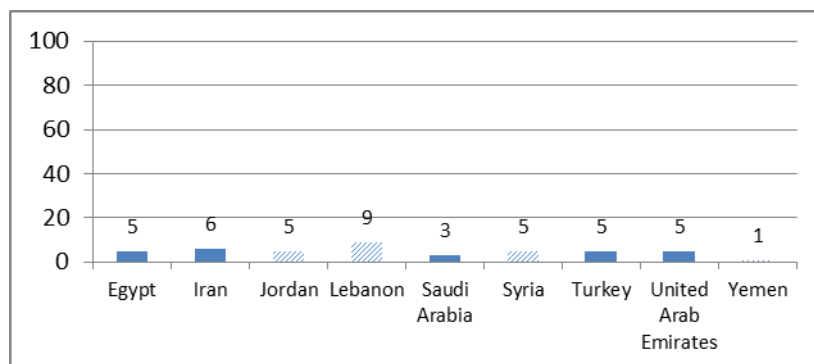


*Columns in patterns represent countries with limited data (refer to the Table 2).

It should be mentioned that this phase of entrepreneurial activities is crucial for most entrepreneurs, as the dynamism on macro level, future job creation and innovation can be expected from this group of entrepreneurs.

‘*New business ownership rate*’ is understood as a percentage of 18-64 years old population who are currently a owner-manager of a new business, i.e., owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than three months, but not more than 42 months. Although Yemen was the country in the Middle East region with highest nascent entrepreneurship rate, which shows how many individuals are actively involved in setting up a business they will own or co-own, the number of actual owned new businesses is very low (1 percent). This tendency is noticeable not only in Yemen but in all Middle East countries: Egypt – 5, Iran - 6, Jordan – 5, Lebanon – 9, Saudi Arabia – 3, Syria – 5, Turkey – 5, and UAE – 5 percent.

Figure 6. New business ownership rate in the Middle East countries in 2009 – 2012.

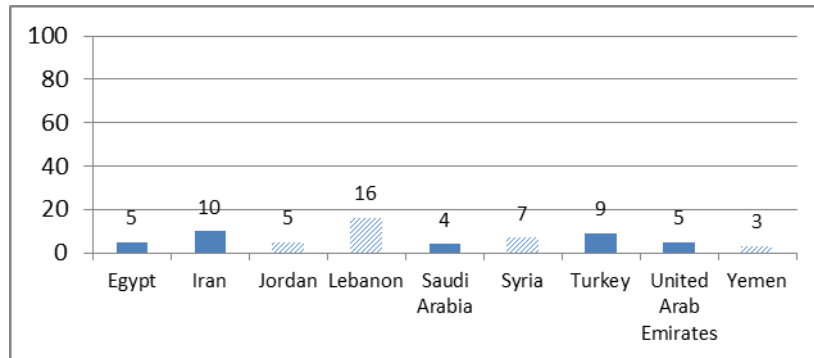


*Columns in patterns represent countries with limited data (refer to the Table 2).

‘*Established business ownership rate*’ is understood as a percentage of 18-64 years old population who are currently owner-manager of an established business, i.e., owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 42 months. While the early phases of entrepreneurship are associated with high risk, older ventures face decreased uncertainties and more stability. Iran, Lebanon and Turkey have noticeable established businesses ownership rates – 10, 16 and 9 percent respectively, although nascent and new business ownership rate

was very low in these countries. In other Middle East countries percentage of individuals who own and manage a running business for more than 42 months is very low: Egypt – 5, Jordan – 5, Saudi Arabia – 4, Syria – 7, UAE – 5, and Yemen – 3 percent.

Figure 7. Established business ownership rate in the Middle East countries in 2009 – 2012.



*Columns in patterns represent countries with limited data (refer to the Table 2).

Fear of failure could be considered as one of the major criteria, which prevents new entrepreneurship ventures not only in Middle East, but in all developed industrialised countries, like Europe, United States, Japan etc. Majority of countries with high entrepreneurial actions, i.e. high percentage of nascent entrepreneurs, new starters and entrepreneurs who own and manage an established business, and low fear of failure rate are developing countries, like Uganda, Ghana, Malawi, Angola, Zambia, Nigeria etc.

4. Conclusion

This manuscript provides insights into the Middle East region's general entrepreneurial attitudes as well as the characteristics of entrepreneurs at different stages of business development in 2009-2012 by using the Global Entrepreneurship Monitor's (GEM) data's variables for measuring entrepreneurial attitudes and activities.

Entrepreneurship can stimulate economy with the dynamism on macro level, future job creation and innovation. Positive entrepreneurial attitudes are generally linked to higher business start-up rates, but in the end – actual entrepreneurial actions (owning or co-owning) reveal the state of entrepreneurship in particular country.

In summary, entrepreneurship in this region is interpreted as very desirable career choice. Despite this fact, not so many individuals have entrepreneurial intentions or/ and some of them also fear to fail, which could be one of the deterrent factors for starting a new business.

Regarding entrepreneurial actions, GEM data show that in the Middle East is very low percentage of individuals who are setting up a new business, entrepreneurs who own and manage a new business and entrepreneurs who own and manage an already established business. If we look at the entrepreneurship as a process, there should be pointed out that last stage (to own and to manage already established business) has the highest evaluation in the Middle East region. Setting up a new business rate, as well as new business ownership and management rate is low. Therefore in the end there are many individuals in the Middle East region who want to start their entrepreneurial ventures, but not so many are materializing this idea.

Entrepreneurial development of the Middle East region is also undoubtedly affected by national social, cultural, political and economic conditions. Unfortunately there is a lack of research analysing mentioned factors' influence to the entrepreneurship development.

Conflict of Interest

The author declare no conflict of interest.

References

1. Audretsch D.B., Keilbach M., 2004. Does entrepreneurship capital matter? In *Entrepreneurship: Theory & Practice*, No. 28(5), 419-429.
2. Bosma N., Coduras A., Litovsky Y., Seaman J. *GEM Manual 2012: A report on the design, data and quality control of the Global Entrepreneurship Monitor*. In <http://www.gemconsortium.org/docs/download/2310>
3. *Education at a Glance 2011: Organization's for Economic Cooperation and Development (OECD) Indicators*. OECD, 2011.
4. Entrepreneurs and Entrepreneurial Employees across the Globe. In *Extended report. Global Entrepreneurship Monitor*, 2011.
5. *Global Entrepreneurship Monitor database*. <http://www.gemconsortium.org/key-indicators>
6. McMullen J.S., Shepherd D.A., 2006. Entrepreneurial action and the role of uncertainty in the theory of the entrepreneur. In *Academy of Management Review*, No. 31(1), 132–152.
7. Sarasvathy S., 2006. *Effectuation: Elements of Entrepreneurial Expertise*. Edward Elgar Publishers.
8. Stel A., Carree M., Thurik R., 2005. The effect of entrepreneurial activity on national economic growth. In *Small Business Economics*, No. 24(3), 311-321.
9. Wennekers S., Stel A., Thurik R., Reynolds P. 2005. Nascent entrepreneurship and the level of economic development. In *Small Business Economics*, No. 24(3), 293-309.
10. Wennekers S., Thurik R., 1999. Linking entrepreneurship and economic growth. In *Small Business Economics*, No. 13(1), 27-55.
11. *2011 High – Impact Entrepreneurship Global Report*. Global Entrepreneurship Monitor, 2011.

© 2013 by the author; licensee MDPI, Basel, Switzerland. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/3.0/>).