

## **ANALYSIS OF FEAR AS BARRIER TO ENTREPRENEURSHIP**

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### **Abstract**

*Entrepreneurial path is paved with fear of failure. Entrepreneurs are dangling over the edge of uncertainty. Entrepreneurship literature indicates that fear of failure is presupposed barrier to entrepreneurship. Even though entrepreneurs are usually described as ambitious, resilient and passionate, we still need to accept the fact that they also may be fearful underneath that tough surface. The research was conducted to determine what are main fears that prevent young people from starting an own business. Results show that youth is mostly burdened with financial aspect, showing increased risk aversion. High level of corruption and shame of failing are also preventing young people from starting an own business. Education is failing to provide the necessary knowledge in the field of entrepreneurship and development of entrepreneurial skills and abilities. Entrepreneurial education is crucial in order to help young people to develop entrepreneurial skills, attributes and behaviour, as well as to help them overcome all fears that come along with it. Education can promote failure as lesson that can be positive for future endeavours and therefore help young people to embrace entrepreneurship as a viable career option.*

*Keywords: Fear of failure, Entrepreneurship, Youth Entrepreneurship, Fear, Entrepreneurial education, Bosnia and Herzegovina*

## INTRODUCTION

Entrepreneurs are by nature of entrepreneurship, and especially in today's dynamic environment, dangling over the edge of uncertainty. This captures their leap of faith and commitment, their courage if they decide to jump of cliff of entrepreneurship. Courage as such does not represent the absence of fear, but it rather symbolises one's ability to take action in order to achieve the worthy goal regardless of presence of fear (Kilmann et al. 2010). Fear as a phenomenon is present and embedded in the process of individuals' decision making. Therefore it has impact on their cognitive responses and behaviour (Damasio 1994).

Among entrepreneurs and in entrepreneurial literature the most common fear is fear of failure (Bosma et al. 2008). The concept of fear of failure can be described as assessment of threats in apprising situations with possibility of failure (Conroy 2001). Entrepreneurship literature indicates that fear of failure is presupposed barrier to entrepreneurship. This assumption shows that focus is mostly on harmful effect of fear rather than on its possible beneficial effects.

Literature examining fear of failure can be divided in two groups on the basis of definition of fear of failure. First group defines fear of failure as negative emotion that derives from perception of threats from environment. This means that fear represents experience arisen from environmental influence (Li 2011, Patzelt and Shepherd 2011; Welpe et al. 2011). Second group perceives fear of failure as risk aversion. They describe fear as personal trait and tendency towards fear is different in each person (Hessels et al. 2011; Arenius and Minniti 2005; Wagner and Stenberg 2004; Helms 2003).

Fear of failure negatively influences university students and discourages them from starting business even in situations when opportunity is present (Ekore and Okekeocha2012). Entrepreneurial education is crucial in order to help young people to develop entrepreneurial skills, attributes and behaviour, as well as to embrace entrepreneurship as a career option. Education of young people about enterprising and entrepreneurship represents a highly valuable preparation for the constant changes in the labour market.

People who show traits of fear of failure are by default unsure about their ability to succeed or to be successful, and therefore, they do not believe that they have capacity to avoid failure (Covington and Omelich, 1991). Also, individuals who experience failure at goals or tasks connect failure with negative and painful consequences (Shultz, 1999). This creates behaviour where individual is trying to avoid situations in which failure could occur because of humiliation and shame that goes along with it (Conroy et al., 2007). Experiencing shame was identified as a significant contributor of development of fear of failure (McGregor, 2003).

The research was conducted to determine what are main fears that prevent young people in Bosnia and Herzegovina from starting an own business. A structured questionnaire was used to determine what are the main fears that impede youth from starting an own business.

## METHODOLOGY

Probability-based (random) sampling was used in this research based on mixed-mode surveys using internet-based and traditional media. Participants were young people, students between 18 and 30 years of age from Bosnia and Herzegovina. Initial sample size was 1000 students. Data were collected using a structured questionnaire that was presented to respondents in the online and printed form.

Questions were formed on the principle of Likert scale from 1 to 5. Value 5 defines full agreement with statement (strongly agree), while a value of 1 indicates complete disagreement with it (strongly disagree). Data were retained for analysis from the 1472 participants who fully completed the questionnaires. Data analysis was performed using SPSS.

Table 1. Age

	N	Minimum	Maximum	Mean	Std. Deviation
Age	1472	18.0	30.0	21.690	1.6364
Valid N (listwise)	1472				

As it can be seen from table 1 average age was 22, and most of the participants are between 20 and 23 years old.

Table 2. Gender and field of study

		Frequency	Percent	Valid %	Cumulative %
Gender	Male	790	53.7	53.7	53.7
	Female	682	46.3	46.3	100.0
	Total	1472	100.0	100.0	
Field of study	Social Sciences	790	53.7	53.7	53.7
	Humanities	384	26.1	26.1	79.8
	Sciences	298	20.2	20.2	100.0
	Total	1472	100.0	100.0	

Male and female participants are almost equally represented. Social sciences are dominant, which is not unusual considering that most of the students in Bosnia and Herzegovina have tendency towards social sciences. They are followed by humanities, and lastly with 20 percent by sciences which are, unfortunately, still not popular enough. Students tend to consider them

as though studies and as such they have fear from engaging and pursuing degree in field of science.

## ANALYSIS & RESULTS

Fear of failure measured by Global Entrepreneurship Monitor (GEM 2014) for Bosnia and Herzegovina was 26.8 percent of individuals aged 18-64. Analysing results from youth respondents we can see that fear of failure is a strong inhibitor for starting a business and seizing opportunities (Table 3).

Table 3. Tendency towards fear of failure

	N	Minimum	Maximum	Mean	Std. Deviation
Fear of failure would prevent me to start a business	1472	1.0	5.0	4.435	.9084
Valid N (listwise)	1472				

This indicates that youth in Bosnia in Hercegovina consider fear of failure as a one of the factors that would prevent them from even trying to start an own business or even try to act entrepreneurially.

Table 4. Influence of social and cultural environment

		Frequency	Percent	Valid %	Cumulative %
Valid	Encouraging	15	1.0	1.0	1.0
	Neutral	478	32.5	32.5	33.5
	Discouraging	979	66.5	66.5	100.0
	Total	1472	100.0	100.0	

We can see that there is connection with youth's perception of environment. As it can be seen in table 4 most of the youth (66.5%) perceives their environment as discouraging and therefore unbecoming for entrepreneurial activity.

Table 5. Financial fears

	N	Minimum	Maximum	Mean	Std. Deviation
Possibility of losing (invested) money	1472	1.0	5.0	4.368	.6978
Not being able to pay back loan, credit or borrowed money	1472	1.0	5.0	4.085	.5925
Not being able to get enough money to start own business	1472	1.0	5.0	4.054	.6063
Valid N (listwise)	1472				

With this in mind we continued to analyse most common sources of fear in youth. As a result of analysis, table 5 shows how much youth is burdened with financial aspect of doing and starting a business. This shows that youth thinks that failure is inevitable if financing is not planned ahead. Financial worries of young people in Bosnia and Herzegovina presented in table 5 indicate that they have high level of risk aversion.

Table 6. Qualification fears

	N	Minimum	Maximum	Mean	Std. Deviation
Not having the right skills and experience	1472	1.0	5.0	3.274	.9102
Not being able to handle all the workload	1472	1.0	5.0	3.367	.9225
Valid N (listwise)	1472				

Regarding qualification, young people in Bosnia and Herzegovina are down to earth and don't think they have high skills and experience to handle all the workload that comes with being an entrepreneur, but they have enough to try to be entrepreneurial (Table 6).

Table 7. Fear from corruption

	N	Minimum	Maximum	Mean	Std. Deviation
Demotivated from the level of corruption in business (or society in general)	1472	1.0	5.0	4.671	.6745
Valid N (listwise)	1472				

Table 7 confirms that problem of corruption, which Bosnia and Hercegovina have for decades, influences youth decision to start a business. Unfortunately this is extremely negative and demotivating for young people. Such high level of corruption and perception of corruption presence in society in general increases fear and prevents youth from considering to start an own business.

Table 8. Fear of shame

	N	Minimum	Maximum	Mean	Std. Deviation
Worried about what my family or other people would think of me if I failed	1472	1.0	5.0	4.599	.8060
Valid N (listwise)	1472				

People in Bosnia and Herzegovina are taking into account what other people are saying about them. Therefore, young people are burdened with their image in society. In Bosnia, people attribute great significance to people opinions and therefore failure is perceived as a negative occurrence and something shameful (Table 8). Humiliation and shame go along with failure, and therefore, they create behaviour where young people are trying to avoid situations in which failure could occur. Because of this majority of young people in Bosnia and Herzegovina don't want to start their own business.

## CONCLUSION

Entrepreneurial path is paved with fear of failure. It became an essential part of entrepreneurial journey. Even though entrepreneurs are usually described as ambitious, resilient and passionate, we still need to accept the fact that they also may be fearful underneath that tough surface. In literature fear of failure represents barrier to being entrepreneurial.

We can see that fear of failure is a strong inhibitor for starting a business and seizing opportunities in young people in Bosnia and Herzegovina. They consider fear of failure as a one of the factors that would prevent them from even trying to start an own business or even try to act entrepreneurially. Even the environment is perceived as hostile and discouraging for starting business and taking entrepreneurial action.

With analysis of most common sources of fear in youth we discovered how much they are burdened with financial aspect of doing and starting a business. These financial worries of young people in Bosnia and Herzegovina indicate high level of risk aversion. Failure is perceived as inevitable if financing is not planned ahead or ensured. Perceptions of qualifications are moderate and realistic, especially when we know that entrepreneurial education in Bosnia and Herzegovina is still on low level.

Constant problem of corruption in Bosnia and Herzegovina have negative influence on youth decision to start an own business. These high levels of corruption and youth perception of corruption presence in society increases fear and prevent and demotivate youth from considering own business as a career choice. Humiliation and shame go along with failure, and produce behaviour where young people are trying to avoid situations in which failure could occur. In Bosnia and Herzegovina young people are burdened with their image in society and they attribute great significance to people opinions. Therefore failure is perceived as a negative occurrence and something shameful.

All of these fears prevent young people in Bosnia and Herzegovina from starting their own business. Government should start to address these problems in order to promote entrepreneurship as desirable career choice and as an option of solving high unemployment

rate. Education is failing to provide the necessary knowledge in the field of entrepreneurship and development of entrepreneurial skills and abilities is almost non-existent. In order to improve and promote entrepreneurship and the concept of own business as a desirable career choice it is necessary to change the curriculum. Entrepreneurial education is crucial in order to help young people to develop entrepreneurial skills, attributes and behaviour, as well as to help them overcome all fears that come along with it. Doing so, education can promote failure as lesson that can be positive for future endeavours and therefore help young people to embrace entrepreneurship as a viable career option.

Limitations of measures for fear used by GEM, and other literature, raise a need for new measure of fear that prevents youth from engaging in own business. This research considers impact of fear on decision to start a business, but future research should consider fear impact on broader behavioural aspects. Future studies should evaluate if fear could be determination towards success and not just a barrier to entrepreneurship. This research was geographically limited to Bosnia and Herzegovina. Since Bosnian environment is not dynamic and political and structural system are very specific, the future research should include neighbouring countries with similar specifics.

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