

**Barriers and Triggers to New Venture Creation - Evidence
from an Australian Regional Community**

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Abstract

Drawing on the findings from a community survey undertaken in the rural Shire of Tambellup in the Great Southern Region of Western Australia, this study examines the triggers and barriers to new venture creation within regional areas. The study identified nine factors likely to influence a person's decision making in relation to the foundation or abandonment of a new business venture initiative. Important triggers to new venture creation among the community appear to be the desire to apply creative talents to endeavours that allow the individual to have greater independence and income. However, these must be weighed against the barriers of taking on risk and expense, as well as attempting to secure financial capital and support from family or friends. For those who lack experience in business or relevant skills the overall confidence they may have in launching a new venture will be diminished. Such people might also be critically influenced by their ability to find support (in the form of advice, employees and premises), and information to assist them in their venture. Helping unemployed people to enter self-employment – particularly indigenous people – is likely to require attention being given to boosting skills and confidence, while providing support and information at the same time. Such individuals may be encouraged into self-employment by making appeals to their opportunity to enhance their status within the community. Strategies should be targeted at encouraging nascent entrepreneurs to pursue their interests while partnering them with mentors drawn from those who have already established and successfully operated their own businesses.

The Sustainability of Australia's Regional Economies – The “Zebra” Syndrome

The first few decades of the twenty-first century are likely to be a major watershed for Australia's regional, rural and remote communities and their economies. Geographically, Australia encompasses a land area of just over 7.6 million square kilometres, but with an average population density of only 2.5 people per square kilometre, making it the most sparsely populated inhabited continent (Encarta 2002). Throughout the twentieth century Australia's population shifted from rural to urban concentrations with major loss from inland rural communities (ABS 2000). In 2001 it was estimated that 90 per cent of Australia's population of 19.4 million was concentrated in just 3 per cent of the country, predominately in the major cities located on the coastal region (Encarta 2002).

This decline in the population density of inland Australia is driven by the transition of the national economy throughout the last century from one heavily dependent on rural industry, to one focused more on manufacturing and services. Previously labour intensive industries within the rural sector are now capital intensive and new technologies allow higher productivity from a relatively small work force (McGeoch 2000). Further, from the 1970s onward, Federal Government policy shifted away from regional economic development toward an economic rationalist or 'lassie fare' approach. The impact of these trends has been a highly uneven rate of economic development and unemployment within the country, with some regions experiencing better conditions than others (Manning 2001).

These statistics relating to the geography of Australia highlight the challenge facing the country's regional, rural and remote communities in retaining population and threatens the overall sustainability of some regions. While some regions have enjoyed significant rates of economic growth and population increase, others have experienced stagnant or declining rates of growth. Two communities that have been particularly affected by such economic trends

are youth and Australia's indigenous Aboriginal and Torres Strait Islander communities. For example, participation rates in tertiary education by persons aged 19 to 21 years during the late 1990s was between 50 and 60 per cent lower in Australia's regional and rural areas than in urban areas. Further, of those in regional areas who sought tertiary education, the majority did not return thereby lowering the already low levels of education (Chudleigh 1999). Only 15 per cent of Australia's indigenous population lived in the capital cities and only 21 per cent lived in remote towns and communities, the majority had shifted to the larger regional urban centres (Pritchard 1999). Unemployment rates in these areas was usually far above the national average.

This uneven distribution of economic growth within regional economies is one of the most significant challenges facing government policy makers throughout the world. While some regions enjoy high rates of employment and economic growth, others suffer from static or declining economic conditions. According to (Ohmae 1996) there is the risk of creating "Zebra" economies, where the uneven rate of economic development leaves some regions 'white' or prosperous and other regions 'black' or in decline. Further, as the unevenness of a country's regional economies begins to worsen, there is a proportionate deterioration within the nation's political economy with adverse social impacts.

The concentration of population and economic wealth into a few large cities and coastal regions over the twentieth century has left Australia facing the future of a 'Zebra' economy. Too many regional economies within the country are dependent on a narrow range of industries with relatively few large firms to provide the bulk of employment. This economic 'monoculture' makes these regional communities highly vulnerable if these key industries and their associated firms begin to decline. Of even greater concern has been the relative complacency found among many of Australia's regionally based firms, which have tended not invest sufficiently in R&D, training and capital expenditure so as to remain internationally competitive (AIG 2001).

Faced with declining economic conditions and rising unemployment or underemployment, national governments frequently turn to entrepreneurship and new venture creation as a means of arresting these problems. However, research into new venture creation within economically declining regions suggests that adverse conditions promote greater numbers of "necessity entrepreneurs" (those who establish businesses out of necessity due to unemployment or redundancy), who establish poorly resourced micro-enterprises that experience high failure rates and produce only modest levels of employment substitution (Yushuf and Schindelhutte 2000). Enhancing employment and economic growth within declining or depressed regions is more likely to succeed where new ventures are established by "opportunity entrepreneurs" (those who establish businesses in order to follow a market opportunity or personal ambition), who take advantage of innovation – via product or process – to operate within sustainable industries (MacPherson 1994).

Building sustainable industries with the capacity to create new employment within a region is likely to require policies to encourage new venture creation among opportunity entrepreneurs. Assisting nascent or novice entrepreneurs to launch sustainable business ventures requires attention to be given to the triggers and barriers likely to enhance or impede entrepreneurial initiation. This study draws upon a study of the community of Tambellup, a rural Shire located in the Great Southern region of Western Australia. It is part of an ongoing research program investigating regional enterprise and innovation undertaken in conjunction with the Central Great Southern Business Enterprise Centre (CGSBEC).

An Overview of the Shire of Tambellup and its Region

The Shire of Tambellup is bounded to the north by the Shire of Broomehill, to the south by the Shire of Cranbrook, to the east by the Shire of Gnowangerup and west by the Shire of Kojonup (see Figure 1). The town site contains around 64 per cent of the Shire's population of approximately 705. Tambellup's community is divided broadly into three groups: 1) the farming community, 2) the town community, and 3) the Aboriginal (Noongar) community.

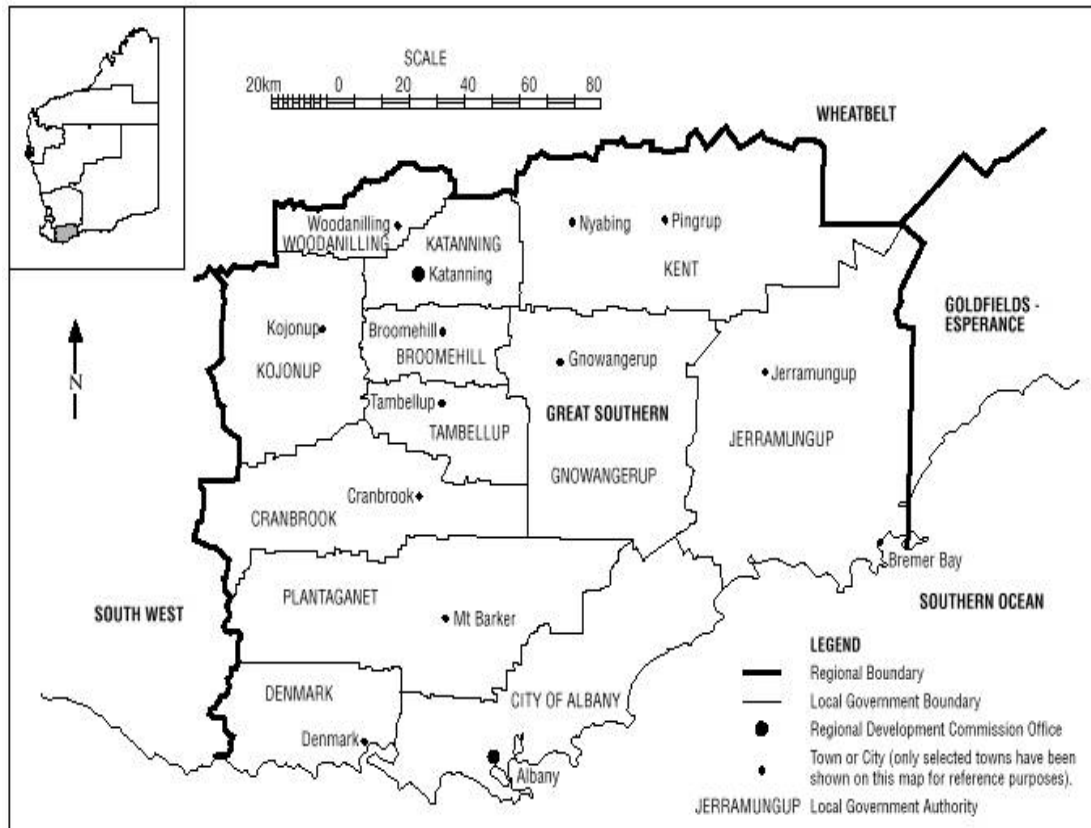


Figure 1: The Great Southern Region of Western Australia

The economy of Tambellup is based largely on agriculture, principally the production of grain, wool and sheep meat. Plantation trees farming (principally in the form of eucalyptus globulus or 'Blue Gums') and aquaculture (yabbies and trout farming) is also significant agricultural activities. The farming community supports a small retailing and agricultural service sector principally concentrated in the town site. In 1998 approximately 32 per cent of the population within the Shire of Tambellup were employed within agriculture, forestry, fishing and hunting industries. The remainder was employed in education, government, retail and wholesale, construction, transport and storage, food services or business and property services. Around 65 per cent of the population was in the work force with unemployment of only 1.9 per cent.

The Great Southern Region in which the Shire of Tambellup is located had an estimated population of 51,359 as at 30 June 1998 or around 10.3 per cent of the total population in regional Western Australia. Population growth over the 1990s was steady at around 1.3 per cent (DCT 2000).

Future economic development initiatives for the Great Southern region have focused on 'value adding' within existing industries as well as seeking to attract new industries. Attention in recent years has focused on such areas as forestry (plantation tree farming),

viticulture, aquaculture and tourism. The intention has been to leverage existing knowledge and expertise within the region, while taking advantage of local natural resources and the port of Albany. Downstream processing opportunities have also been highlighted e.g. wool scouring, canola crushing, abattoirs and wooden boat building.

Despite a variety of successful initiatives concerns remain over rising salinity levels and the overall cost of land care management. Unemployment among the region's Aboriginal community is also high. Overall unemployment rates within the Great Southern rose to 8.9 per cent in 1999 (significantly above the state average of 6.6 percent for the same period). Among Aboriginal communities the unemployment levels were substantially higher with Aboriginal youth unemployment around 15 per cent. Some Aboriginal families have experienced up to four generations of unemployment.

Like many of the small towns in the Great Southern, Tambellup has been experiencing a stagnant or declining population base. Over the period 1996 to 2000 the population declined by approximately 5 per cent. While the official level of unemployment has remained relatively low (1.9%) the town and its surrounding community is heavily dependent on agriculture. Just under half (48%) of the Shire's labour force of 473 was employed in the farming community. The remainder were engaged in retail, wholesale, construction and services. Unemployment – or underemployment – among the Aboriginal population was equivalent to that found elsewhere in the Great Southern. With few opportunities for sustainable employment outside the farming sector, many younger members of the Tambellup community have chosen to leave the town upon completion of school or post-secondary education.

The Contribution of Small Firms to Regional Economies

Within regional economies such as Tambellup the importance of small firms is frequently amplified. For example, the opening or closure of a café or automotive repair shop in a small country town can have a significant impact on the community through infrastructure, employment generation, local wealth distribution and provision of services. Throughout the developing world micro-businesses (e.g. those employing less than 5 persons) offer an alternative to the lack of employment opportunities provided by the public sector or large firms. From rural Africa to urban South America, micro-business is the main source of economic advancement for women, young people, ethnic minorities, the poorly educated and the migrant (Halvorson-Quevedo 1992).

Within Australia the small business sector is frequently viewed as the crucible from which entrepreneurs can emerge. Australia's small firms account for just over 90 per cent of all non-farm enterprises and provide around half of all private sector employment (ABS 2000). Members of the same family own around two-thirds of Australia's small businesses, and around 10 per cent are owned and operated by women, with as many as 60 per cent having women actively participating in their management (Howard 1997). Small firms have also made some of the strongest contributions to such sectors as services, retailing, manufacturing and tourism. They can make a significant contribution to employment as well as the opportunity for wealth creation among families and individuals regardless of their education and social background.

The Factors Influencing New Venture Creation

Starting a business is not an event, but a process that may take many years to evolve and come to fruition. New venture creation is motivated by a variety of factors including socio-economic, psychosocial, personal and economic (Cromie 1994). While money and wealth creation may seem the most 'rational' motivations for small business start up, these are

frequently of less importance than the desire to fulfil a personal ambition or create something new (Mazzarol, Volery, Doss and Thein 1999). The motivation of many who launch new ventures is a desire to achieve greater independence or autonomy (Bryson, Keeble and Wood 1993). Others enter self-employment due to being denied access to other options. People who have found themselves retrenched, or unable to secure suitable employment operate micro-businesses, including home-based enterprises.

Entrepreneurial research has developed along two main lines: the personal characteristics or traits of the entrepreneur, and on the other hand the influence of social, cultural, political and economic contextual factors. Research into the relationship between personality characteristics and new venture creation has focused on the played by achievement drive (McClelland 1961), risk taking propensity (Brockhaus 1980), locus of control (Brockhaus and Horwitz 1985), tolerance of ambiguity (Schere 1982), and the desire for personal control (Greenberger and Sexton 1988). Other factors that have been examined include previous employment history (Ronstadt 1988), family background (Matthews and Moser 1995; Scott and Twomey 1988), gender (Buttner and Rosen 1989), education levels (Storey 1982), ethnicity (Aldrich 1980) and even religion (Weber 1930). While such factors are likely to influence entrepreneurial behaviour, none of them have been found to operate significantly as triggers or barriers to new venture creation (Aldrich 1990).

Studies that have focused on the role played by external environmental factors have drawn on both social and economic theory to explain the forces likely to enhance or impede new venture creation. For example, while entrepreneurs may be attracted to enter new markets in pursuit of higher economic returns (Baumol 1968), they may be barred from entry due to a range of industry dynamics impeding competition (Bain 1956). Analysis of the environmental influences on new venture creation highlights the importance of social, economic, political, market and infrastructure development factors (Specht 1993).

The social environment influencing new venture creation can be facilitated through interpersonal networks (Johannisson 1988), and level of social acceptance given to the nascent entrepreneur by their community (Bull and Winter 1991). Accessibility of financial capital has been identified as key influence on new venture creation (Cross 1981; Gartner 1985). However, the importance of venture capital to small firm creation and growth has been questioned by recent research (Bhide 2000). Other potentially important factors are general economic indicators and economic cycles (Gould and Keeble 1984; Shutt and Whittington 1987), as well as the level of unemployment within a region (Pennings 1982).

Government agencies and policy makers can assist in the formation of new business ventures (Walker and Greenstreet 1990). However, their influence is frequently indirect and may be best applied via attention to the development of public infrastructure such as the education system (Romanelli 1989), or the establishment of business incubators (Young and Francis 1989).

New venture creation is therefore a dynamic process involving an interaction between the internal characteristics of the entrepreneur and the external environmental influences (Greenberger and Sexton 1988). Individual personality and demographic characteristics combine within a particular geographic, social, cultural and economic context to ignite enterprise behaviour leading to new venture formation. Of critical importance is the ability for such interaction to engender creative ideas for new business ventures that can then be turned into reality by the entrepreneur (Bird 1988). Individuals are therefore predisposed to entrepreneurial intention based upon a combination of both personal and contextual factors.

Prior research into the triggers and barriers to new venture creation found a series of 'trigger' and 'barrier' factors likely to influence the nascent entrepreneur to either proceed or abandon a new venture project. Key trigger factors were: 1) the desire to invest; 2) creativity drive; 3)

desire for autonomy; 4) desire to increase status within the community; 5) pursuit of a market opportunity; and 6) desire to earn more money. Key barrier factors were: 1) lack of start up resources; 2) compliance costs including lack of suitable labour; and 3) the hard reality of high risk and uncertainty (Volery, Mazzarol, Doss and Thein 1997).

An examination of the differences between persons who had started their new ventures and those who had taken steps to launch and then abandoned the idea found both groups viewed the importance of these factors in a similar way. For example, successful starters were just as likely to place importance weightings on some trigger factors as non-starters. Both starters and non-starters rated the factor *Creativity* as being of greater importance to their decision making than the other eight factors. Two other trigger factors – *Autonomy* and *Money* – ranked in second place, with *Hard Reality* (barrier) and *Market Opportunity* (trigger) in third place. Of less importance were *Invest* (trigger), *Lack of Resources* (barrier) and *Compliance Costs* (barrier) in fourth place, and *Status* (trigger) in last place (Volery, Mazzarol, Doss and Thein 1997).

Further analysis of this model has indicated that gender (women were found to more likely to abandon small business start up plans than men), previous employment experience and recent redundancy (government workers and those recently retrenched were more likely to abandon start up plans) were all potential differentiators between starters and non-starters (Mazzarol, Volery, Doss and Thein 1999). However, the desire to create was the main differentiator between the successful and non-successful small business starters (Mazzarol, Volery, Doss and Thein 2001). Having a strong desire or ‘passion’ to realise a dream and follow it through against potential obstacles appears to be critical to successful small business creation.

Methodology and Sampling

During late 2001 a community survey was undertaken to investigate the triggers and barriers to new venture creation among the Tambellup community, as well as identify resources and capabilities within the community that might be leveraged for future enterprise and employment generation. The questionnaire drew upon earlier research undertaken into the triggers and barriers associated with small business start up (Volery, Mazzarol, Doss and Thein 1997). The study examined respondent’s characteristics and attitudes toward self-employment with a view to identifying the possible influences on new venture creation within the Tambellup community and to map the potential for such venture creation. Also examined were factors relating to general community well-being and satisfaction, accessibility of education and training, as well as employment opportunities.

Sampling procedure for the survey involved the distribution of a total of 550 questionnaires effectively providing a census of the entire adult population of the Shire. Two data collection strategies were used, the first involved the distribution of questionnaire booklets and covering letters to all households and farms by the CGSBEC manager and assistant. These questionnaires were left for approximately one week and then collected personally. Within the large Aboriginal (Noongar) population within the Shire, a second strategy was used. Two Noongar community representatives were employed to gather the data via interview. These women were selected because of their capacity to reach all members of the local Noongar community and the general respect with which they were view held by that community.

A final sample of 161 usable questionnaires was returned providing a response rate of around 29 percent. This sample was evenly divided in terms gender, age, ethnicity, education levels, and employment and family status. Representation from among the Noongar Aboriginal community was good. Comparisons between the survey sample and official census data on the Tambellup population suggest that the final sample drawn was highly representative of the community it was meant to represent.

Data Analysis

The survey instrument used in the study comprised a series of items measuring respondent feelings toward the community and various barriers and triggers to new business start up recorded on 5-point Likert scales. Respondents were provided with a statement and asked to indicate whether they strongly disagreed, disagreed, agreed or strongly agreed with it, or whether they were equivocal.

To assist with the analysis the data was subjected to a process of factor analysis (principal components). This statistical process examines interdependence among variables and identifies possible underlying dimensions or “factors” which the indicator variables are measuring. An examination of the way in which different variables depend on each other makes it possible to determine which variables are measuring the same thing and which measure something else. Such an analysis can also serve to reduce the many variables in the data set to a more manageable number of multiple item dimensions.

A principle components analysis with varimax rotation to provide the simple structure needed for interpretation was used. All items were examined prior to the analysis using a Kaiser-Myer-Oklin measure of sampling adequacy (MSA) (Kaiser 1974). This is acknowledged as one of the best measures of determining the suitability of a set of data for subsequent factor analysis (Stewart 1981). This produced a series of MSA scores, which indicated the data was suitable for factoring.

Each factor was then used to develop a new set of measurement items combining the original survey questions. These new items were then examined to assess their overall reliability as measurement scales. A test of the unidimensionality of the factors was undertaken using Cronbach’s Alpha (Cronbach 1951). This measure of the reliability of two or more construct indicators produces values between 0 and 1. Higher values usually indicate greater reliability among the indicators (Hair, Anderson, Tatham, and Black 1992). In this case the reliability coefficients for the factors suggested that the new scale items were reliable indicators.

Community Pride versus Community Alienation

Eleven questions were used to measure respondent feelings toward the community. An analysis of the sampling adequacy of these items found that they were suitable for factoring (KMO = 0.74). The final factor structure generated by this analysis produced two factor variables describing 60 per cent of total variance and with eigenvalues greater than 1. The reliability coefficients (alpha) of these two factors were 0.78 and 0.77 respectively. The first factor was labelled COMMUNITY PRIDE and indicated an individual’s willingness to publicly proclaim their membership of the community and feel positive or enthusiastic about their life within the community. A positive outlook for the future of the community is also important. The second factor was labelled COMMUNITY ALIENATION. This factor measured how depressed, worried or miserable an individual may be with respect to their life in the community.

The survey found much higher levels of COMMUNITY PRIDE than COMMUNITY ALIENATION among the respondents. However, Aboriginal people were found to be significantly more likely (as measured by *t*-tests to a 95% confidence interval) than non-Aboriginal people to display high levels of COMMUNITY ALIENATION. While the overall level of COMMUNITY ALIENATION was low among Aboriginal people, as a group they were more likely to feel depressed, worried and miserable because of life in the community. Similar findings were identified among persons under the age of 30 years, suggesting that youth and Aboriginality were most likely to be associated with higher levels of COMMUNITY ALIENATION.

Aboriginal respondents were also found to be significantly more likely than non-Aboriginal people to express the view that it would take very little change in their current circumstances to cause them to leave the community. Further, women – although not found to be significantly different to men in terms of the overall dimensions – were significantly more likely to express the view that few people in the community understood the work they did and that they too would be willing to leave the community should circumstances change.

The main things people indicated they most liked about living in their community were the strong sense of community cohesion and sense of belonging, followed by lifestyle and peace of mind. By contrast, the main things they most desired to change were the economic situation (particularly the lack of employment opportunities), aspects of the town's social interaction as well as the lack of facilities and services in the community.

Employment and Education Opportunities

As noted above the official level of unemployment within the Tambellup community are quite low (1.9%) and this was mirrored in the survey results with only 1.4 per cent of respondents indicating they were unemployed. However, 27 per cent of respondents indicated a desire to change their existing employment status, reflecting the high levels of underemployment within the community. This was particularly noticeable among the Aboriginal community, the majority of who are employed via Community Development Employment Projects (CDEP). Established in 1977 the CDEP scheme seeks to provide employment for indigenous people in a wide range of community projects and enterprises. Operated under the Aboriginal and Torres Strait Islander Commission (ATSIC), CDEP projects receive operating grants to establish employment and enterprise opportunities designed to encourage self-determination among regional and remote communities. Unfortunately the overall quality of some of the work offered through such programs is often low. This was reflected in the survey findings where 71 per cent of Aboriginal respondents indicated a desire to change their employment status, as compared to only 7 per cent of the non-Aboriginal community.

Of those within the sample who indicated a desire for a career or job change, 64 per cent said that their ideal occupation did not exist within the Shire of Tambellup. Further, 70 per cent of those who were unemployed indicated that they could not find suitable work in the Shire; this was particularly true for Aboriginal people.

Six questions were used to measure respondent satisfaction with the opportunities they felt they had within the community for interesting, challenging or varied work, and skills training associated with this work. Respondents were provided with a statement and asked to indicate whether they were very dissatisfied to very satisfied rating each response on a 5-point scale. An analysis of the sampling adequacy of these items found that they were suitable for factoring (KMO = 0.80). Two factors with eigenvalues greater than 1 were identified explaining 86 percent of the variance among the items. These two factors were found to have reliability coefficient (alpha) scores of 0.92 and 0.95 respectively.

The first factor variable was labelled EMPLOYMENT OPPORTUNITIES and measured respondent's satisfaction with opportunities for challenging and interesting work offering variety and the chance to learn new things. The second factor variable was labelled TRAINING OPPORTUNITIES and measured respondent satisfaction with type and amount of skills training and development available. Just under half the sample (49.5%) expressed dissatisfaction with EMPLOYMENT OPPORTUNITIES within the area, while 60 per cent expressed dissatisfaction with local TRAINING OPPORTUNITIES. This dissatisfaction was most pronounced among Aboriginal people and people under the age of 30 years.

Community Enterprise Potential

The survey examined the community's previous experience in self-employment, small to medium enterprise and existing ownership of business ventures. Also examined were the hobbies and interests of the community and whether people might be willing to have these activities converted into a cottage industry or business opportunity.

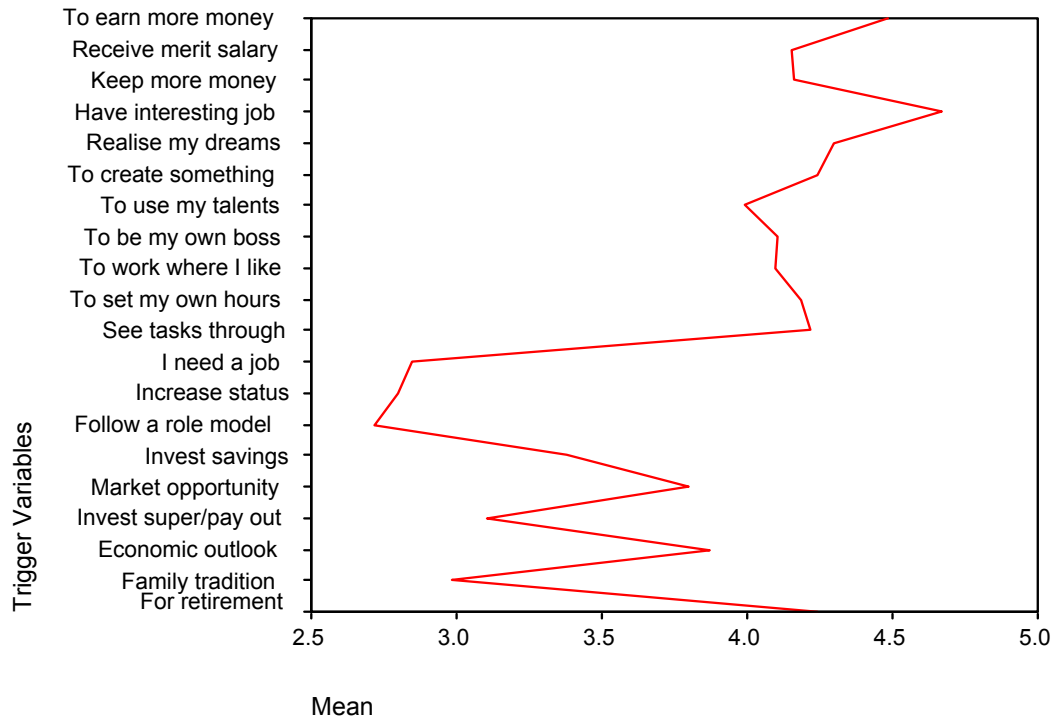
Just over half the sample (53%) indicated that they already owned or managed a business (including a farm business). Of this group the average years of experience that they had had operating their businesses was 20 years. They employed between nil and 15 full-time employees, and nil and up to eight part-time employees, with the average employee base within their enterprises being 1½ employees. Some 29 per cent of these business owner-managers indicated that they would be willing to act as a mentor for a new business that might lack business experience. The majority of these owner-managers (86%) were engaged in farming or the agricultural industry sector. When asked about their interest in participating in a new business venture given the right conditions, 67 per cent said that they would do so. The majority (85%) already had businesses in the agriculture, forestry and fishing industry. A small proportion (13%) said that they had a house that might be available for rent to a new business proprietor.

Only a small proportion of the sample (36%) indicated that they might like to convert an interest, sport or hobby into a cottage industry or business given the right conditions. Of these the key areas of enterprise interest were grouped together into five sub-categories: 1) handicrafts and artistic works; 2) agribusiness, aquaculture and horticulture; 3) tourism and tourism related services; 4) community services; and 5) personal and business services.

Triggers New Venture Creation

The study used 21 items to measure potential triggers to new venture creation. Figure 2 shows these items and how they were viewed by the overall sample. It can be seen that the most important items were "to have an interesting job" (mean = 4.63) and "the chance to earn more money" (mean = 4.50). Of least importance was to "follow the example of someone they admired" (mean = 2.70), to increase their status or prestige (mean = 2.75) and because the 'need a job' (mean = 2.86).

An analysis of the sampling adequacy of these 21 items found that they were suitable for factoring (KMO = 0.85). The analysis identified five factors with eigenvalues greater than 1, which described 67 percent of the variance in the model. These five factors were found to have reliability coefficient (alpha) scores ranging from 0.66 to 0.91. Table 1 shows the detail of this factor structure.



Importance of items to decision to start a new business venture:

Where 1 = not important at all and 5 = highly important

Figure 2: Triggers to Small Business Start Up

Table 1: Rotated factor matrix of the triggers

Variable	Factor 1 Status	Factor 2 Autonomy	Factor 3 Money	Factor 4 Creativity	Factor 5 Market Opportunity
Increase my status/prestige	0.85				
Follow the example of a person	0.83				
Invest super/redundancy package	0.78				
Maintain a family tradition	0.77				
The need for a job	0.75				
Invest my personal savings	0.69				
Make my own hours		0.88			
Work at a location of my choice		0.75			
Be my own boss		0.66			
Keep a large part of the proceeds			0.79		
Earn more money			0.73		
Receive a salary based on merit			0.56		
Create something				0.73	
Realise my dream				0.65	
Take advantage of my talents				0.64	
Positive economic indicators					0.72
Follow a market opportunity.					0.59
Eigenvalue	7.31	2.16	1.60	1.33	1.09
Percent of variance explained	36.5	10.8	8.0	6.6	5.4
Cumulative percent	36.5	47.4	55.3	62.0	67.4
Cronbach alpha	0.91	0.79	0.74	0.70	0.66

Only loadings > .5 are shown

Trigger Factors Identified

As shown in Table 1, there were five factors found in the analysis. Each of these is briefly discussed in the following sub-sections:

Factor 1: Status

Six items loaded onto the first factor with factor loading scores ranging from 0.69 to 0.86 and describing 36 percent of the variance in the model. These six items included: 1) the desire to increase the person's image or status; 2) the desire to follow the example of someone that they admire; 3) the fact that they need a job; 4) the desire to follow a family tradition; 5) the desire to invest their superannuation or redundancy package, and 6) the desire to invest personal savings. This factor was labelled IMAGE.

Factor 2: Autonomy

Three items loaded onto the second factor with factor loading scores ranging from 0.66 to 0.88 and describing 11 percent of the variance in the model. These four items included: 1) the ability to set own hours of work; 2) the ability to work at a location of choice; and 3) the chance to be your own boss. This factor was labelled AUTONOMY.

Factor 3: Money

Three items loaded onto the third factor with factor loading scores ranging from 0.56 to 0.79 and describing 8 percent of the variance in the model. These three items included: 1) the chance to keep a large proportion of the proceeds of work; 2) the chance to earn more money; and 3) the chance to receive a salary based on merit. This factor was labelled MONEY.

Factor 4: Creativity

Three items loaded onto the fourth factor with factor loading scores ranging from 0.64 to 0.73 and describing 7 percent of the variance in the model. These three items included: 1) the desire to create something; 2) to realise my dreams; and 3) a chance to take advantage of my talents. This factor was labelled CREATIVITY.

Factor 5: Market Opportunity

Two items loaded onto the fifth factor with factor loading scores ranging from 0.59 to 0.72 and describing 5 percent of the variance in the model. These two items included: 1) positive economic indicators; and 2) to take advantage of a market opportunity. This factor was labelled MARKET OPPORTUNITY.

Barriers to New Venture Creation

The study used 18 items to measure potential triggers to new venture creation. Figure 3 shows these items and how they were viewed by the overall sample. It can be seen that the most important items were "a lack of saving or assets" (mean = 4.09) and "the risks were greater than expected" (mean = 4.02), and "high taxes and costs" (mean = 4.00). Of least importance was "no one to turn to for help" (mean = 3.23), problems of finding the right partner (mean = 3.26) and the 'fear of failure' (mean = 3.39).

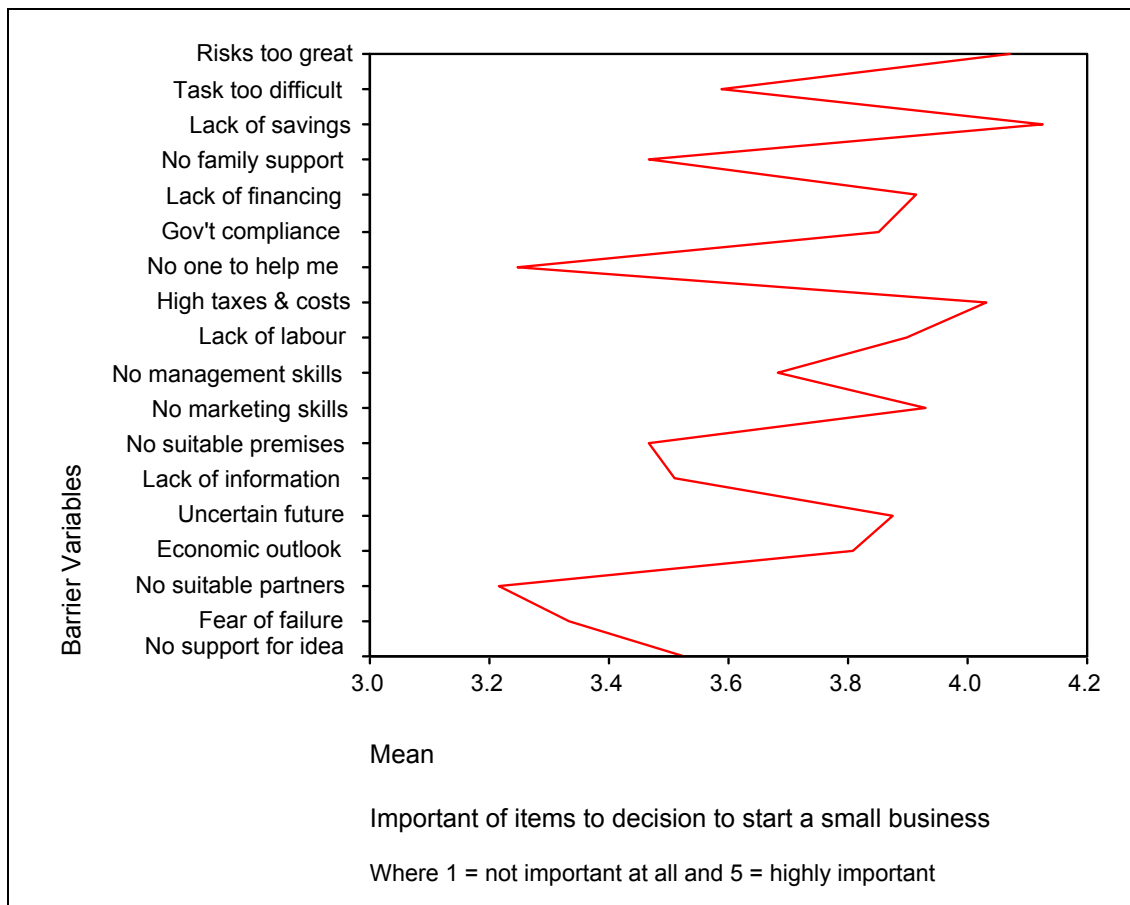


Figure 3: Barriers to Small Business Start Up

An analysis of the sampling adequacy of these 18 items found that they were suitable for factoring (KMO = 0.85). The analysis identified four factors with eigenvalues greater than 1, which described 66 percent of the variance in the model. These five factors were found to have reliability coefficient (alpha) scores ranging from 0.77 to 0.83. Table 2 shows the detail of this factor structure.

As shown in Table 2, there were four factors found in the analysis. Each of these is briefly discussed in the following sub-sections:

Factor 1: Risks & Costs

Five items loaded onto the first factor with factor loading scores ranging from 0.64 to 0.75 and describing 41 percent of the variance in the model. These six items included: 1) high taxes and fees in setting up a business; 2) uncertainty about the future; 3) a feeling that the risks a greater than expected; 4) concerns over bad economic indicators; and 5) compliance costs associated with government regulations. This factor was labelled RISKS & COSTS.

Factor 2: Support & Information

Five items loaded onto the second factor with factor loading scores ranging from 0.51 to 0.77 and describing 9 percent of the variance in the model. These five items included: 1) a lack of suitable premises; 2) difficulties in finding suitable employees; 3) a lack of information about

how to start a business; 4) having no one to turn to for assistance and help; and 5) difficulties in finding the right partner(s). This factor was labelled SUPPORT & INFORMATION.

Factor 3: Skills & Confidence

Five items loaded onto the third factor with factor loading scores ranging from 0.43 to 0.84 and describing 8 percent of the variance in the model. These five items included: 1) the fear of failure; 2) a lack of management skills; 3) difficulties in convincing others of the merits of the idea; 4) a lack of marketing skills; and 5) a feeling that the task is likely to be more difficult than expected. This factor was labelled SKILLS & CONFIDENCE.

Factor 4: Finance & Family

Three items loaded onto the fourth factor with factor loading scores ranging from 0.69 to 0.74 and describing 7 percent of the variance in the model. These three items included: 1) difficulties in obtaining finance for the business; 2) a lack of personal savings or assets with which to start the business; and 3) a lack of support from family and friends. This factor was labelled FINANCE & FAMILY.

Table 2: Rotated factor matrix of the barriers

Variable	Factor 1 Risks & Costs	Factor 2 Support & Information	Factor 3 Skills & Confidence	Factor 4 Finance & Family
High taxes and fees	0.75			
Uncertainty of the future	0.72			
Risks greater than initially expected	0.70			
Bad economic indicators	0.68			
Compliance with Govt regulation	0.64			
Lack of suitable premises		0.77		
Difficulties finding suitable labour		0.71		
Lack of info on business start-up		0.69		
No one to turn to in order to help me		0.63		
Difficulties finding the right partner		0.51		
Fear of failure			0.84	
Lack of managerial/financial expertise			0.70	
Difficulties convincing others of idea			0.67	
Lack of marketing skills			0.65	
Task was more difficult than expected			0.43	
Difficulty in obtaining finance				0.74
Lack of savings or assets				0.71
Lack of support from family and friends				0.69
Eigenvalue	7.43	1.71	1.43	1.32
Percent of variance explained	41.3	9.5	8.0	7.3
Cumulative percent	41.3	50.8	58.7	66.0
Cronbach alpha	0.83	0.82	0.82	0.77

Only loadings > .5 are shown

The Perceived Importance of the Barriers and Triggers

In order to make effective use of these five trigger and four barrier factors an analysis was undertaken to examine relative importance placed on them by the respondents and how different demographic groups responded to each factor. The individual variables comprising each factor were combined into a series of nine derived factor variables with a summed mean score of their constituent items. Each factor variable was then examined using pair-wise *t*-tests to determine the overall ranking it had within the total set of barrier and trigger dimensions. The purpose of this analysis was to see what the community's overall barrier/trigger hierarchy was and how specific demographic groups differed from each other against this hierarchy. By doing this analysis the prospect of identifying issues likely to assist removing barriers or enhancing triggers can be realised.

Table 3 lists the factor variables and their relative importance to the community as measured by the mean scores for each. As shown in Table 3 the most important factors were the "Triggers" MONEY, CREATIVITY and AUTONOMY. This suggests that the respondents view the ability to earn and keep more money and receive an income based on merit as being of equal importance to following a dream of creating something in the form of a new ventures that will allow them to fully use their skills and talents. In achieving these goals the respondents also place equal importance on being their own boss, making their own hours of work and being in control of where they work.

Table 3: Relative importance of the factors

Factor variable	Mean	Std. Devt-value	
	1=not important at all, 5=very important		
1. MONEY (Trigger)	4.27	0.71	
CREATIVITY (Trigger)	4.20	0.74	
AUTONOMY (Trigger)	4.12	0.82	2.42*
2. RISKS & COSTS (Barrier)	3.89	0.87	
FINANCE & FAMILY (Barrier)	3.84	0.97	
MARKET OPPORTUNITY (Trigger)	3.83	1.02	2.27*
3. SKILLS & CONFIDENCE (Barrier)	3.62	0.93	
SUPPORT & INFORMATION (Barrier)	3.50	1.00	5.93*
4. STATUS (Trigger)	2.97	1.23	

* Indicates significant at the 5% level between the mean scores above and below the line.

In second place were the three factors of RISKS & COSTS, FINANCE & FAMILY and MARKET OPPORTUNITY. The two barriers are somewhat closely associated, suggesting that a person may be unwilling to launch a new business venture due to concerns over future uncertainty, compliance costs and other expenses, and the general level of risk, as well as difficulties associated with raising finance and securing support from family and friends. However, the trigger of seeing a potential market opportunity and the optimism from a good economic outlook can balance these barriers.

Third place was shared by the barrier factors SKILLS & CONFIDENCE and SUPPORT & INFORMATION. These two factors involve the problems of lacking the business skills required to launch and operate a small business, and the difficulties of finding information and support to offset any deficiencies in skills and confidence. Both these barriers therefore are closely coupled and it is no surprise that they should be equally ranked.

Finally, in last place was the trigger factor STATUS. This suggests that the desire to emulate others or follow family traditions is not particularly strong motivations for nascent entrepreneurs in Tambellup.

Comparison with Earlier Research

As discussed above, these barrier and trigger variables were originally used in a study of nascent entrepreneurs in Western Australia during the mid-1990s and the findings from that research identified a very similar factor structure to the one found in this study (Volery, Mazzarol, Doss, and Thein 1997). Noteworthy is the high overall ranking of CREATIVITY, AUTONOMY, and MONEY in both studies with STATUS also ranked of least importance.

These findings suggest that the pattern of option evaluation among people in the two studies is similar. The initial research study involved selection of 92 respondents, half of who had actually launched a small business within the previous 2 years, and the remainder who had taken significant steps to do so and then abandoned the idea. Although the Tambellup study did not seek to specifically determine whether or not people wanted to launch a new business venture, the similarities in the importance ranking of these factors suggests that the impact of these barriers and triggers is likely to be as powerful for those who have given only partial consideration to new venture creation as to those that actually launch a business.

Discussion of the Findings

These findings suggest that new venture creation within a regional community such as Tambellup will involve nascent entrepreneurs trading off a range of factors likely to trigger or serve as a barrier to actually initiating a business start-up. Important triggers to new venture creation among the community appear to be the desire to apply creative talents to endeavours that allow the individual to have greater independence and income. However, these must be weighed against the barriers of taking on risk and expense, as well as attempting to secure financial capital and support from family or friends. For those who lack experience in business or relevant skills the overall confidence they may have in launching a new venture will be diminished. Such people might also be critically influenced by their ability to find support (in the form of advice, employees and premises), and information to assist them in their venture.

Within the Aboriginal community the importance of status or prestige associated with running one's own small business may be much greater than in the non-Aboriginal community. Although status was of low importance to most people as a trigger to new venture creation, for Aboriginal people who have had significantly less family or personal experience in small business and self-employment, the perception may be different. Aboriginal people are more likely to experience significant barriers from a lack of business skills and confidence and securing finance and family support than non-Aboriginal people. Their ability to secure effective business support and information in the form of mentoring and training is likely to be critical to success.

Young people (e.g. under the age of 30 years) are more likely than older people to be unemployed and alienated. Such people are also more likely to be unhappy with the availability of skills training and education opportunities within their local area. Aboriginal

people join them in this view, but these communities are likely to be generally more satisfied with living in the area, a view likely to be reinforced by their strong cultural ties to the land. By contrast younger non-Aboriginal people who cannot satisfy their ambitions are more likely to leave the area.

Helping unemployed people to enter self-employment is likely to require attention being given to boosting skills and confidence, while providing support and information at the same time. Such individuals may be encouraged into self-employment by making appeals to their opportunity to enhance their status within the community. For those seeking to convert hobbies and interests into new ventures the most important driver is likely to be the passion that stems from an ability to use creative talents and skills and realise dreams. Such individuals will undoubtedly require some hard nosed business skills, but the passion for their creative outlets is likely to enable them to remain committed to seeing any new venture through.

The key challenge facing the enterprise generation in Tambellup was summarised by two respondents who wrote the following when asked why they would not wish to start a business in Tambellup:

The town has got too small and the district by farms that were in it. If it was not for a few loyal farms and shearing teams there would not be much work around at all to keep what is left in the district as business lack of transport such as freight and buses.

Lack of population to support enterprise. Lack of skilled or willing staff to train. In the past we have found it difficult to get staff from local area.

As with many small rural communities in Australia and perhaps around the world, Tambellup risks running down to below critical mass. The sentiments expressed above reflect a negative, but not unrealistic, perception of the risks associated with establishing a new business venture in the area. Any new business established in Tambellup will probably need to look toward markets much wider than the immediate boundaries of the Shire.

Tapping the potential of community enterprise capabilities will likely involve the matching of nascent entrepreneurs with established habitual entrepreneurs who possess both a successful track record in self-employment and the resources (both time and money) to assist. Within the Tambellup community a high proportion of people had experience in operating their own small firms or farming enterprise. A relatively high proportion of these experienced entrepreneurs were willing to mentor novice entrepreneurs, or even invest in new business ventures. Such community potential offers a highly valuable resource upon which future regional enterprise development can be built.

Conclusions, Policy Implications and Recommendations for Future Research

These findings highlight the complex interplay between internal and external variables likely to influence entrepreneurial behaviour leading to new venture creation. Among those influencing factors internal to the nascent entrepreneur are their desire to fulfil creative dreams and fully exploit their talents plus the desire to achieve independence and self-determination. For some the hope that self-employment may enhance their status within their communities may also be a motivation. However, the nascent entrepreneur must also overcome a lack of confidence or fear of failure usually reinforced by inadequate skills or experience in business.

Influencing the decision to found or abandon a new enterprise initiative are such external factors as the market opportunity presented by the venture and the potential to earn enhanced financial returns. Opposing such external motivators are the risks and costs associated with

launching and sustaining the venture, the level of start up capital available and degree of support that can be received from family and community. An absence of support and information about how to establish and operate a new venture, plus secure suitable premises and labour may also serve to impede foundation.

Policy makers and those tasked with incubating or assisting nascent and novice entrepreneurs within regional communities should endeavour to build upon the personal motivators associated with such triggers as the desire for enhanced wealth, the desire to pursue personal dreams and make full use of talents and the desire for self-determination. Such passions are important motivating factors that can be tapped to facilitate the move toward self-employment.

While such passions are likely to already be present among nascent entrepreneurs, they can be enhanced or impeded by the barrier factors key internal barriers are a lack of managerial or business skills, difficulties convincing others of the idea and a fear of failure. Such internal barriers can be addressed in part via training and education to enhance skills, and also through mentoring and networking. Encouraging nascent entrepreneurs to meet and discuss their passions and ideas with similarly minded individuals is likely to assist in building confidence.

External factors likely to trigger the decision to undertake new venture creation are the desire for enhanced financial wealth and the potential to achieve this by pursuing a market opportunity. Despite the economic problems facing regional communities there are always likely to be market opportunities. Policy makers and enterprise facilitators should assist nascent and novice entrepreneurs to evaluate their options by enhancing the level of support and information to assist them to find suitable premises, access to labour, business mentors and investment partners and other information relating to the establishment and operation of new venture in the targeted region.

Government agencies, enterprise incubators and facilitators should examine those industries most likely to provide environments conducive the successful establishment and growth of new ventures. Following research into the dynamics of each industry a set of 'how to' manuals relating to the operation of businesses within these industries should be prepared, along with information relating to the general economic environment in the region. The establishment of a local network of mentors and "business angel" investors should also be created to assist nascent entrepreneurs who suffer from a lack of support from family or a lack of finance to assist in business start up.

This study is limited by the focus on only one small regional town in Western Australia. Future research should seek to replicate these findings by examining similar issues within other communities to determine how far these findings can be generalised. Future research should also seek to work with enterprise incubators and facilitators to develop applied programs designed to enhance the triggers and reduce the barriers to new venture creation.

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