



Entrepreneurship in Australia: Social Values and Perceptions

Esha Thukral

INTRODUCTION

Entrepreneurship has been the driving force for job creation, economic growth, and competitiveness. It not only contributes to personal fulfilment but also the attainment of social objectives (Maritz, 2015). Entrepreneurship is essential for the overall growth of the nation. Thus, it is an essential part of the business dynamism in market economies. Although there is no single definition of entrepreneurship accepted by the research community, there is still a general unanimity that; entrepreneurship is the creation of something new. According to Professor Howard Stevenson, “entrepreneurship is the pursuit of opportunity beyond resources controlled” (Eisenmann, 2013). Entrepreneurship can be defined as a process of bringing together the necessary factors of production consisting of human, physical, and informational resources in an efficient manner to create new products or services or produce an

E. Thukral (✉)
La Trobe University, Melbourne, Australia
e-mail: T.asha@latrobe.edu.au

existing product at a competitive cost (Lazear, 2005). Both the definitions take into account the individual and the society within which the individual is embedded. Schumpeter too talked about the interaction between the individual and the environment (context) (Stevenson, 2000). Thus, the process of entrepreneurship is based on the “interaction between the individual, their intuition, society and culture” (Kirkley, 2016b, p. 293). Therefore, together with the individual, the study of the context (culture, beliefs), the ecosystem is also integral to truly understand entrepreneurship in a particular country or region.

EASE OF STARTING A BUSINESS: ENTREPRENEURIAL ECOSYSTEM

Evidence from research and surveys suggests that Australia has a good entrepreneurial ecosystem. Similarly, Australia was awarded the fifth position in Global Entrepreneurship Index (GEI) 2018, which measures the health of the entrepreneurial ecosystem in 137 countries (The Global Entrepreneurship and Development Institute, 2018). Global Entrepreneurship Monitor (GEM) report in 2019 ranked Australia as number ten for ease of starting a business against 50 economies globally (Moyle et al., 2020). According to a recent World Bank survey, “Doing Business 2020”, Australia scored the 14th position in the world for the ease of doing business in 2020 (Tang, 2019). World Bank “Doing Business” survey assesses regulations across 190 countries in 12 business regulatory areas to evaluate the business environment in each country. This year ten out of the 12 indicators were used to evaluate the business environment. The study looks at rules and regulations; affecting a business since its inception, all through its operation stage to the wind-down stage, that is starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investor, paying taxes, trading across borders, enforcing contracts, and resolving insolvency (World Bank, 2019).

Economies that score a higher rank in the survey have a more conducive environment for the entrepreneurial activity to take place as “the knowledge that is relevant for entrepreneurial action is embedded in the ecosystem structures and requires individual-level action to extract it” (The Global Entrepreneurship and Development Institute, 2018). However, despite Australia being a very easy place to start a business, fewer entrepreneurs were found to be entering the market. Thus, the

picture of Australia's entrepreneurial activity is mixed (Australian Government: Department of Industry, Science, Energy, Resources: Office of the Chief Economist, 2020).

The entrepreneurial framework conditions matter because they provide a regulatory environment in two aspects, firstly who decides to be an entrepreneur and secondly to what extent the new business ventures are able to attain their full potential. The first aspect is modulated mostly by soft framework conditions, such as social beliefs, norms, and cultural preferences, whereas the second aspect is modulated by a variety of entrepreneurial framework conditions, namely, research and development, government, infrastructure, financial sector, and corporate sector (The Global Entrepreneurship and Development Institute, 2018).

It is, therefore, evident that various forces shape the entrepreneurial environment as entrepreneurship does not take place or flourish in a vacuum. A mix of attitudes, resources, and infrastructure (also known as "entrepreneurial ecosystem") are needed to support entrepreneurship or entrepreneurial activity. A vibrant ecosystem supports innovation and new venture creation. The prime attributes of the vibrant ecosystem are "deep reservoirs of early-stage investments, entrepreneurship-specific human capital, cutting edge research institutions, lead users of innovations, dense social networks among entrepreneurs, and cultural orientations that are supportive of entrepreneurial activities" (Roundy, 2019, p. 9). Of which, cultural orientations, social norms, and beliefs support the initiative taking aspect of the entrepreneurs that is, "who chooses to be an entrepreneur", which is the foremost step in the entrepreneurial journey (The Global Entrepreneurship and Development Institute, 2018). Thus, there is a need to study the Australians perceptions, attitudes, social values, and beliefs (soft framework conditions) as fewer individuals are embarking on the entrepreneurial journey and one potentially preventing factor highlighted by most research and surveys is fear of failure (Australian Government: Department of Industry, Science, Energy, Resources: Office of the Chief Economist, 2020).

Entrepreneurial Activity and Attitudes in Australia

Social values play an integral role in determining individual's entrepreneurial behaviour. "Behind entrepreneurial action are entrepreneurial intentions; Behind entrepreneurial intentions are known entrepreneurial attitudes; Behind entrepreneurial attitudes are deep

cognitive structures; Behind deep cognitive structures are deep beliefs” (Kirkley, 2016a, p. 291).

Consequently, Australian’s perceptions of entrepreneurship can greatly influence entrepreneurial activity. Recently G20 Roundtable on Entrepreneurship was held, and the topic of discussion was “*Policies and Actions to Promote Entrepreneurship in the post-pandemic era*”. All the member countries shared their respective policy measures. With regards to Australia, it was highlighted that Australia has a very strong corporate entrepreneurship which was further supported by findings of Global Entrepreneurship Monitor (GEM) studies which highlighted that between 10.5 and 11.8% of Australians are involved in early-stage entrepreneurial activity. This includes intrapreneurship (entrepreneurs working in a business for an employer), new business ownership, and early or nascent activity. Australia ranks first out of the 50 participating countries for intrapreneurship (Renando, 2020). Thus, the statistics clearly show that Australia’s entrepreneur potential is strong, but it is often held inside established institutions focussed on local challenges primarily because of the high fear of failure.

Australia has been ranked 23rd in Global Innovation Index (GII), 2020, which is one position down since 2019. GII ranks the countries according to their innovation capabilities (WIPO, 2020). The 2016 Performance Review of Australia’s Innovation and Science System, conducted by Innovation and Science Australia, found that “The process of innovation can be significantly inhibited if failed attempts cannot be openly discussed, evaluated, reviewed or dismantled in a supportive environment in order to inform the next attempt” (Australian Government: Innovation and Science Australia, 2016).

According to the CGU Ambition Index (2018), more than half (53%) of Australians have aspirations to start their own business but have not converted their aspirations to reality because 44% of Australians say that their biggest deterrent is fear of failure, that has stopped them from pursuing aspirations/goals (CGU Ambition Index, 2018). Global Entrepreneurship Monitor (GEM) report 2019 highlights that 45.7% of Australians see good opportunities to start a business but are afraid to fail (Moyle et al., 2020).

It is the entrepreneurs who perceive and pursue opportunities. Opportunities can only be validated if pursued. Thus, it is a trial-and-error process, and it is the entrepreneurs who drive the trial-and-error dynamic (The Global Entrepreneurship and Development Institute,

2018). According to Peter Drucker “entrepreneurship is about taking risk” (Eroğlu & Piçak, 2011, p. 146). An Entrepreneur is a risk bearer; it is a trait that has been extensively highlighted in entrepreneurial literature and has also shown high validity (Shaper et al., 2014) because “entrepreneurial function entails coping up with less structured, more uncertain set of possibilities and bearing the ultimate responsibility for the decision” (Stewart & Roth, 2001, p. 146). Where there is uncertainty there is bound to be an element of failure/failing. Failure leads to a stigmatizing situation as negative attitude towards failure prevails. Therefore, Australia’s fear of failure is high and is rising which prevents them from setting up a business. According to the 2016/2017 GEM report, 42.9% of Australians indicated that they have a fear of failure (Ghazavi, 2018). Whereas a recent GEM report highlighted that 47.4% of Australians have a fear of failure which clearly shows that there has been an increase in the fear levels of Australians, because of which they are unwilling to start a business even when they see good opportunities (Moyle et al., 2020).

United States Studies Centre (USSC), Innovation and Entrepreneurship programme a multi-year research initiative funded by New South Wales (NSW) government focussed on understanding the United States as an innovation leader with a view to developing insight for the benefit of New South Wales and Australia, studied into what causes anxiety in Australians, found that they are more concerned about losing their work (job or business), failure at work, and losing everything and having to start from scratch (Ratcliff et al., 2018).

Stewart and Roth (2001, p. 146) highlighted that more risk-tolerant individuals pursue entrepreneurial careers, whereas more risk-averse individuals choose to work for someone or go for contractual employment (Stewart & Roth, 2001, p. 146). Since entrepreneurship is an important source of wealth creation, job creation, and growth, there is a strong need to change the social beliefs and cultures to reduce the social cost associated with business failure. There is a constant need to acknowledge and celebrate successful entrepreneurs (entrepreneurial role-models) as it inspires others to start business ventures (Ucbasaran et al., 2013). At the same time, failed attempts should be openly discussed and reviewed, as until people do not talk or share their failures with the rest of the people, we will not have the “lessons learnt” which is the one thing that makes failure valuable. Societal attitudes help shape a country’s entrepreneurial culture, a culture that rewards entrepreneurs and tolerates failure is a missing ingredient in Australia’s social capital. It is only

when we overcome stigma revolving around failure, we can have these behind entrepreneurs (intrapreneurs) come forward and start their own ventures. Building a culture that encourages and celebrates entrepreneurship is the key as it is this social capital that sustains the entrepreneurial ecosystem (Ghazavi, 2018).

Schools and Universities and career advisors should bring/invite entrepreneurs to their institutions to share their real-life stories of learning from failures. Smith College, the all-women's school in Western Massachusetts, has a programme called "Failing Well". It is an initiative started by Rachel Simmons to teach its students that "failure is not a bug of learning it's the feature". Students who enrol in her programme receive a Certificate of Failure that declares that they are "hereby authorized to screw up, bomb, or fail" at a test, relationship, project, experiment, or any other initiative. Thus, preparing students to handle failure as those who can tackle failure are less fragile and more audacious than those who expect flawless performance (Taylor, 2017). Programmes like these help instil confidence to face failures from the very beginning when one is at the nurturing stage.

A study by Kauffman Foundation in the US found that university students who took part in experiential entrepreneurship programmes like an internship in a technological start-up together with classroom-based knowledge were three times more inclined to be involved in the creation of a new business venture than others. The classroom knowledge provides them with the knowledge and skill that students can put to practice when they start their own business or when they are working as an employee for a company. Experiential entrepreneurship programmes provide a relatively safe environment to the students where they can experience aspects of actually forming a start-up. This environment will not only provide the students with the context to apply classroom knowledge but also instil confidence and will reduce the fear of failure by allowing them to fail fast in a safe environment (Australian Government: Office of the Chief Scientist, 2015). Australia already is on the path of progress as there has been a recent surge in university-based incubators, accelerators, and entrepreneurship courses which have the potential of debunking the negative attitude towards failure (Ghazavi, 2018).

CONCLUSION

Entrepreneurship is the backbone of any progressive nation or economy as it leads to the creation of jobs, creation of wealth, new products, and services that are introduced in the market. Given its importance, it thus raises some concerns as fewer entrepreneurs were found to be entering the Australian market. As numerous research have highlighted that this trend is somewhere linked to the rising fear of failure which is crippling entrepreneurial spirit amongst Australians. Therefore, there is a strong need to address the issue and reshape the societal values and attitudes that revolve around failure as it is social and cultural context of an individual that influences creation of business.

REFERENCES

- Australian Government: Department of Industry, Science, Energy and Resources. (2020). *Boosting innovation and science*. Retrieved March 16, 2021, from <https://www.industry.gov.au/policies-and-initiatives/boosting-innovation-and-science>
- Australian Government: Department of Industry, Science, Energy, Resources: Office of the Chief Economist. (2020). *Entrepreneurship*. Retrieved March 16, 2021, from <https://publications.industry.gov.au/publications/australia-ninnovationsystemmonitor/entrepreneurship/index.html>
- Australian Government: Innovation and Science Australia. (2016). *Performance review of the Australian innovation, science and research system*. Retrieved March 19, 2021, from https://www.industry.gov.au/sites/default/files/2018-10/performance-review-of-the-australian-innovation-science-and-research-system-isa.pdf?acsf_files_redirect
- Australian Government: Office of the Chief Scientist. (2015, October). *Boosting high-impact entrepreneurship in Australia*. Office of the Chief Scientist.
- CGU Ambition Index. (2018, October 29). *CGU ambition index*. Retrieved March 19, 2021, from https://www.cgu.com.au/ambition/CGU_Ambition_Index.pdf
- Eisenmann, T. R. (2013). *Entrepreneurship: A working definition*. Retrieved February 20, 2021, from <https://hbr.org/2013/01/what-is-entrepreneurship>
- Eroğlu, O., & Piçak, M. (2011). Entrepreneurship, national culture and Turkey. *International Journal of Business and Social Science*, 2(16), 146–151 (p. 146).
- Ghazavi, V. (2018). *How Australia can stop fearing failure and embrace the best of American innovation culture*. Retrieved March 16, 2021, from <https://>

- www.ussc.edu.au/analysis/how-australia-can-stop-fearing-failure-and-emb-race-the-best-of-american-innovation-culture#footnote-def-20
- Kirkley, W. W. (2016a). Entrepreneurial behaviour: The role of values. *International Journal of Entrepreneurial Behavior & Research*, 22(3), 290–328 (p. 291).
- Kirkley, W. W. (2016b). Entrepreneurial behaviour: the role of values. *International Journal of Entrepreneurial Behavior & Research*, 22(3), 293 (p. 293).
- Lazear, E. P. (2005). Entrepreneurship. *Journal of Labor Economics*, 23(4), 649–680.
- Maritz, A. (2015). Senior entrepreneurship in Australia: An exploratory approach. *International Journal of Organizational Innovation*, 7(3), 6–23.
- Moyle, D. C.-L., Torres de Oliveira, D., Nguyen, D., & Renando, C. (2020). *Global entrepreneurship monitor Australian population survey*. Retrieved February 20, 2021, from <https://research.qut.edu.au/ace/gem-australia-national-trends-aps/>
- Ratcliff, D. S., McFarland, C., Mondschein, J., & Jackman, S. (2018). *Australians as anxious about healthcare costs as Americans, more anxious about climate change*. Retrieved March 15, 2021, from <https://www.ussc.edu.au/analysis/australians-as-anxious-about-healthcare-costs-as-americans-more-anxious-about-climate-change>
- Renando, C. (2020). *The Australian entrepreneur ecosystem: Presentation at the 2020 G20 roundtable on entrepreneurship*. Retrieved March 4, 2021, from <https://www.linkedin.com/pulse/australian-entrepreneur-ecosystem-presentation-2020-g20-chad-renando/>
- Roundy, P. T. (2019). Regional differences in impact investment: A theory of impact investing ecosystems. *Social Responsibility Journal*, 16(4), 467–485 (p. 9).
- Shaper, M., Volery, T., Weber, P., & Gibson, B. J. (2014). Opportunities and entrepreneurs. In *Entrepreneurship and small business* (pp. 29–50). 4th Asia Pacific Edition. Wiley.
- Statista. (2020). *Entrepreneurial activity participation in Australia 2019, by business stage* Published by Thomas Hinton, Oct 2, 2020 During the survey period in 2019, it was estimated that 10.5 percent of the population aged 18 to 64 years were engaged in early stage ent. Retrieved February 20, 2021, from <https://www.statista.com/statistics/881473/australia-entrepreneurial-activity-participation-by-business-phase/#statisticContainer>
- Stevenson, H. H. (2000). *Why entrepreneurship has won!* Retrieved February 20, 2021, from http://www.unm.edu/~asalazar/Kauffman/Entrep_research/e_won.pdf
- Stewart, W. H., & Roth, P. L. (2001). Risk propensity differences between entrepreneurs and managers: A meta-analytic review. *Journal of Applied Psychology*, 86(1), 145–153 (p. 146).

- Tang, E. (2019). *Doing business in Australia is easier*. Retrieved March 13, 2021, from <https://www.austrade.gov.au/news/economic-analysis/doing-business-in-australia-is-easier>
- Taylor, B. (2017). *How Coca-Cola, Netflix, and Amazon learn from failure*. Retrieved March 16, 2021, from <https://hbr.org/2017/11/how-coca-cola-netflix-and-amazon-learn-from-failure>
- The Global Entrepreneurship and Development Institute. (2018). *Global entrepreneurship index: Entrepreneurship and business statistics*. Retrieved March 13, 2021, from https://thegedi.org/wp-content/uploads/dlm_uploads/2017/11/GEI-2018-1.pdf
- Ucbasaran, D., Shepherd, D. A., Lockett, A., & Lyon, S. (2013). Life after business failure: The process and consequences of business failure for entrepreneurs. *Journal of Management*, 39(1), 163–202.
- WIPO. (2020). *Global innovation index 2020*. Retrieved March 19, 2021, from https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2020/au.pdf
- World Bank. (2019). *Doing business 2020—sustaining the pace of reforms*. Retrieved March 13, 2021, from <https://www.worldbank.org/en/news/feature/2019/10/24/doing-business-2020-sustaining-the-pace-of-reforms>