

An Empirical Study of Entrepreneurial Intention and Youth Entrepreneurship Policy in Hong Kong

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Abstract: Young entrepreneurship is the future of the economy in terms of increasing employment and creating economic value. This paper will report the milestone results of a pilot survey study on entrepreneurial intention and preparation of young people in Hong Kong with a view to explore potential recommendations to develop youth entrepreneurial policy for the Hong Kong Government. The target of this survey is those young people from 18 to 40 years old. 244 copies of valid questionnaires were collected via e-mail, face-to-face seminars and online platforms. The study was designed based on the Theory of Planned Behavior (TPB) and covered entrepreneurial personality traits, family background, entrepreneurial education, entrepreneurial preparation, and the perception of the entrepreneurial environment in Hong Kong. Implications for education institutions and the government will be discussed finally.

Keywords: youth entrepreneurship, policy, education, government support

1. Introduction

Entrepreneurship is considered an important tool to drive the economy and provide jobs. In Hong Kong, youth groups face the dual oppression of life pressure and reduced employment opportunities (Peng, 2019). Under this situation, starting a business can be an alternative career choice for young people. Personality traits and environmental factors have been widely and separately discussed in the entrepreneurship field. Regarding environmental factors, three dimensions of the institutional theory were firstly tested by Busenitz et al. (2000), and most later scholars widely adopted this theory to test the effects on students' samples (Wannamakok & Chang, 2020). However, there are gaps left in the literature on how young people (not just students) respond to the entrepreneurial environment in their region and study of both personality traits and environmental factors.

This study investigated Hong Kong youth's personality traits, entrepreneurial intention, preparation and how they perceive Hong Kong's entrepreneurial institutional environment. We proposed the following research questions:

- Are there any differences in entrepreneurial intention and preparation of Hong Kong youths from different entrepreneurial backgrounds?
- What are the levels of entrepreneurship-related personality traits among Hong Kong youths?
- What are the levels of attitude, perceived behavioral controls, subjective norms, entrepreneurial intention, and entrepreneurial preparation of Hong Kong youths?
- How do Hong Kong youth perceive the local entrepreneurial institutional environment?

2. Methodology

All the questions were measured by a five-Point Likert Scale ranging from "strongly disagree" to "strongly agree". 244 copies of valid questionnaires were collected via e-mail, face-to-face seminars and online platforms. We used the SPSS Statistics to test the difference of demographic variables and entrepreneurial background factors on entrepreneurial intention. Furthermore, we use the percentage (the total percentage of "strongly agree" and "agree") to describe the levels of Hong Kong youth's personality traits, the TPB model's variables and the perception of the local institutional environment.

3. Demographic variables

To make the sample representative, the sample characteristics have covered different age groups, educational levels and household monthly income backgrounds. Among the 244 samples, 65.2% are female and 34.8% are male. We found that most respondents are between 18 and 24 years old, accounting for 73.4% and the respondents of 25-30 and 31-40 years old only account for 18.0% and 8.6% respectively. Also, the majority of families' income levels are in the low and middle ranges, accounting for 41.0% and 56.5% respectively. In terms

of the highest educational level, it covers all educational levels, with the percentage of high school or lower (5.7%), vocational degree (8.6%), undergraduate degree (70%) and master's degree or higher (15.6%).

4. Demographic variables and entrepreneurial intention

Based on the results of the T-test and one-way ANOVA, some findings are shown below:

First, there are only significant differences in entrepreneurial preparation by gender (sig. = .037). Male has higher entrepreneurial preparation than female.

Second, there are significant differences in entrepreneurial intention (sig. = .013) and preparation (sig. = .049) by different age groups. People aged 31-40 years old have higher entrepreneurial intention and preparation than those aged 18-24.

Third, there are no significant differences in entrepreneurial intention (sig. = 0.149) and preparation (sig. = 0.715) by household income.

Fourth, there are only significant differences in entrepreneurial intention (sig. = .005) by educational levels. People who gained a master's degree or higher have higher entrepreneurial intention than those with a lower educational level.

5. Entrepreneurial background factors and entrepreneurial intention

Entrepreneurial background factors include prior entrepreneurial experience, role model, family entrepreneurial background and entrepreneurial education. Based on the results of the T-test, some findings are shown below:

First, due to the critical role of prior entrepreneurial experience (Bignotti & Le Roux, 2020), we found that there are significant differences in entrepreneurial intention (sig. = .000) and preparation (sig. = .000) by different prior entrepreneurial experience.

Second, individual entrepreneurial intention and behavior can be influenced by observing the conduct of others and they can be the "role models" (Bosma *et al.*, 2012). Accordingly, we found that there are significant differences in entrepreneurial intention (sig. = .000) and preparation (sig. = .028) by getting to know people (friends, relatives, teachers and colleagues) who started a business.

Third, we also found that there are significant differences in entrepreneurial intention (sig.= .002) and preparation (Sig.= .000) by whether receiving the entrepreneurship education and training.

Fourth, although family business backgrounds facilitate becoming an entrepreneur (Tarling *et al.*, 2016), there are no significant differences in entrepreneurial intention (sig. = .096) and preparation (sig. = .132) by different family entrepreneurship backgrounds.

6. Personality traits and theory planned behavioral model

In terms of personality traits, only 19.4 % agree that a business offering high returns with high risks is preferable to a secure job with a steady salary. Also, only 29.3 % believe they can deal with unexpected situations. Moreover, only 36.1% of them agree that they are creative people and only 37.9% agree that they enjoy establishing social networking. It implies that young people in Hong Kong generally have a low risk-taking propensity, tolerance for ambiguity, creativity and social networking. Finally, 61.1% of them agree that the success of my life is heavily reliant on my ability. 62.4% agree that they desire and pursue success, which means that Hong Kong young people have a relatively high internal locus of control and need for achievement.

Based on Ajzen's (1991) theory of planned behavior (TPB) model, we explored attitude, subjective norms, perceived behavioral control, entrepreneurial intention and preparation. Some findings are shown below:

Concerning attitude toward entrepreneurship, the average percentage of "agree" and "strongly agree" of all items is 46.4%. Specifically, only a small portion of people agree that being an entrepreneur has more benefits (46.3%) and are interested in pursuing a career as an entrepreneur (35.2%). They would prefer to be an entrepreneur(36.4%). A relatively higher percentage of people would start a business (66.0%) if given the

opportunity and resources and agree that becoming an entrepreneur would provide them with a lot of satisfaction (54.5%).

Moreover, the finding of subjective norms shows that they have a medium subjective norm (54.1%). Specifically, If they start a business, they are more likely to receive support from their friends (66.4%) than from colleagues or classmates (53.7%) and from their parents (42.2%).

However, with respect to perceived behavioral control, the average percentage of “agree” and “strongly agree” of all items is only 20.4%. It shows that only a small portion of young people believe they can control the business creation process (32.8%) and have a high probability of success (13.9%). Few people know how to keep the business functional (13.9%), understand the practical detailed (24.2%) and develop business projects (17.2%).

Similarly, the average percentage of all items of entrepreneurial intention of young people is low (22.5%). Only a small number of young people agree that they are determined to create a firm in the future (20.9%), have very seriously thought of starting a firm (25.0%) and have the firm intention to start a firm someday (21.7%).

Lastly, the average percentage of all items of entrepreneurial preparation of young people is extremely low (8.6%). Less than 10% of young people engaged in entrepreneurial activities, such as preparing a business plan (6.6%), doing market research (8.2%), setting up a start-up team (7.8%), gathering the funding information from the government (8.2%) and gathering of information regarding administrative formalities for company creation (8.6%).

7. Descriptive analysis of regional factor variables - Hong Kong

The institutional theory suggests that regulatory, normative and cognitive environments influence the level of region entrepreneurship (Busenitz *et al.*, 2000) and entrepreneurial intention (Ofstedal *et al.*, 2018). Based on the 244 samples, there are some findings:

First, in terms of the regulatory environment, few people agree with sufficient grants and subsidies (16%), qualified consultants and service support (12.7%), clear bureaucratic procedures(15.2%), and favorable laws and regulations (15.6%). Although Hong Kong provides a lot of entrepreneurial support and incentives, Hong Kong youth have a low sense of identity with Hong Kong's entrepreneurial regulatory environment.

Second, as for the normative environment, most young people agree that young entrepreneurs who started their own businesses are admired (67.4%) and respected (70%), and having a creative idea are admired. (70.5%).

Third, the cognitive environment covers the perception of local young people's cognition of the entrepreneurship-related knowledge and skills. Few young people agree that Hong Kong youth can deal with entrepreneurial risks (14.7%), have entrepreneurial skills (15.6%), know the departments and social organizations that the government supports entrepreneurship (13.8%), know information about entrepreneurship (17.9%) and know the entrepreneurial procedure (15.6%). This demonstrates that the overall level of entrepreneurial recognition among Hong Kong youths is low.

8. Discussions and conclusions

This study revealed that there are significant differences in entrepreneurial intention and preparation among Hong Kong youths of different age groups, educational levels, prior entrepreneurship experiences, role models, and entrepreneurship education. However, such differences were not found among people from diverse family household incomes and family entrepreneurship backgrounds. Moreover, we revealed that Hong Kong youths generally have a low risk-taking propensity, tolerance for ambiguity, creativity and social networking. Regarding the TPB model, young people have a low attitude towards starting a business and extremely low perceived behavioral control, entrepreneurial intention and preparation. The results of subjective norms show that friends are more supportive than parents. The results inspire the following implications for education and entrepreneurial policy.

Based on the perception of the entrepreneurial environment in Hong Kong, we proposed some suggestions for Hong Kong entrepreneurship. First, the universities need to consider providing relevant education that can influence their personality traits such as risk taking propensity, tolerance for ambiguity, creativity and social

networking. Second, although ranking 3rd in "ease of doing business" shows that the entrepreneurial environment in Hong Kong is very favorable (World Bank, 2020), most young people still poorly understand the entire entrepreneurial environment and have insufficient knowledge. Therefore, the government should broaden its channels of entrepreneurship policy advocacy. Third, in our initial survey, only 15.6 % of young people have received entrepreneurial education or training. To some extent, poor entrepreneurial knowledge and skills limit their entrepreneurial ideas. Government, enterprises and universities should cooperate to launch more entrepreneurship courses to benefit the youths. At the same time, entrepreneurship education should provide more entrepreneurial resources (such as funding, consulting, and exchanges with business leaders) and entrepreneurial opportunities (such as business competitions) since 66.0% agree that people would start a business if given the opportunity and resources.

This study only provided the percentage of the five-Point Likert Scale. Further study can examine the relationships between the personality traits and entrepreneurial intention and preparation as well as the relationships between their perceptions of the institutional environment and entrepreneurial intention and preparation.

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