



**Influence of perceived risk on entrepreneurial desirability
and feasibility: Multidimensional approach for nascent
entrepreneurs**

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Influence of perceived risk on entrepreneurial desirability and feasibility:
Multidimensional approach for nascent entrepreneurs

Abstract

This paper examines the influence of perceived risk on entrepreneurial desirability and feasibility as determining factors in the intention to start a self-owned business. Specifically, a multidimensional approach is taken to examine the different types of risks associated with entrepreneurship: economic, social, time, health and personal risks. The results obtained from a sample of 376 new entrepreneurs in Mexico confirm the fact that the perceived desirability and feasibility have a significant and positive effect on the intentions to start their own company. On one hand, the empirical evidence obtained shows a heterogenic effect of the risk dimensions associated with entrepreneurship on the perceived desirability and feasibility in their behaviour. Therefore, it was found that the economic risk associated with entrepreneurship has a negative effect on the feasibility to start a business, but does not significantly influence the desirability of that behaviour. On the other hand, a significant effect from the risk related to health is not seen on desirability and feasibility, but the negative influence of personal risk is empirically supported for both variables. Finally, the results obtained related to social and time risk are contradictory. Social risk negatively influences entrepreneurship desirability, but a positive effect is observed on the feasibility to create a business. For its part, the empirical evidence obtained does not support any effect of the time risk on the perceived feasibility of starting a business, but there is a positive on entrepreneurship desirability. These results, which are contrary to the traditional concept of risk as a barrier to entrepreneurship, are justified by the vocational nature of this behaviour and by the social sacrifices that are sometimes necessary to be able to make a business work.

Keywords

Entrepreneurial intentions, desirability, feasibility, perceived risk, multidimensional.

1. Introduction

Risk is a key element in the general theory of entrepreneurship (Carland et al. 1984; Johnson 1990; Goldsmith and Kerr 1991; Stewart et al. 1998, Elston and Audretsch 2011). In this sense, Kuechle (2013) postulates that risk is implicit in entrepreneurship, whether it be in creating a new market, identifying an opportunity or starting up a business since entrepreneurial behaviour involves a series of expected results that can be unattained, which implies the possibility of failure (Gimeno et al. 1997; Aldrich and Martínez 2001). Thus, different authors have shown that entrepreneurial behaviour is influenced by the perception of risk in the entrepreneurship field, conceived as the evaluation of an individual in terms of risk expectations and probability (Sitkin and Pablo 1992; Mullins and Forlani 2005; Barbosa, Gerhardt and Kickul 2007; Monsen and Urbig 2009).

However, in spite of the importance attributed to risk in academic literature on entrepreneurship, there are very few studies that have analysed the effect of an individual's perceived risk on entrepreneurial intentions (Barbosa, Kickul and Liao-Troth 2007; Nabi and Liñán 2013). Furthermore, considering that several authors have shown that creating a business is associated with different sources or dimensions of perceived risk (Hisrich and Peters 1998; Schaper and Volery 2004; Petrakis 2005; Barbosa, Kickul and Liao-Troth 2007), the scarce amount of studies that do exist in this area looks at risk from a one-dimensional (Forlani and Mullins 2000; Brockman, Becherer and Finch 2006) or global (Barbosa, Kickul and Liao-Troth 2007; Nabi and Liñán 2013) perspective. Therefore, there is a clear gap in academic literature dealing with the influence of the different dimensions of risk perceived in entrepreneurial behaviour.

This paper examines the influence of the perceived risk on entrepreneurial intentions of nascent entrepreneurs using a multidimensional approach by looking at different types of risks associated with starting a business. Specifically, using general literature on risk and the very few existing studies related to the area of entrepreneurship (Hisrich and Peters 1998; Schaper and Volery 2004; Barbosa, Kickul and Liao-Troth 2007) five risk dimensions are identified that are associated with starting new businesses: economic, social, time, health and personal risk.

In order to uphold this study within a theoretically sound framework, entrepreneurship models based on the relationship of belief-attitude-intention were

taken as a reference (Shapero and Sokol 1982; Krueger and Brazael 1994; Krueger 2009). The election of these models is justified by their acceptance and generalized use to explain entrepreneurial intentions in different areas and contexts, by their clear explicative nature (Krueger 2009, Schlaegel and Koenig 2014), and by the relevance of the main explicative variables incorporated in them. Moreover, this study analyses the effect of the risk dimensions on two common variables within these models and to which a special importance as determinants of entrepreneurial intentions are attributed: the desirability and the feasibility associated with said behaviour.

Accordingly, this paper provides two fundamental contributions with respect to the previous literature. Firstly, the effect of perceived risk on entrepreneurship is examined from a multi-dimensional perspective by proposing five risk dimensions associated with different types of negative consequences of entrepreneurship (economic, social, time, health and personal risk) than can have different effects on entrepreneurial behaviour. Secondly, the influence of the risk dimensions on the desirability and the feasibility associated with entrepreneurship are analysed, within a global model of entrepreneurial behaviour.

2. Literature review and research hypothesis

2.1. Influence of the perceived desirability and feasibility on entrepreneurial intentions

Over the last few decades, numerous models have been proposed that try to explain entrepreneurship from a psychological perspective by taking one's intentions as an all-important dependent variable. In that sense, it's worth mentioning the Entrepreneurial Event Model (Shapero and Sokol 1982), the Entrepreneurial Potential Model (Krueger and Brazael 1994) or Krueger's Model of Entrepreneurial Intentions (Krueger 2009). All of these theoretical models coincide in identifying two fundamental explicative variables about entrepreneurial intentions and about entrepreneurial behaviour in general: the perceived desirability and perceived feasibility for entrepreneurship.

Shapero and Sokol (1982) define perceived desirability as the degree to which a person finds starting their own enterprise attractive, which in essence means this concept impacts entrepreneurship through its influence on entrepreneurial intentions (Krueger 1993, Shapero and Sokol 1982). Guzman-Alfonso and Guzman-Cuevas

(2012) define it as the degree of attraction of starting a new business for a person. Therefore, when an individual perceives entrepreneurship as being something desirable and actually possible, this creates the intention to act in an entrepreneurial way (Elfving, Brännback and Carsrud 2009).

Perceived feasibility, on the other hand, is defined as the degree to which a person believes they are capable of starting a business (Shapero and Sokol 1982) or as the personal ability the individual believes they have to develop an entrepreneurial behaviour (Krueger and Brazael 1994). Gasse and Tremblay (2006) say that the entrepreneur not only has to consider entrepreneurship as something desirable but they also must perceive it to be reasonably feasible.

Several authors have empirically supported the direct influence of perceived desirability and perceived feasibility on entrepreneurial intentions while disregarding the mediating nature of other variables such as the perception of an opportunity or the propensity to act (Walstad and Kourilsky 1998; Krueger, Reilly and Carsrud 2000; Audet 2002; Veciana, Aponte and Urbano 2005). This approach is in line with the Theory of Planned Behaviour (Schifter and Ajzen 1985, Ajzen 1991), the most widely applied model of general behaviour to the study of entrepreneurship (Liñán and Chen 2009; Finisterra do Paço et al. 2011; Nabi and Liñán 2013), which states that behavioural intentions are determined directly by the attitude towards behaviour and the perceived control of behaviour; variables that have been identified as being similar or even identical to perceived desirability (Uygun and Kasimoglu 2013) and perceived feasibility (Finisterra do Paço et al. 2011; Singh, Prasad y Raut 2012), respectively.

In accordance to that which was previously commented, the following hypotheses are set forth:

H1: The perceived desirability of entrepreneurship influences the intention to create a new business in a positive way

H2: The perceived feasibility of entrepreneurship influences the intention to create a new business in a positive way

2.2. Perceived risk in entrepreneurship: Conceptualization and a multi-dimensional perspective

Different authors have shown that entrepreneurial behaviour is influenced by the perception of risk in the field of entrepreneurship being conceived as the evaluation of an individual in terms of the expectations and probability of risk (Sitkin and Pablo 1992; Mullins and Forlani 2005; Barbosa, Gerhardt and Kickul 2007; Monsen and Urbig 2009; Nabi and Liñán, 2013). In particular, risk has been traditionally considered as something that slows entrepreneurship so that the perceptions over potential losses derived from business activity would negatively affect entrepreneurial intentions (Venkataraman 2002). Other authors (Dickson and Giglierano 1986, Barbosa, Gerhardt and Kickul 2007) has said risk can be perceived by entrepreneurs not only as a threat but also as an opportunity (associated with the potential earning of the new business), however the empirical support for this perception is still limited. As a consequence, this research takes on a traditional approach and considers that the perception of risk has a negative influence on entrepreneurial behaviour.

Furthermore, Barbosa, Kickul and Liao-Troth (2007) show the psychological research on decision making has demonstrated that risk taking and the perception of risk are in fact multi-dimensional, depend of the context and are specific to certain dominions (Weber, Blais, and Betz 2002; Hanoch, Johnson, and Wilke 2006). However, if studies on risk from a multi-dimensional perspective are quite extended in areas such as consumer behaviour, research on this is quite scarce in the area of entrepreneurship. Notable studies include that of Hisrich and Peters (1998), in which they distinguish between financial, social and psychological (related to health) risk as factors that influence the entrepreneurial process. Schaper and Volery (2004) find four types of risk that new business owners must face: financial, career/time, social and health risks. Along the same research lines, Kickul and Liao-Troth (2007) distinguish between personal, social and financial risk dimensions. The distinction between lucrative and non-lucrative risk established by Petrakis (2005) should also be mentioned. Additionally, Vasumathi et al. (2003) say that entrepreneurship generates high levels of stress in individuals that face the following different risk dimensions: financial, professional, time and health (psychological and physical) risk. Table 1 shows the main risk dimensions that have been identified in academic literature on entrepreneurship and the studies that support their negative effect on entrepreneurial behaviour.

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Table 1. Perceived risk dimensions: Definition and support on entrepreneurship literature

2.3. Influence of the perceived risk dimensions on desirability and feasibility

If risk is a key concept in academic literature about entrepreneurship, there are very few studies that have analysed its effect on entrepreneurial intentions when using general entrepreneurship models as a guide. Therefore, the first study by Barbosa, Kickul and Liao-Troth (2007) should be mentioned, in which they contrast the influence of perceived risk on the perceived control in entrepreneurial behaviour (equivalent to perceived feasibility according to Finisterra do Paco et al. 2011; Singh et al. 2012) and on entrepreneurial intentions using the Theory of Planned Behaviour as a model. Similarly, the empirical evidence obtained by Nabi and Liñán (2013) shows that perceived risk in entrepreneurship influences attitudes towards said conduct (equivalent to desirability according to Uygün and Kasimoglu (2013)) and the perceived control of that conduct, but not on entrepreneurial intentions. In any case, both studies analyse the influence of global risk (calculated in terms of the different aspects) with considering the different dimensions of perceived risk can have different effects on entrepreneurial behaviour.

The desirability to start a new business is determined by the individual's beliefs and perceptions about the positive and negative consequences of that behaviour (Shapero and Sokol 1982; Singh et al. 2012). That means desirability is related to certain results or outcomes of entrepreneurship, in terms of the costs and benefits for the entrepreneur (Zellweger, Sieger and Halter 2011). In that sense, perceived risk in entrepreneurship represents the potential consequences or negative results of that type of behaviour (Gimeno et al. 1997; Aldrich and Martínez 2001; Monsen and Urbig 2009). In other words, it creates a negative belief about entrepreneurship, which negatively influences the desirability associated with that behaviour (Fitzsimmons and Douglas 2011; Nabi and Liñán 2013). In line with this thinking, the multi-dimensional conception of perceived risk in the field of entrepreneurship implies the existence of different types of negative potential consequences derived from that behaviour, which could create different influences on the desirability of entrepreneurship. In accordance with this approach and with the review of the academic literature previously mentioned, the following research hypotheses are proposed:

- H3a: The perceived economic risk in entrepreneurship negatively influences the desirability of entrepreneurship.
- H3b: The perceived social risk in entrepreneurship negatively influences the desirability of entrepreneurship.
- H3c: The perceived time risk in entrepreneurship negatively influences the desirability of entrepreneurship.
- H3d: The perceived health risk in entrepreneurship negatively influences the desirability of entrepreneurship.
- H3e: The perceived personal risk in entrepreneurship negatively influences the desirability of entrepreneurship.

Furthermore, according to Macko and Tyszk (2009) the perceived risk in entrepreneurship is directly related to self-efficacy and the control associated with that behaviour (equivalent to perceived feasibility). This perspective is in line with the conclusions of Barbosa, Kickul and Liao-Troth (2007), according to whom perceived risk can create anxiety and lower level of self-efficacy and perceived control over the entrepreneurship. Along the same lines, Nabi and Liñán (2013) obtained empirical evidence that supports the negative effect of perceived risk on perceived control over the entrepreneurship (equivalent to perceived feasibility). In consequence, adopting a multi-dimensional perspective of risk, different types of negative consequences associated with entrepreneurship could have diverse effects on the perceived feasibility of starting a business. In accordance to this approach, the following research hypotheses are proposed:

- H4a: The perceived economic risk in entrepreneurship negatively influences the feasibility of entrepreneurship.
- H4b: The perceived social risk in entrepreneurship negatively influences the feasibility of entrepreneurship.
- H4c: The perceived time risk in entrepreneurship negatively influences the feasibility of entrepreneurship.
- H4d: The perceived health risk in entrepreneurship negatively influences the feasibility of entrepreneurship.

H4e: The perceived personal risk in entrepreneurship negatively influences the feasibility of entrepreneurship.

The research hypotheses proposed are used to create the research model that is presented in Figure1.

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Figure 1. Research Model

3. Research methodology

With the objective to contrast the research hypotheses presented, market research was carried out by combining the qualitative and quantitative methodologies that are detailed hereafter.

3.1. Qualitative research

Firstly, a qualitative study was carried out by holding group meetings with expert academics and professionals in the field of entrepreneurship that were led in such a way as to find out their perceptions towards the different risk dimensions that can be perceived by entrepreneurs. Moreover, and given that this research was centred on Mexico, the qualitative study included professionals and directors at the Monterrey Institute of Technology and Higher Education, which is a leading academic institution in Latin America in training and support for entrepreneurship.

The results obtained from the qualitative research showed that perceived risk in entrepreneurship can be related to different types of negative consequences concerning the creation of your own business. Among these risk dimensions, the personal sacrifices that have to be made by entrepreneurs and the psychological pressure that comes with creating and managing your own business stood out the most. In general, the results of the qualitative research confirmed the multi-dimensional risk perspective used in this study and they also have been very useful for adaption measurement scales and for the interpretation of the quantitative research results.

3.2. Quantitative research

In order to empirically contrast the proposed research hypotheses, a quantitative investigation was carried out by using surveys of nascent entrepreneurs, that is to say, those individuals that have not had their own business before and those that are involved in at least two of the following activities (McGee et al. 2009): a) attending seminars or conferences in order to start their own business, b) developing a business plan or participating in events that are focused on business plan writing, c) organising a team of people to start a business, d) looking for a physical space or equipment for their new business, e) saving money to invest in the company and f) developing a product or service.

The information that was collected was brought together using a questionnaire in which the variable in the theoretical model were measured with a multi-item scale (Appendix 1). This makes it possible to obtain evaluations of psychological variables that cannot be quantified directly (Churchill and Iacobucci 2002). The evaluations were found using the Likert scale of five positions (1 = strongly disagree with the affirmation made and 5 = strongly agree). The scales used for the measurement of entrepreneurial intentions and the desirability and feasibility associated with that behaviour were adapted to the studies of Liñán and Chen (2009) and Finisterra do Paço et al. (2011). The scales for measuring the dimensions of economic, social and personal risk were adapted from the proposals of Barbosa, Kickul, and Liao-Troth (2007), while the scales for time and health risks were developed using the studies of Vasumathi et al. (2003) y Schaper and Volery (2004).

In order to obtain the sample of nascent entrepreneurs a questionnaire was sent to all the individuals who previously had not had their own business and were participating in some kind of training activity or entrepreneurial incubation in the Monterrey Institute of Technology and Higher Education which is therefore in line with the nascent entrepreneur profile as established by McGee et al. (2009). In the end, a total of 376 valid surveys were obtained. Table 2 presents the socio-demographic profile of the nascent entrepreneurs sample used in this research.

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Table 2. Socio-demographic profile of the nascent entrepreneurs sample

4. Results

In order to test the research model, a Structural Equations Model (SEM) approach is used. This statistical method allows the estimation of causal interrelations between latent factors measured with multi-item scales. Therefore, it is especially appropriate to study psychological variables that are not directly observable, as is the case in this research. In particular, SEM approach require the development of two levels of analysis: first, Confirmatory Factor Analysis (CFA) is carried out to confirm the psychometric properties (reliability, convergent validity and discriminant validity) of the measurement scales (measurement model), and then structural model is estimated to test the causal interrelations established in the theoretical model. In this research, the measurement model and the structural model are estimated through the Maximum Likelihood Robust method, using EQS 6.1 computer program.

Convergent and discriminant validity are tested through the procedures proposed by Steenkamp and Van Trijp (1991) and Anderson and Gerbing (1988). Convergent validity refers to the degree to which the instruments used to measure a latent factor are correlated among them (Hair et al. 1998). According to Steenkamp and Van Trijp (1991), convergent validity of a measurement scale is confirmed if all items are significant to a confidence level of 95% and their standardized lambda coefficients are higher than 0.5. The results of the CFA summarized in Table 3 confirm the convergent validity of all the measurement scales.

Additionally, the results obtained for the goodness-of-fit indexes show a correct specification of the measurement model. In particular, there are three main classes of fit criteria: measures of absolute fit, measures of incremental fit and measures of parsimonious fit (Hair et al. 1998). In this case, we use the statistics given by EQS 6.1, widely used in SEM literature (Byrne 1994, Hair et al. 1998): Bentler-Bonett Normed Fit Index (BBNFI), Bentler-Bonett Not Normed Fit Index (BBNNFI) and Root Mean Square Error of Approximation (RMSEA) for the measurement of overall model fit, Incremental Fit Index (IFI) and Comparative Fit Index (CFI) as measure of incremental fit, and Normed χ^2 for the measurement of parsimony of the model. More concretely, the results summarized in Table 3 confirm that BBNFI, BBNNFI, IFI and CFI statistics exceed the recommended minimum value of 0.9, while the RMSEA is located below the maximum limit of 0.08 (Hair et al., 1998).

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Table 3. Confirmatory factor analysis for the model variables

Discriminant validity refers to the degree to which two latent factors are different despite of being correlated among them (Hair et al. 1998). According to Anderson and Gerbing (1988) discriminant validity is confirmed if the confidence interval for the correlation between latent factors does not contain value 1 (maximum correlation). The results summarized in Table 4 confirm the discriminant validity of all the measurement scales.

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Table 4. Confidence intervals for the correlations between pairs of latent variables

In addition, the reliability of measurement scales is evaluated by calculating the Cronbach’s α , Composite Reliability and AVE coefficients (Bagozzi and Yi 1988). The values of these statistics (summarized in Tables 3) are, in every case, above the required minimum values of 0.7 and 0.5, respectively (Hair et al. 1998). Therefore, inner reliability of the proposed constructs is supported.

Once the psychometric properties of the scales were examined, the structural model was estimated to empirically test the research hypotheses. The statistical analyses were run using a Robust Maximum-Likelihood Estimation procedure in order to avoid problems of non-normality with the data. A first estimation of the structural model indicated that hypotheses H3a, H3d, H4c, and H4d were not significant. According to these results, the structural model was re-specified removing non-significant causal relationships. The results obtained in the estimation of the re-specified model, including the goodness-of-fit indexes, the p-value and t-student statistic for each causal relationship estimated, and the R^2 statistic for each dependant variable, are summarized in Figure 2. The goodness-of-fit indexes were obtained within the recommended intervals, thus confirming that the re-specified model fits to the data.

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Figure 2. Structural model estimation

Regarding the causal relationships included in the research model, the results show that entrepreneurial intentions are influenced in a direct and positive way by the perceived desirability (H1) and the perceived feasibility (H2) of creating a new business

(p-value equal or less than 0.05 and t-student statistic above 1.96). With respect to the effects of the risk dimensions on perceived desirability of entrepreneurship, a significant influence of economic risk or health risk on desirability is not observed (H3a and H3d), while contradictory results for the rest of the relations were obtained. Therefore, it can be confirmed that social risk (H3b) and personal risk (H3e) negatively influence the desirability expressed towards entrepreneurship. Contrarily, the empirical evidence obtained shows that the perceptions of entrepreneurs towards time risk (H3c) associated with starting one's own business positively influences the desirability of that behaviour. This result is contrary to the logic adopted in the research hypothesis but is coherent with vocational nature that entrepreneurship displays in many cases. As a consequence of this, nascent entrepreneurs would consider the high levels of dedication that entrepreneurship requires in terms of time to be an incentive to adopt that behaviour.

In reference to the relationship between the risk dimensions and the perceived feasibility of starting a new business, heterogenic results were also obtained. Firstly, a negative influence of time risk and health risk (H4c and H4d) was not observed on the feasibility of entrepreneurship. However, the results do sustain the negative influence of the economic risk and personal risk (H4a and H4e) on the feasibility associated with entrepreneurship. Therefore, it is manifested that nascent entrepreneurs will think the creation of new enterprise is less feasible if they perceive the activity could lead to elevated losses in economic terms or in terms of their health. Finally, in accordance with the obtained results, social risk has a positive effect on the feasibility of entrepreneurship, which is contradictory to the proposed research hypothesis (H4b). With this result, nascent entrepreneurs seem to believe that starting their own business is more feasible if they sacrifice some prestige and social recognition or at least it is assumed that there could be significant losses in this area.

In any case, the risk dimensions explain 17% ($R^2 = 0.17$) of the variance of the desirability and 5% of the variance of the feasibility ($R^2=0.05$), which shows the fact that the effect of risks on entrepreneurial intentions is limited.

5. Conclusions

This paper delves into the analysis of perceived risk as a detractor to entrepreneurship by adopting a multi-dimensional approach. With this approach, five dimensions are identified of the potential losses associated with entrepreneurship that

can act as detractors or inhibitors to the creation of a self-owned business: economic risk, social risk, time risk, health risk and personal risk. Moreover, it is proposed that these risk dimensions associated with the creation of one's own business have a negative influence on the desirability and the feasibility of entrepreneurial activities, which are recognised in academic literature are two key determinants in entrepreneurial intentions.

The results obtained in the research support the fact that the desirability and feasibility associated with the creation of a new business influence entrepreneurial intentions at a significant level. So, and in accordance with the academic literature, the purpose of starting an entrepreneurial project will be determined by the attractiveness that entrepreneurship has for the individual and to the extent that they believe they will be capable of carrying out said process.

In terms of the risk dimensions, it's worth mentioning that firstly, and in accordance with the empirical data that was obtained, their influence on the desirability and feasibility associated with entrepreneurship is, in general terms, quite moderate. This result could be justified from the sample used in the research, which was composed of nascent entrepreneurs that are involved in activities oriented towards the creation of their own business. Thus, this is looking at individuals with a very positive predisposition towards entrepreneurship and at those who perceive low or moderate risks in that type of behaviour which is in accordance with the finding of Palich y Bagby (1995) and Mitchell (1999). Consequently, in the case of nascent entrepreneurs the inhibiting effect of risk on entrepreneurial intentions is clearly limited.

Additionally, according to the results obtained the influence of the risk dimensions associated with entrepreneurship on the perceived desirability and feasibility on that behaviour is heterogenic. It is shown, therefore, that the economic risk associated with entrepreneurship has a negative effect on the feasibility of starting one's own business, but does not have a significant influence on the desirability of entrepreneurial behaviour. This implies that the possible economic losses are perceived as a difficulty in actually creating a new business but do not make entrepreneurship less desirable, at least for nascent entrepreneurs. That means that the economic risk would be considered as a counterpart to the potential benefits and wouldn't make creating your own business less attractive. Also, the health risks do not have a significant effect on the desirability or feasibility, which implies that the possible negative physiological or psychological consequences do not affect the intentions to start a self-owned business in

the future. On the contrary, in coherence with the perception of risk as an inhibitor to entrepreneurship, it is observed that personal risks have a negative effect on the desirability and feasibility attributed to the creation of a new, self-owned business.

Finally, the results obtained with respect to social risk and time risk are contradictory and, in some cases, positive effects of these risk dimensions are observed on the determinants of entrepreneurial intentions. Social risk has a negative influence on the desirability of entrepreneurship but there is a positive effect observed on the feasibility to start one's own business. This result, while contrary to the traditional perception of this type of risk as a detractor to entrepreneurship, seems to indicate that nascent entrepreneurs believe that starting their own business is feasible if they assume the potential loss of prestige and social recognition. Also, the empirical evidence obtained does not support any effect of time risk on the perceived feasibility of starting one's own business but does have a positive effect on the desirability to be an entrepreneur. That means nascent entrepreneurs will think it is more desirable to be an entrepreneur if they perceive there is a potential risk they would have less time to carry out other projects. In our opinion, this result, while contrary to the perception of risk as a deterrent to creating your own business, appears to be coherent with the vocational nature that entrepreneurship displays in many cases. Therefore, the elevated level of dedication that is required to run your own business would actually end up being an incentive to be an entrepreneur since nascent entrepreneurs prefer to invest their time in their business rather than in other activities.

The results have interesting implications from an applied point of view, and especially for the promotion of entrepreneurship. First of all, it has demonstrated that the risk associated with creating your own business has a multi-dimensional nature, which calls for policies and specific measures to be considered for each of the dimensions of risk (economic, social, time, health and personal). Also, it has been confirmed that these risk dimensions can have an inhibiting effect on entrepreneurial intentions (through their negative effect on desirability and feasibility), but in some cases they also influence the perceived desirability or feasibility of creating your own business in a positive way. Therefore, the public and private agents implicated in the promotion and support of entrepreneurship should focus their programmes on mitigating the perceived economic and personal risks, whether it be with training or financial and professional support. On the contrary, the level of dedication in time that entrepreneurship requires could, in reality, constitute as an argument to incentivise this

behaviour for the individuals who truly have an entrepreneurial vocation. Therefore, one can confirm the utility of awareness increasing and training initiatives that promote the self-satisfaction and gratification that dedicating your time to the creation of your own business can mean. Along those same lines, the perception of the feasibility of entrepreneurship can be reinforced by preparing entrepreneurs to assume the potential losses of social status and prestige that could come from failing in the creation of an entrepreneurial business venture.

To conclude, it is necessary to mention that in spite of the systematic methodology followed throughout the development of this paper, the research that was carried out does present some limitations. First, using a sample of nascent entrepreneurs is quite interesting due to the potential of this group, who are highly sensitive to entrepreneurship. Nevertheless, nascent entrepreneurs can exhibit lower perceptions of the risks associated with creating their own business (Palich y Bagby 1995; Mitchell 1999), which could limit the generalisation of the results. It would therefore be interesting to replicate the research with a sample of potential entrepreneurs or even study the possible differences of the effects of the risk dimensions between potential and nascent entrepreneurs. Also, this study takes entrepreneurial intentions as a dependent variable, but it does not look at the actual conduct of those surveyed. This is to say, it does not measure a posteriori if entrepreneurial intentions are actually leading to the creation of a new business. In that sense, it would be interesting to examine in future investigations the actual entrepreneurial conduct of the subjects. Additionally, it's worth mentioning the possibility to replicate this theoretical model in other countries with different economic, cultural and legal characteristics, which could affect the effects of the risk dimensions associated with entrepreneurship, as a future line of research.

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Appendix 1

Entrepreneurial Intention INT1. I have the clear intention to create my own business in less than one year. INT2. My professional objective is to create my own business in less than one year. INT3. I am determined to create my own business in less than one year. INT4. I will do anything possible to create my own business in less than one year.
Desirability DES1. The idea of creating my own business seems attractive to me. DES2. The idea of creating my own business really appeals to me. DES3. Creating my own business would be a huge satisfaction for me. DES4. My calling is to create my own business.
Feasibility FEA1. Creating a business in less than one year would be easy for me. FEA2. It's very feasible to create my own business in less than one year. FEA3. For me it will be simple to create my own business in less than one year. FEA4. I'm in a good position to create my own business in less than one year.
Economic Risk RECO1. You can lose a lot of money if you create your own business. RECO2. Creating your own business can very negatively affect your economic situation. RECO3. The probability of losing your economic investment in your own business is very high. RECO4. If you create your own business you are seriously jeopardising your own assets.
Social Risk RSCO1. It's very likely for you to lose the respect of people who are important to you is your fail in creating your own business. RSOC2. Failing in the creation of your own business can have a negative impact in the way in which your friends and family see you. RSOC3. If you fail in creating your own business, your social life can be affected negatively. RSOC4. Failing in the creation of your own business can have negative consequences in your relationships with people you value.
Time Risk RTIM1. Starting your own business means renouncing other professional opportunities in your career. RTIM2. Starting your own business reduced the time you could dedicate to other activities that are important to you. RTIM3. Starting your own business requires investing too much time. RTIM4. Starting your own business could jeopardise your personal and professional development.
Health Risk RHEA1. Starting your own business can negatively affect your health. RHEA2. Starting your own business can be very stressful. RHEA3. Starting your own business can put your physical wellbeing at risk. RHEA4. Starting your own business can be emotionally exhausting.
Personal Risk RPER1. Failing in the creation of your own business would negatively affect your professional career. RPER2. Your self-esteem would be significantly affected if you failed in creating your own business. RPER3. Failing in the creation of your own business would have a very negative effect on your confidence to take on new projects. RPER4. Starting your own business would negatively affect your personal life.

Appendix 2

Variable	Mean	Standard Dev.	Skewness	Kurtosis
INT1	4,32	0,92	-1,33	1,30
INT2	3,99	1,12	-0,92	-0,04
INT3	4,14	1,08	-1,15	0,56
INT4	4,20	1,12	-1,34	0,89
DES1	4,69	0,84	-3,29	10,79
DES2	4,68	0,85	-3,32	11,00
DES3	4,67	0,88	-3,14	9,60
DES4	4,29	1,00	-1,41	1,31
FEA1	3,17	1,17	-0,09	-0,75
FEA2	3,56	1,14	-0,43	-0,55
FEA3	3,30	1,12	-0,19	-0,62
FEA4	4,13	0,98	-1,01	0,36
RECO1	3,28	1,20	-0,16	-0,86
RECO2	2,97	1,20	0,07	-0,81
RECO3	3,10	1,09	0,03	-0,65
RECO4	2,79	1,18	0,23	-0,78
RSOC1	2,29	1,32	0,69	-0,73
RSOC2	2,30	1,31	0,66	-0,78
RSOC3	2,11	1,23	0,89	-0,26
RSOC4	2,08	1,24	0,89	-0,34
RTIM1	2,97	1,35	0,00	-1,17
RTIM2	3,35	1,25	-0,37	-0,79
RTIM3	3,73	1,20	-0,68	-0,47
RTIM4	2,76	1,40	0,21	-1,21
RHEA1	2,46	1,27	0,44	-0,83
RHEA2	3,24	1,23	-0,19	-0,87
RHEA3	2,48	1,28	0,47	-0,81
RHEA4	2,92	1,26	-0,02	-0,97
RPER1	2,17	1,20	0,79	-0,39
RPER2	2,58	1,26	0,30	-0,98
RPER3	2,38	1,25	0,52	-0,75
RPER4	2,05	1,15	0,83	-0,32

Table 1. Perceived risk dimensions: Definition and support on entrepreneurship literature

Dimension	Definition	Previous Research
Economic Risk	Associated with a potential economic or financial loss, directly or indirectly caused by starting a new business.	Hisrich and Peters (1998); Vasumathi et al. (2003) ; Schaper y Volery (2004); Petrakis (2005); Barbosa, Kickul y Liao-Troth (2007)
Social Risk	Associated with a potential loss of prestige or social recognition in case of failure in starting a new business.	Hisrich and Peters (2008); Schaper y Volery (2004)
Time Risk	Associated with the potential difficulty to meet other personal and professional responsibilities, given the time required in the process of starting a new business.	Vasumathi et al. (2003) ; Schaper y Volery (2004);
Health Risk	Associated with the potential harm in the physical and psychological health, due to the effort required by starting a new business.	Hisrich and Peters (2008); Vasumathi et al. (2003) ; Schaper y Volery (2004)
Personal Risk	Associated with the potential negative impact on the individual's personal development.	Barbosa, Kickul y Liao-Troth (2007)

Table 2. Socio-demographic profile of the nascent entrepreneurs sample

Variable	%	Variable	%
Gender		Education field (finished / on course)	
Male	63,4	Business	49,2
Female	36,6	Engineering	35,7
Age		Humanities	12,7
24 years or less	70,5	Health	2,4
25 to 34 years	18,5	Entrepreneur in the family	
35 years or more	11,0	Yes	72,4
Education		No	27,6
Secondary	31,0	Occupation	
Graduate	59,1	Student	66,7
Post-graduate	7,2	Employee	29,5
Doctorate	2,7	Unemployed	3,8

Table 3. Confirmatory factor analysis for the model variables

Latent variable	Measured variable	Stand. Lambda	R ²	α Cronbach	Composite Reliability	AVE	Goodness of fit
Entrepreneurial Intention	INT1	0.81	0.66	0.90	0.90	0.70	BBNNFI = 0.90 RMSEA = 0.06 IFI = 0.92 CFI = 0.91 S-B χ^2 Normed=2.35
	INT2	0.80	0.64				
	INT3	0.92	0.85				
	INT4	0.82	0.68				
Desirability	DES1	0.90	0.82	0.90	0.92	0.73	
	DES2	0.95	0.93				
	DES3	0.93	0.86				
	DES4	0.60	0.35				
Feasibility	FEA1	0.83	0.69	0.86	0.87	0.63	
	FEA2	0.86	0.74				
	FEA3	0.87	0.75				
	FEA4	0.57	0.33				
Economic Risk	RECO1	0.81	0.66	0.86	0.87	0.62	
	RECO2	0.82	0.67				
	RECO3	0.81	0.65				
	RECO4	0.70	0.49				
Social Risk	RSOC1	0.84	0.71	0.93	0.93	0.78	
	RSOC2	0.89	0.79				
	RSOC3	0.92	0.85				
	RSOC4	0.88	0.78				
Time Risk	RTIM1	0.70	0.49	0.77	0.78	0.48	
	RTIM2	0.77	0.60				
	RTIM3	0.61	0.37				
	RTIM4	0.67	0.45				
Health Risk	RHEA1	0.85	0.72	0.87	0.87	0.63	
	RHEA2	0.70	0.49				
	RHEA3	0.86	0.73				
	RHEA4	0.74	0.54				
Personal Risk	RPER1	0.80	0.64	0.89	0.89	0.68	
	RPER2	0.81	0.65				
	RPER3	0.88	0.78				
	RPER4	0.80	0.64				

Table 4. Confidence intervals for the correlations between pairs of latent variables

Latent variable	1. Entrepreneurial Intention	2. Desirability	3. Feasibility	4. Economic Risk	5. Social Risk	6. Time Risk	7. Health Risk
2. Desirability	0.439 (0.343 ; 0.535)	1.00 (- ; -)					
3. Feasibility	0.593 (0.493 ; 0.693)	0.134 (0.010 ; 0.258)	1.00 (- ; -)				
4. Economic Risk	-0.008 (-0.130 ; 0.114)	0.112 (0.006 ; 0.218)	-0.167 (-0.293 ; -0.041)	1.00 (- ; -)			
5. Social Risk	-0.085 (-0.197 ; 0.027)	-0.160 (-0.250 ; -0.050)	-0.030 (-0.152 ; 0.092)	0.548 (0.460 ; 0.636)	1.00 (- ; -)		
6. Time Risk	0.038 (-0.160 ; 0.084)	0.223 (0.103 ; 0.343)	-0.164 (-0.292 ; -0.036)	0.683 (0.595 ; 0.771)	0.467 (0.367 ; 0.567)	1.00 (- ; -)	
7. Health Risk	-0.009 (-0.127 ; 0.109)	-0.015 (-0.125 ; 0.095)	-0.130 (-0.250 ; -0.010)	0.622 (0.536 ; 0.708)	0.696 (0.624 ; 0.768)	0.726 (0.646 ; 0.806)	1.00 (- ; -)
8. Personal Risk	-0.134 (-0.254 ; -0.014)	-0.140 (-0.248 ; -0.032)	-0.130 (-0.248 ; -0.012)	0.510 (0.418 ; 0.602)	0.716 (0.640 ; 0.792)	0.525 (0.419 ; 0.631)	0.765 (0.701 ; 0.829)

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Figure 1. Research Model

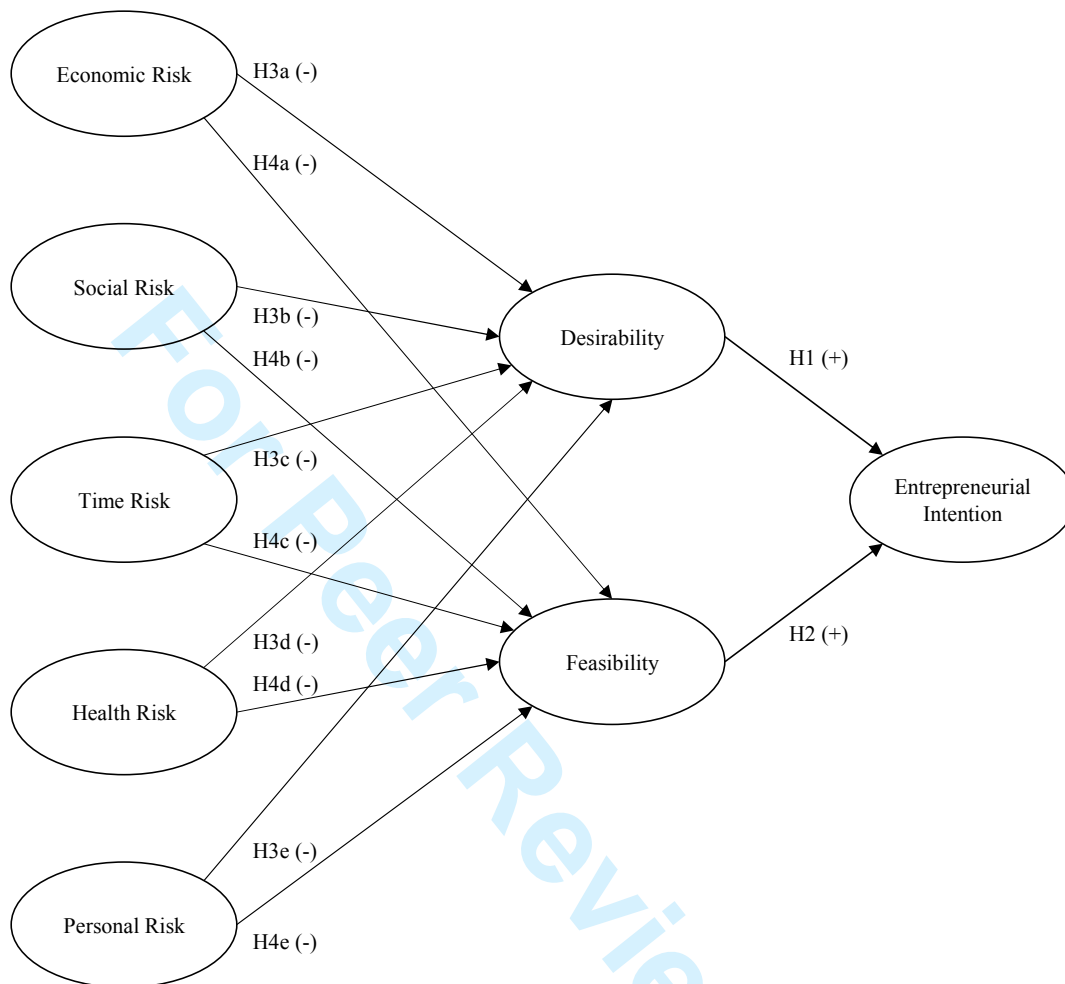


Figure 2. Structural model estimation

