

What Factors Encourage the Entrepreneurial Spirit?

Findings from three Pacific Island Nations

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Make it matter



Context

1. Small-scale enterprises are a vital component of Pacific economies and livelihoods
2. Growth is challenging: limited capacity and human resources, low bargaining power, limited access to finance, support networks, markets, etc.
3. Several initiatives have been launched to improve access to business development services (BDS)
4. Entrepreneurial confidence is a factor often overlooked

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Study Objectives

- To examine the demographic and social factors that predict higher levels of entrepreneurial confidence in a Pacific island setting
- Produce recommendations for policymakers and development practitioners that will strengthen efforts to create an enabling ecosystem for successful entrepreneurship

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Literature Review

- Self-confidence is the belief in one's ability to achieve goals, shaped by internal factors (e.g., self-esteem, experiences) and external influences (e.g., social environment, media) (Hollenbeck & Hall, 2004; Oswal, 2023).
- High self-confidence is a key predictor of entrepreneurial intention and success, influencing risk-taking, resilience, and leadership in entrepreneurship (Maczulskij & Viinikainen, 2023; Setiawan & Suryono, 2022).
- Supportive social networks significantly boost an individual's confidence and entrepreneurial drive (Emami & Khajeheian, 2018; Shane, 2004).
- Entrepreneurship drives economic growth, but its impact is more pronounced in developed countries; tailored support is needed for developing countries, particularly in the Pacific (Dejardin, 2000; Doran et al., 2018).
- Limited data, education, and infrastructure, along with cultural barriers and climate change, necessitate culturally informed and context-specific entrepreneurship strategies for the Pacific region (ILO, 2024; Cahn, 2008).

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Research Method

Surveys

- 160 potential entrepreneurs (FSM=50, Samoa=60, Solomon=50)
- Potential entrepreneurs = at least 18, interested in starting a business

Analysis

- Two synthetic measures to assess perceived ability to start a business and subjective views on support from external influences

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Demographics

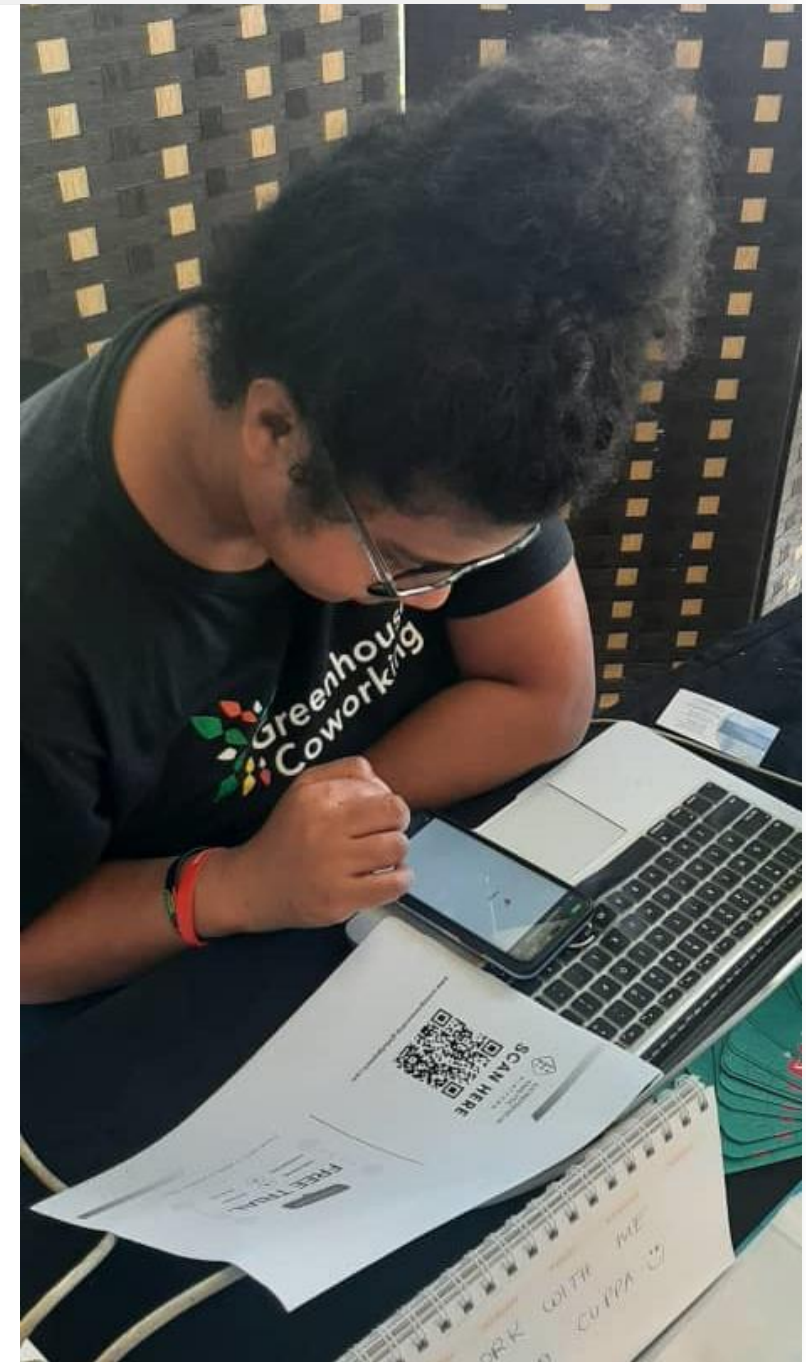
	Micronesia					Solomon Islands					Samoa				
	N	Mean	SD	Min	Max	N	Mean	SD	Min	Max	N	Mean	SD	Min	Max
Male	50	0.62	0.49	0.00	1.00	50	0.48	0.50	0.00	1.00	60	0.47	0.50	0.00	1.00
Female	50	0.38	0.49	0.00	1.00	50	0.52	0.50	0.00	1.00	60	0.53	0.50	0.00	1.00
Ed None	50	0.06	0.24	0.00	1.00	50	0.00	0.00	0.00	0.00	60	0.00	0.00	0.00	0.00
Ed Primary	50	0.16	0.37	0.00	1.00	50	0.02	0.14	0.00	1.00	60	0.00	0.00	0.00	0.00
Ed Second	50	0.40	0.49	0.00	1.00	50	0.34	0.48	0.00	1.00	60	0.72	0.45	0.00	1.00
Ed Vocation	50	0.16	0.37	0.00	1.00	50	0.14	0.35	0.00	1.00	60	0.03	0.18	0.00	1.00
Ed Degree	50	0.22	0.42	0.00	1.00	50	0.50	0.51	0.00	1.00	60	0.22	0.42	0.00	1.00
Ed H Degree	50	0.00	0.00	0.00	0.00	50	0.00	0.00	0.00	0.00	60	0.03	0.18	0.00	1.00
Age 18-24	50	0.20	0.40	0.00	1.00	50	0.14	0.35	0.00	1.00	60	0.12	0.32	0.00	1.00
Age 25-34	50	0.36	0.48	0.00	1.00	50	0.40	0.49	0.00	1.00	60	0.25	0.44	0.00	1.00
Age 35-44	50	0.28	0.45	0.00	1.00	50	0.26	0.44	0.00	1.00	60	0.13	0.34	0.00	1.00
Age 45-54	50	0.12	0.33	0.00	1.00	50	0.14	0.35	0.00	1.00	60	0.23	0.43	0.00	1.00
Age 55-64	50	0.04	0.20	0.00	1.00	50	0.04	0.20	0.00	1.00	60	0.23	0.43	0.00	1.00
Age 65-74	50	0.00	0.00	0.00	0.00	50	0.02	0.14	0.00	1.00	60	0.03	0.18	0.00	1.00

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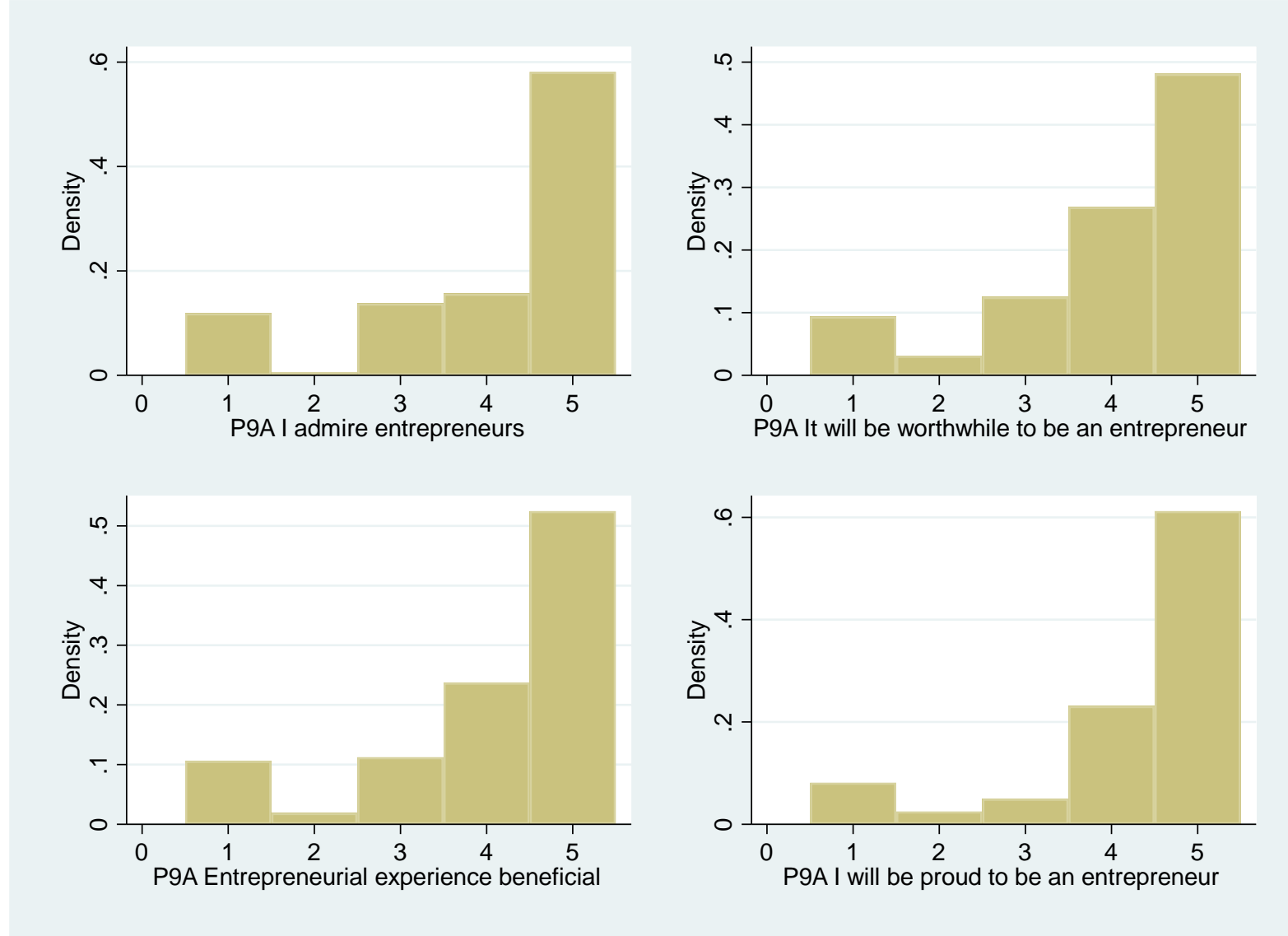
Results

- The study distinguishes between attitude (motivation to become an entrepreneur) and social norms (confidence in local environment support).
- Four items each measured attitude and social norms on a 1-5 scale (strongly disagree to strongly agree).

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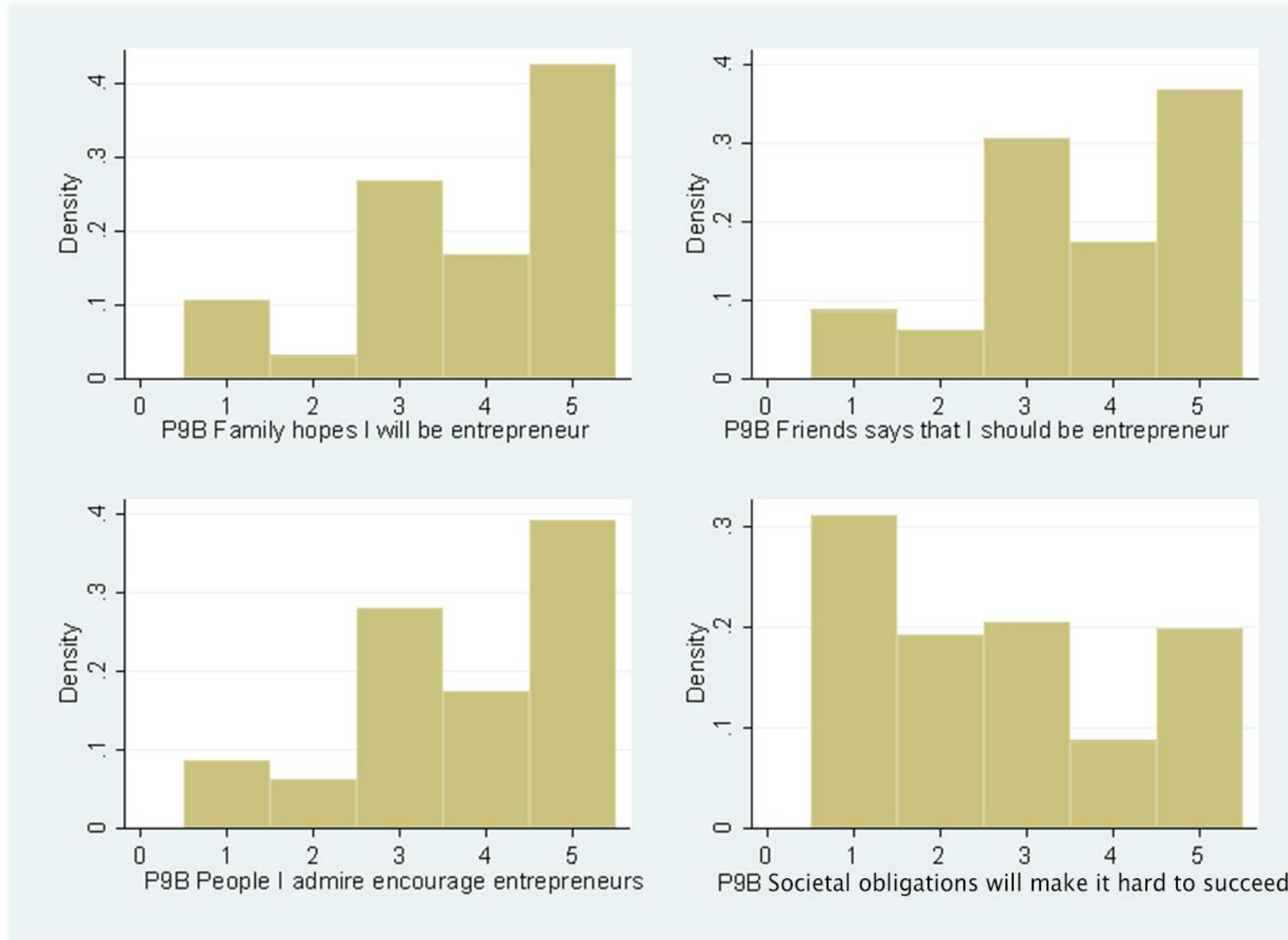


Distribution of Attitudes



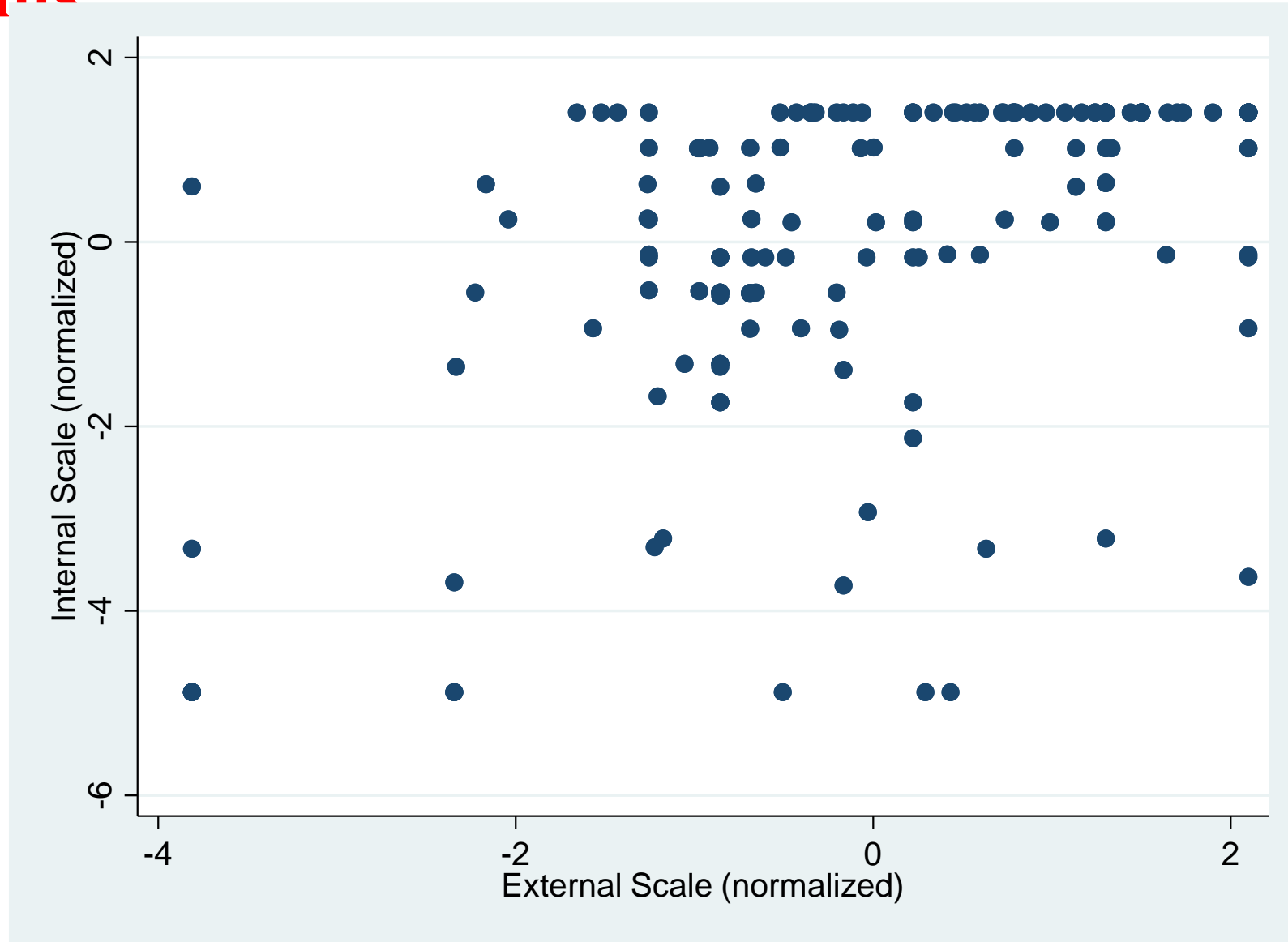
Note: The Y-axis is interpreted as a fraction rate of total responses (N=160).

Distribution of Social Norms



Note: The Y-axis is interpreted as a fraction rate of total responses (N=160).

Scatter Plot – Association Between Attitude and Social Norms



Linear Regression Outputs

	Micronesia		Solomon Islands		Samoa	
	Attitude	Social Norms	Attitude	Social Norms	Attitude	Social Norms
Female	-0.023 ¹	-0.049	-0.582	0.325	0.434	0.137
	0.316 ²	0.195	0.52	0.375	0.294	0.541
Educ Primary School	1.368*** ³	0.038	0	1.001***	-0.911	0
	0.489	0.255	.	0.304	0.63	.
Educ Secondary School	0.783*	0.044	0.607	0.444	0.308	1.333**
	0.452	0.232	0.44	0.425	0.516	0.563
Educ Vocational Training	0.322	0	0.284	0.714	0	1.986*
	0.576	.	0.393	0.473	.	1.086
Educ University Degree	0.823	-0.175	0.149	0.886**	0.217	1.932**
	0.5	0.28	0.822	0.378	0.507	0.784
Educ Higher Degree	0	0	0	0	0	0

Age 25-34	0.279	-0.123	1.155	0.301	-0.945**	-0.341
	0.426	0.23	0.996	0.521	0.456	0.723
Age 35-44	0.432	-0.428**	2.312**	0.336	-0.384	1.17
	0.407	0.203	1.041	0.576	0.394	0.758
Age 45-54	0.651	-0.067	1.333	1.121*	-0.182	0.493
	0.545	0.169	0.972	0.616	0.484	0.82
Age 55-64	1.027**	0.083	2.174*	0.165	-0.248	0.918
	0.403	0.205	1.166	0.477	0.768	0.897
Age 65-74	0	-0.428**	1.392	0	-0.384	1.668**
	.	0.203	1.029	.	0.394	0.713
Easy Access to Credit	0.45	-0.574	4.040***	0.346	-0.666*	1.487**
	0.386	0.446	0.594	0.382	0.35	0.592
Constant	-1.489**	2.008***	-5.468***	-1.452**	1.408**	-3.528***
	0.68	0.421	1.368	0.703	0.664	1.205
r ²	0.202	0.132	0.570	0.135	0.299	0.236
F	5.504	3.11	17.363	2.853	4.43	2.836
N	50	50	60	50	50	60

Implications

- Access to Credit is critical in fostering positive attitudes toward entrepreneurship, outweighing demographic factors.
- Demographics (gender, age, education) have minimal impact on entrepreneurial motivation.
- Stronger entrepreneurial norms in the Solomon Islands suggest tailored support could have higher impact there.
- Larger sample sizes and broader factors should be explored.



Recommendations

- **Expand Mentorship & Community Support:** Strengthen organizations (e.g., NGOs, Chambers of Commerce) to deliver mentorship, networking, and business training beyond urban areas.
- **Promote Practical, Hands-On Experience:** Increase access to apprenticeships, internships, and real-world training opportunities to build entrepreneurial skills directly.
- **Increase Access to Capital:** Support local finance institutions, digital infrastructure, and financial literacy for entrepreneurs.
- **Implement Financial Policy Reforms:** Simplify regulations, enable loan guarantees, and support digital banking infrastructure.
- **Enhance Data Collection & Feedback:** Regularly gather data to refine policies and track support effectiveness.



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Opportunities for Further Intervention

- **Bankable Business Ideas:** Support BDS programs to generate finance-ready business concepts.
- **Alternative Financing:** Introduce low-cap overdrafts for cash flow needs, accessible via digital channels.
- **Digital Capability Building:** Enhance digital literacy and payment systems to unlock e-commerce potential.

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