

What Prevent Them Shifting? Perceived Barriers of Employee Transition to Entrepreneurship: A Concept Paper

Wijethunge, W. M. N. M.¹ Tennakoon, W. D. N. S. M.² Dilshani, A. K. D. N.³ Amarathunga, P. A. B. H.⁴ Lasanthika, W. A. J. M.⁵ Praveeni, S. M. N.⁶

Individual motivation to become an entrepreneur is found to be preceded by two sources namely; the parental entrepreneurial background and organizational employment. There is ample literature to support the parental influence on entrepreneurial initiatives (Dunn & Holtz-Eakin, 2000; Rachmawan, Lizar, & Mangundjaya, 2015; Antawati, 2017) and particularly for the paternal influence towards self-employment (Carroll & Mosakowski, 1987; Uusitalo, 2001; Tennakoon & Lasanthika, 2019; Wijerathna, & Thisera, 2018). In the first case, entrepreneurs are considered “family products”. The role model of entrepreneurial parents guides children to become entrepreneurs (Bandura, 1986; Krumboltz, Michael, & Jones, 1976). The parental role modeling positively influences the children’s intentions to choose entrepreneurship over other career options (Scherer, Adams, Carley, & Wiebe, 1989). Alternatively, entrepreneurs do originate from existing organizations. The majority of entrepreneurs are former employees of recognized organizations or else the “organization products” (Freeman, 1986). Recognition of entrepreneurial opportunities is often facilitated by the organizations as the employees are exposed to the market. Employment offers the mean of gaining technical know-how and developing the business network (Stuart & Sorenson, 2003). The goodwill and brand image of the former organization aid them to easily establish their own brands those found to be enjoying greater survival and growth (Burton, Sorenson, & Beckman, 2002; Christensen & Bower, 1996).

Theoretically, employee transition to entrepreneurship is defined as “leaving one organization to found another” (Dobrev et al., 2005: 434). A growing number of studies argue that most entrepreneurs are directly or indirectly former employees of existing firms (Gacheru, 2007). The reasons why most entrepreneurs originate from existing firms are an improved employee’s knowledge of opportunities in certain sectors (Shane, 2000; Gacheu, 2007) and self-confidence in new firm creation (Gacheu, 2007). These factors encourage employees to transit from employment to entrepreneurship (Audia & Rider, 2005a). In contrast, some hygiene factors may compel employees to start as entrepreneurs especially employee dissatisfaction with current organizational

¹ Department of Business Management, Faculty of Business Studies & Finance, Wayamba University of Sri Lanka. (*nisansala@wyb.ac.lk*)

² Department of Business Management, Faculty of Business Studies & Finance, Wayamba University of Sri Lanka. (*tennakoon@wyb.ac.lk*)

³ Department of Business Management, Faculty of Business Studies & Finance, Wayamba University of Sri Lanka. (*aknddilshani@gmail.com*)

⁴ Department of Business Management, Faculty of Business Studies & Finance, Wayamba University of Sri Lanka. (*buddhini@wyb.ac.lk*)

⁵ Department of Business Management, Faculty of Business Studies & Finance, Wayamba University of Sri Lanka. (*janani@wyb.ac.lk*)

⁶ Department of Business Management, Faculty of Business Studies & Finance, Wayamba University of Sri Lanka. (*praveeni@wyb.ac.lk*)

employment conditions in comparison with expectations in an entrepreneurial career (Moore & Muller, 2002). Additionally, geographical area of small firms, (Sorenson & Audia, 2000; Stuart et al., 2003), professional proximity to entrepreneur (Stuart & Ding, 2006), opportunity cost (Amit, Muller, & Cockburn, 1995), and income & ability relationship (Velamuri, et al., 2005) also found to be pushing forces towards employee transition to entrepreneurship.

Yet at present, not every employee is motivated in shifting to entrepreneurship. Motivation towards entrepreneurial activities varies among individuals where some discover and exploit entrepreneurial opportunities while some don't (Shane et al., 2000). Even though entrepreneurial opportunities are identified as a complementary outcome of current employment, the majority remain as employees throughout their entire career life (Muller, 2006). In particular, the employee transition to entrepreneurship is very uncommon in the context of developing countries compared to employee transition to entrepreneurship in developed countries (Iakovleva, Klvereid, Gorgievski, & Sorhaug, 2014). The perceived barriers of employee transition to entrepreneurship in the context of developed countries have been satisfactorily investigated while such empirical shreds of evidence are scant with respect to developing countries where the entrepreneurial-friendly set-up is hardly evidenced (Gacheu, 2007; Velamuri, et al., 2005; Stuart & Ding, 2006; Rachmawan, Lizar, & Mangundjaya, 2015; Antawati, 2017). To the best of researchers' knowledge, the perceived barriers for the employee transition to entrepreneurship are unlikely explored in low-income countries where the economic, political, and social infrastructures are less conducive for new venture creation. Particularly this was not tested specifically in the SME context where the concept of "organization products" may not function uniformly as larger organizations. Or else, the opposite might work as a result of closer relationships and the ability to play dominant & multiple roles within the limited spread of SMEs. As the prevailing theoretical support is insufficient to make a clear distinction of such prepositions the present study aimed at addressing perceived barriers to employee transition to entrepreneurship in the context of Sri Lankan SMEs. Consequently, the main problem of the proposed investigation will be, what are the perceived barriers of employee transition to entrepreneurs in the context of Sri Lankan SMEs? Precisely, the study will answer does demographic, human capital, motivational, environmental, and behavioural factors act as perceived barriers for employee transition to entrepreneurship.

Keywords: *Perceived Barriers, Employment, Employee Transition, Entrepreneurship, Sri Lanka*

References

- Bandura, A. (1969). Social learning of moral judgments. *Journal of personality and social psychology*, 11 (3), 275 - 279.
- Bandura, A. (1977). Self-efficacy: toward a unifying theory of behavioural change. *Psychological review*, 84 (2), 191 - 215.
- Blanchflower, I., Oswald, A.J., & Stutzer, A. (2001). Latent entrepreneurship across nations. *European Economic Review*, 45 (4), 680 – 691.
- Carstensen, L.L. (1991). Selectivity Theory: Social activity in life- span context. *Annual*

- Review of Gerontology and Geriatrics*, 11, 195 – 217.
- Curran, J., & Blackburn, R. (2001). Older people and the enterprise society: Age and self-employment propensities. *Work, Employment and Society*, 15 (4), 889 – 902.
- David, T., & Luthans, F. (1980). A social learning approach to organizational behaviour. *Academy of Management Review*, (5), 281-290.
- Douglas, E.J., & Fitzsimons, J.R. (2013). Entrepreneurial intentions versus entrepreneurial intentions: Distinct constructs with different antecedents. *Small Business Economics*, 41 (1), 115 – 132.
- Duxbury, L., & Higgins, C. (2001). Work – life balance in the new millennium: Where are we? Where do we need to go?. *Canadian Policy Research Networks*, W/12.
- Fung, H.H., Lai, P., & Ng, R. (2001). Age differences in social preferences among Taiwanese and mainland Chinese: The role of perceived time. *Psychology and Aging*, 16 (2), 351 – 356.
- Ghazali, A., Ghosh, B.C., & Tay, R.S.T. (1995). The determinants of self-employment choice among university graduates in Singapore. *International Journal of Management*, 12 (1), 26 – 35.
- Hatak, I., Harms, R., & Fink, M. (2014). Age, job identification and entrepreneurial intention. *Journal of Managerial Psychology*, 30 (1), 38- 53.
- Hisrich, R.D., & Brush, C.G. (1983). The women entrepreneur: Implications of family educational and occupational experience. *Frontiers of Entrepreneur Research*, Babson College.
- Krumboltz, J.D., Mitchell, A.M., & Jones, G.B. (1976). A social learning theory of career selection. *The counselling psychologist*, 6 (1), 71-81.
- Laspita, S., Scheiner, C.W., Chlosta, S., Brem, A., Voigt, K.I., & Klandt, H. (2007). Students' attitude towards entrepreneurship: Does gender matter. *Rev manag comp int*, 8 (4), 92-118.
- Levesque, M., & Minitti, M. (2006). The effect of aging on entrepreneurial behaviour. *Journal of Business Venturing*, 21 (2), 177 – 194.
- Luthans, F., & Davis, T.R. (1979). Behavioural self-management—The missing link in managerial effectiveness. *Organizational dynamics*, 8 (1), 42-60.
- Lyons, S.D., & Berge, Z. L. (2012). *Social learning theory*. UMBC Faculty Collection.
- Mahoney, M.J. (1974). *Cognition and behaviour modification*. Ballinger.
- Mischel, W. (1973). Toward a cognitive social learning reconceptualization of personality. *Psychological review*, 80 (4), 252 - 283.
- Neider, L. (1987). A Preliminary investigation of Female entrepreneurs in Florida. *Journal of Small Business Management*, 24 (4), 37 – 44.
- Römer-Paakkanen, T. (2002). Family Entrepreneurship in a Retail Chain. Doctoral thesis.
- Scott, M.G., & Twomey, D.F. (1988). The long-term supply of entrepreneurs: students'

- career aspirations in relation to entrepreneurship. *Journal of small business management*, 26 (4), 5 - 13.
- Shuell, T.J. (1986). Cognitive conceptions of learning. *Review of educational research*, 56 (4), 411 - 436.
- Singer, R.N., & Suwanthada, S. (1986). The generalizability effectiveness of a learning strategy on achievement in related closed motor skills. *Research Quarterly for Exercise and Sport*, 57 (3), 205-214.
- Singh, G., & DeNoble, A. (2003). Views on self-employment and personality: An exploratory study. *Journal of Developmental Entrepreneurship*, 8 (3), 265 – 281.
- Van der Sluijjs, J., Van Praag, M., & Vijverberg, W. (2008). Education and Entrepreneurship Selection: A review of the empirical literature, *Journal of economic Surveys*, 22 (5), 795 – 841.
- Wang, C.K., & Wong, P.K. (2004). Entrepreneurial interest of university students in Singapore. *Technovation*, 24 (2), 163-172.
- Wang, C.K., Wong, P.K., & Qing, L. (2014). Entrepreneurial Intentions and Tertiary Education. *Research Gate Publications*, WP 2001-01.
- Weber, P., & Schaper, M. (2004). Understanding the grey entrepreneur. *Journal of Enterprising Culture*, 12 (2), 147 – 164.