

The Importance of Entrepreneurship Competitions to Spread Entrepreneurship Spirit and to Support Startup Creation – a survey in Portugal

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Abstract

Increasing entrepreneurship has become an objective for many governments, local authorities, business associations and universities.

One of the strategies adopted in many western countries, including Portugal, has been the creation of idea or project or idea competitions.

These contests vary from a national to a regional scope. Many universities in Europe create competitions exclusively to their students.

The aim of this research is to question the participants on these contests about the effects of their participation.

A sample was created with the help of the organizers of such contests in Portugal, in the past couple of years. This sample included winners and losers, projects selected to the final phases of the contests and projects not selected.

A questionnaire was sent to this sample, addressing their opinion on the results of their participation.

The objective was to evaluate whether the participation in the competition influentiated the participants' willingness and ability to create a company.

It also tried to assess the contribution to the participants' capacity to make good projects, gather resources and actually create startups.

Keywords

Entrepreneurship, innovation, competition

1. Introduction

Entrepreneurship contests are fast becoming popular, both in their simplest form where only a description of the business idea is required from the participants and in the most complete version, where full business plans are evaluated.

This is greatly due to the increasing interest in entrepreneurship education (Bonnett and Furnham, 1991; Fillion, 1994; Lewis and Massey, 2003; Pratten and Ashford, 2000; Vinten and Alcock, 2004.), which in turn, results from the increase in new strategies to improve entrepreneurial activity in most modern economies (Gaspar, 2008).

Whether the participation in these competitions is good for the participants, whether it improves their ability to create a startup or helps them improve their projects is something that has only been studied by the published literature in the surface (Yu & Man, 2007).

This work will try to reduce this hole in the literature, analyzing the contribution of Portuguese entrepreneurship competition for the participants and for their projects.

2. Why entrepreneurship competitions?

Entrepreneurship competitions have a natural (and difficult to measure) effect on the society's attitude towards this phenomenon and it increases people's awareness for business ideas detection and development.

Other results of these competitions can, however, be more easily measured and studied. This research project will try to evaluate the competitions' contribution do develop entrepreneur's ability to plan and to prepare a business plan, thus following the literature that points at previous planning as a major contribution for entrepreneurial success (Shuman et al., 1985, Timmons et al., 1985, Sexton & Bowman-Upton, 1981, Bracker, Keats and Pearson, 1987, Hisrich & Peters, 1989, Castrogiovanni, 1996).

This study will also evaluate the competitions' contribution to improve the participants' projects.

3. Methodology

A questionnaire was distributed by the participants in 6 such competitions in Portugal. A sample of 34 participants returned those questionnaires. Since the total number of

participants was not disclosed by the organizations of the contests, it's impossible to know the answer rate to this questionnaire.

The answers received came from people who participated in competitions taking place in the years 2006-2008.

The observations came from people who ended up in first, second, third,... up to 30th place in the competition they participated in. Eighteen of them said they had won some sort of prize in the competition.

In the end, only seven of these participants actually created a company based on their participation in the competition.

The questionnaires were designed to collect the participants' evaluation of their participation in the competition.

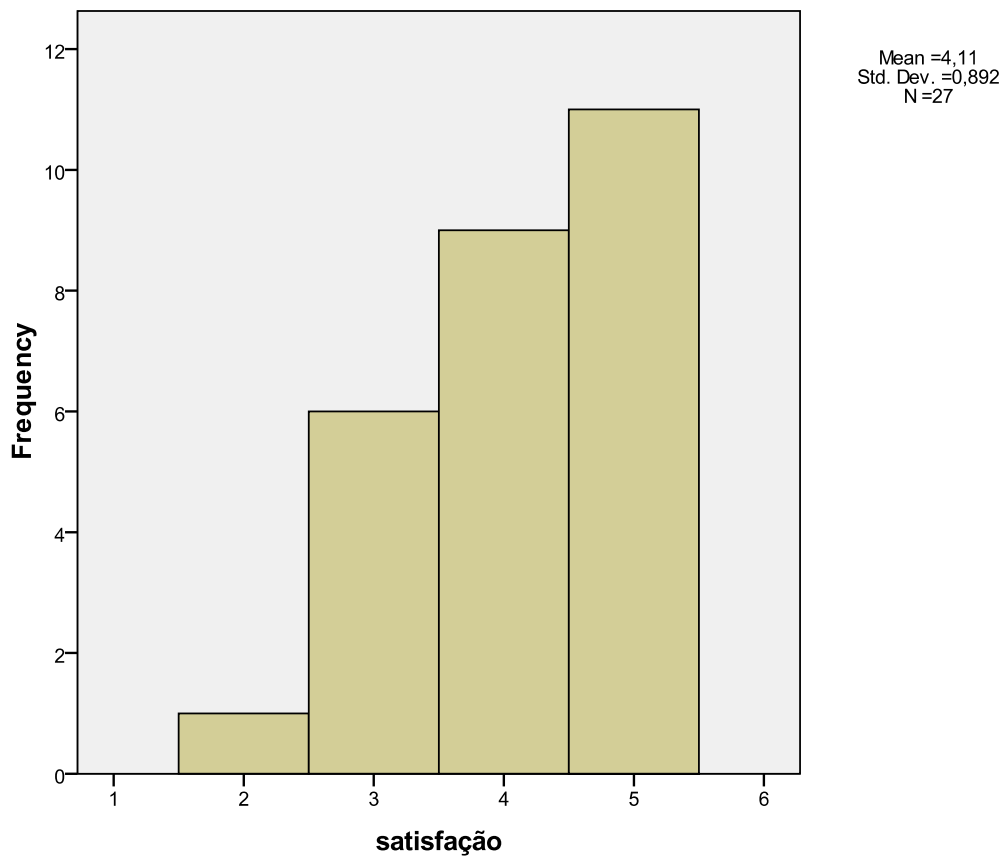
For that purpose, it included a) one question to evaluate the participants' satisfaction with their experience in the competition, b) a five item question to measure how they appraised the contribute of the competition to improve their projects and c) a four item question to measure their appraisal of the competitions' contribution to their skills.

4. Results

The participants' showed themselves rather satisfied with their participation in the competitions, even though only a few of them won and only a handful actually created their startup.

This can be observed in Figure 1. In a 1 to 5 satisfaction scale, more than half the participant chose 4 or 5 (satisfied or very satisfied).

Figure 1 - Satisfaction



The participants considered that their participation in the competition had a positive contribution to improve their business plan or idea (Figure 2).

On the other hand, they were not convinced that participating in the competition had helped improve their ability to gather the resources needed to start a company (Figure 3).

Figure 2 - Improve business plan

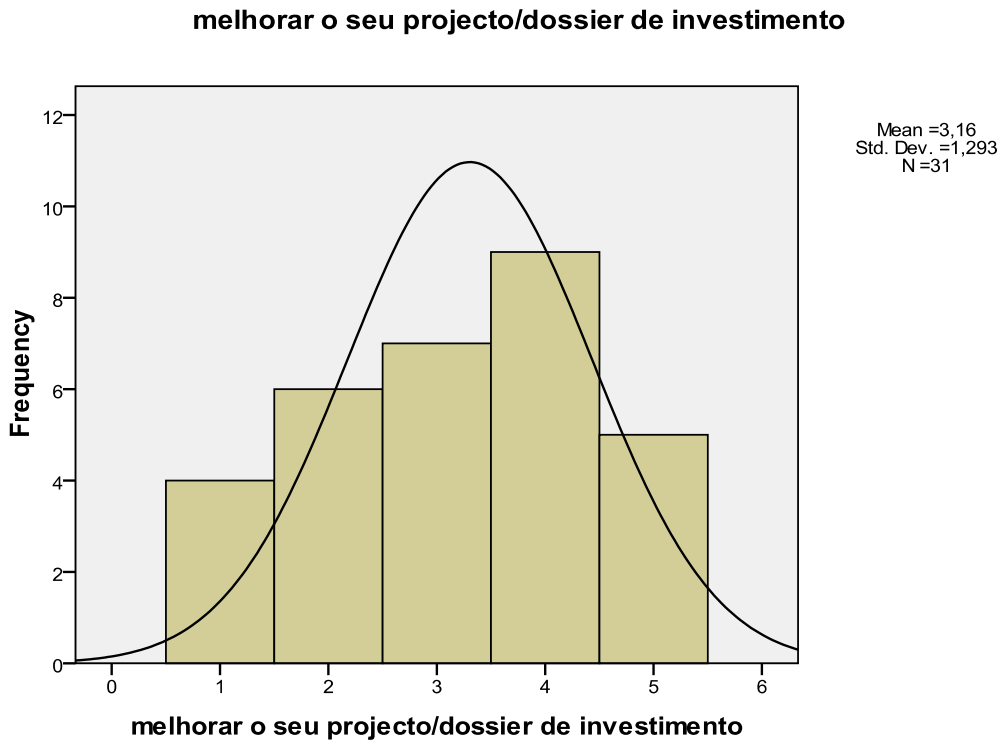
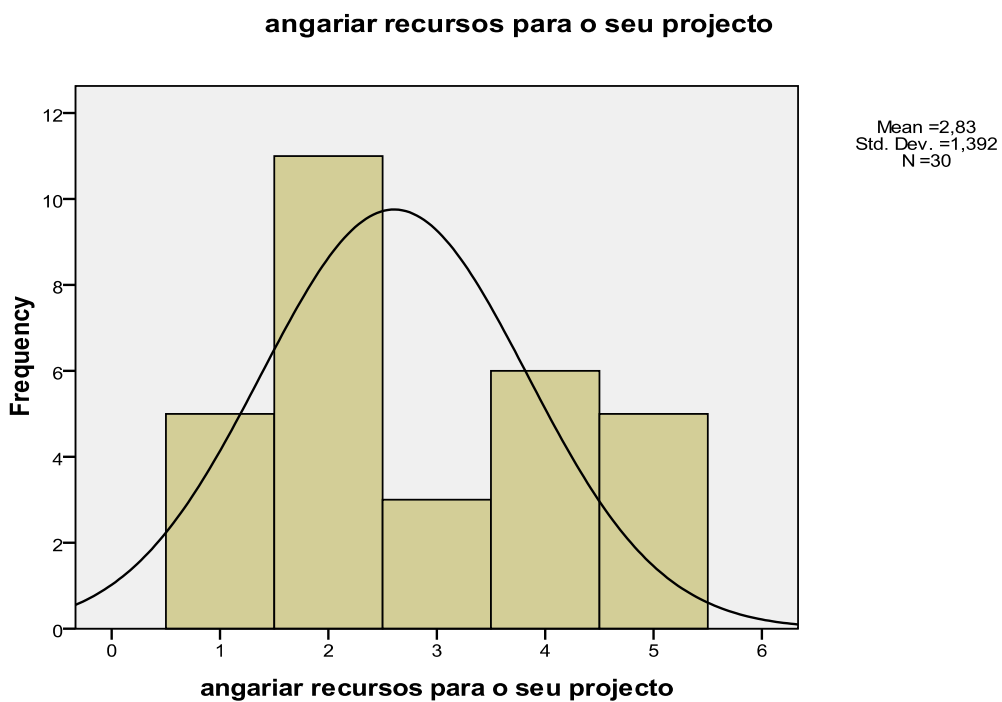


Figure 3 - Help get resources for the project



The participants were extreme in their evaluation of the competitions' contribution to their decision to startup (or not). Figure 4 shows that the same number of participants considered that participation important and unimportant.

Interestingly enough, a majority of participants considered (Figure 5) that entering the competition contributed or led them to reformulate their original business idea.

The opposite can be said about the contribution of the contest to their ability to get a startup to the market. Most participants said it didn't help (Figure 6).

Figure 4 - contribution to the decision to create

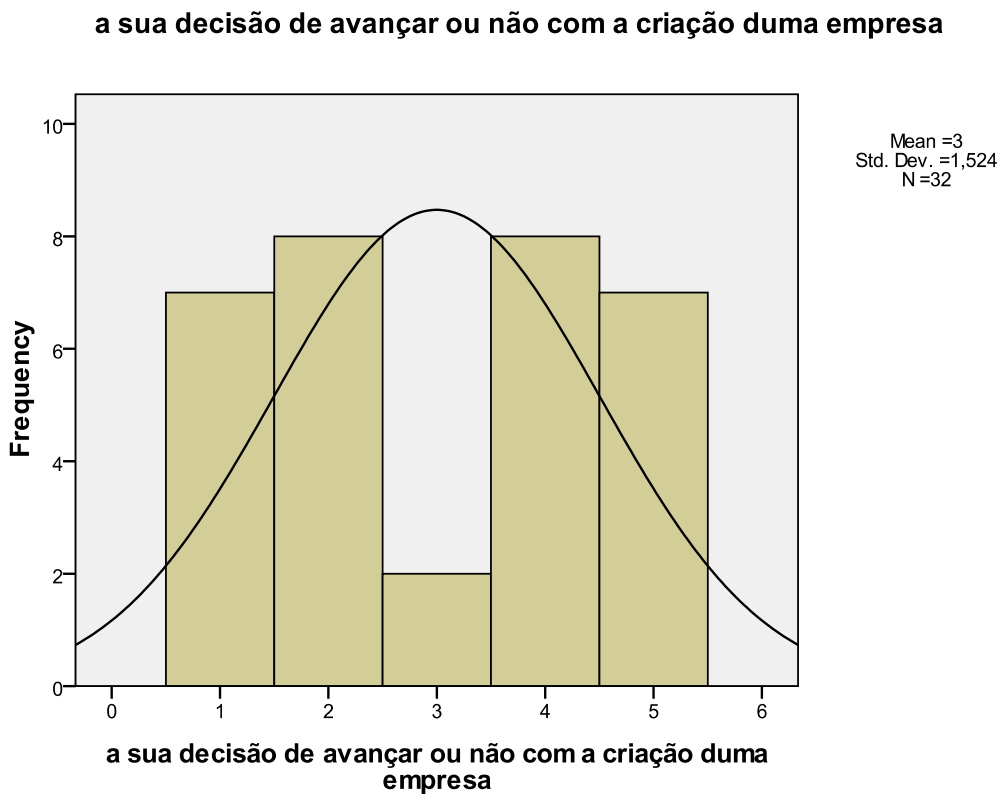


Figure 5 - contribution to reformulate the business idea

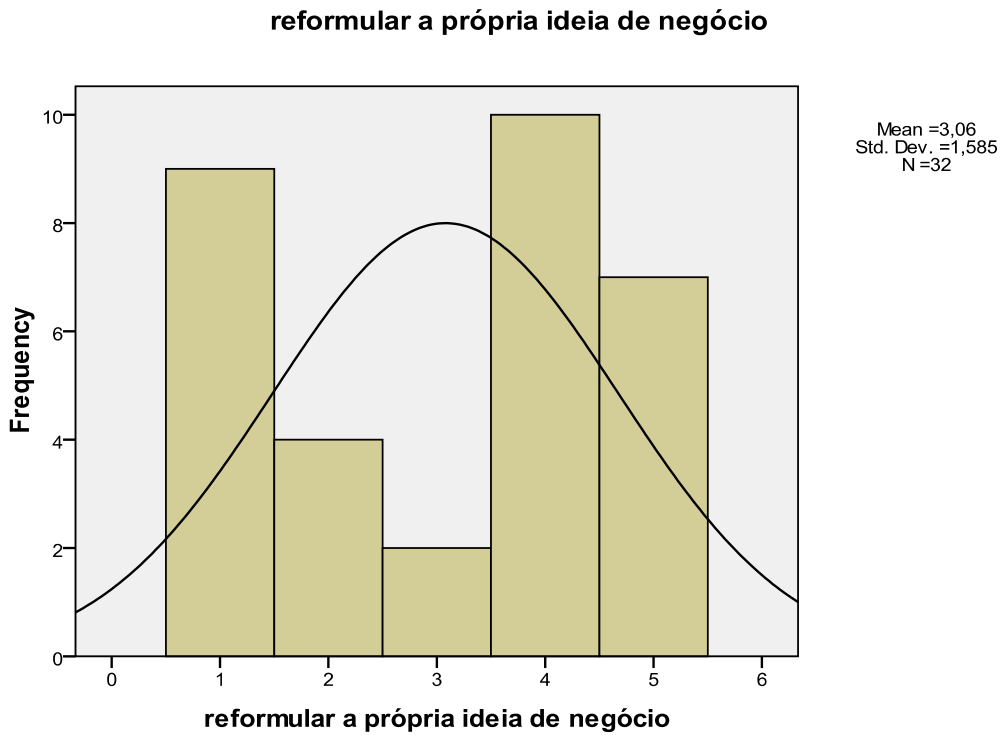
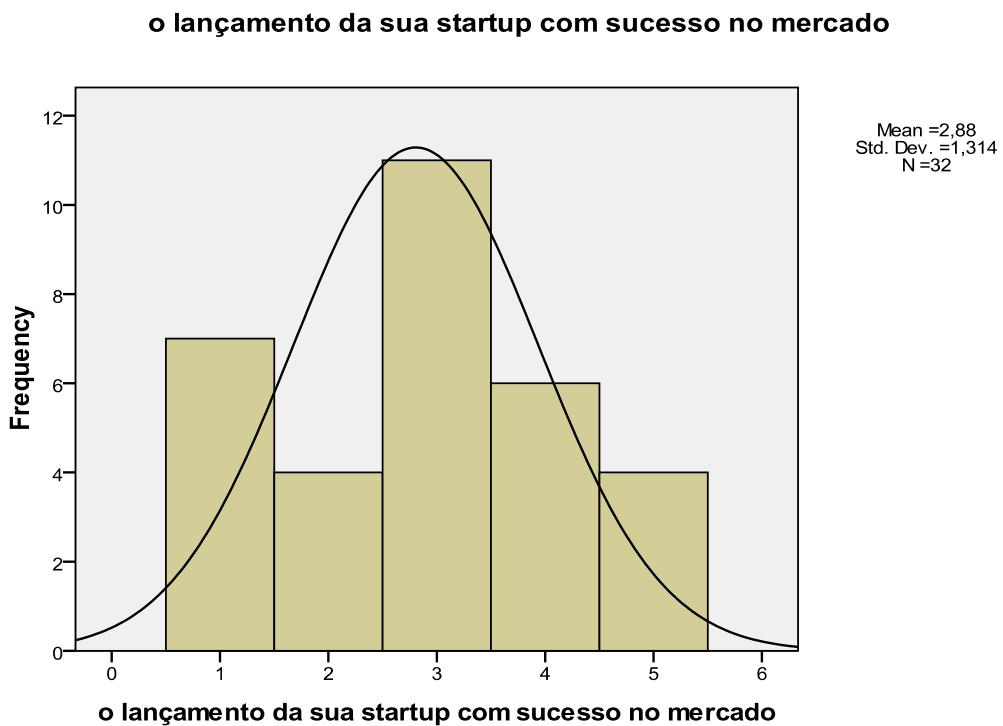


Figure 6 – ability to launch the startup in the market



The participants proved to be mostly happy with the contest contribution to their ability to identify business ideas (Figure 7), which they considered positive.

The same can be said about the competitions' contribution to the participants' ability to evaluate business ideas (Figure 8), which they considered positive, but not about the competitions' contribution to the participants' ability to gather resources (Figure 9), which they considered negative.

Figure 7 - ability to identify business ideas

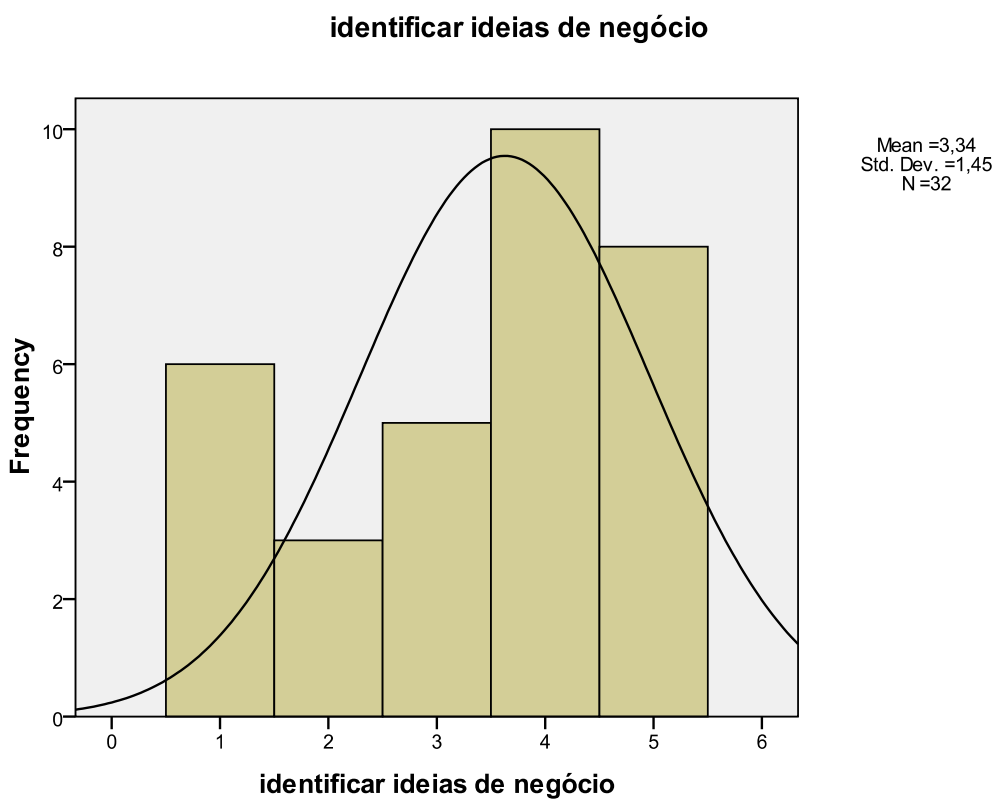


Figure 8 - ability to evaluate a business opportunity

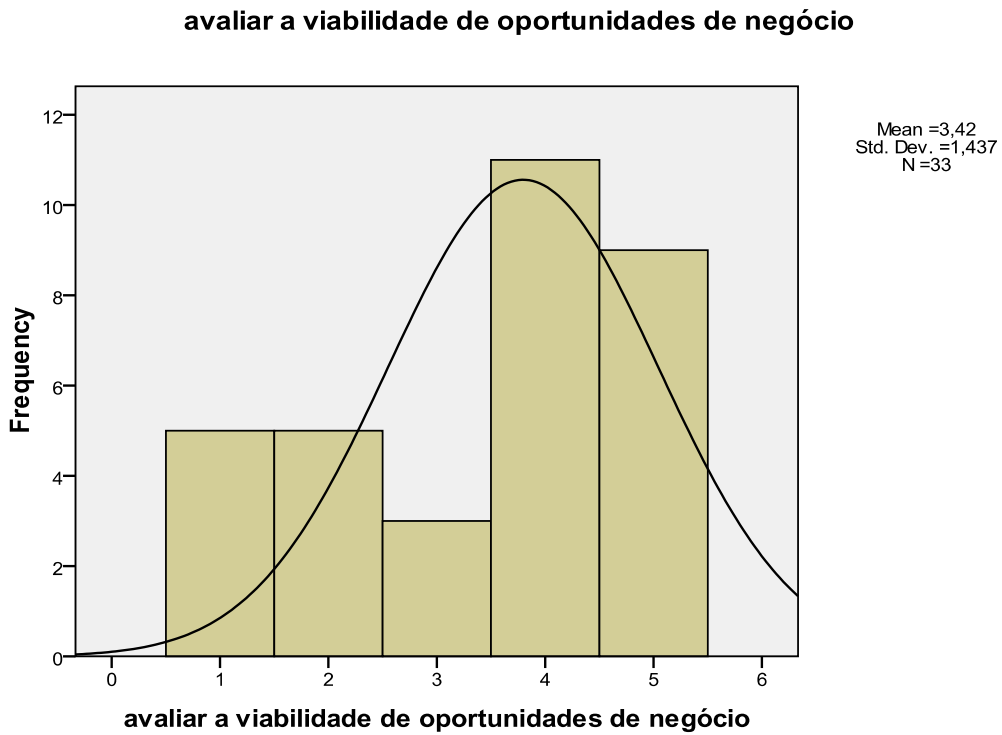
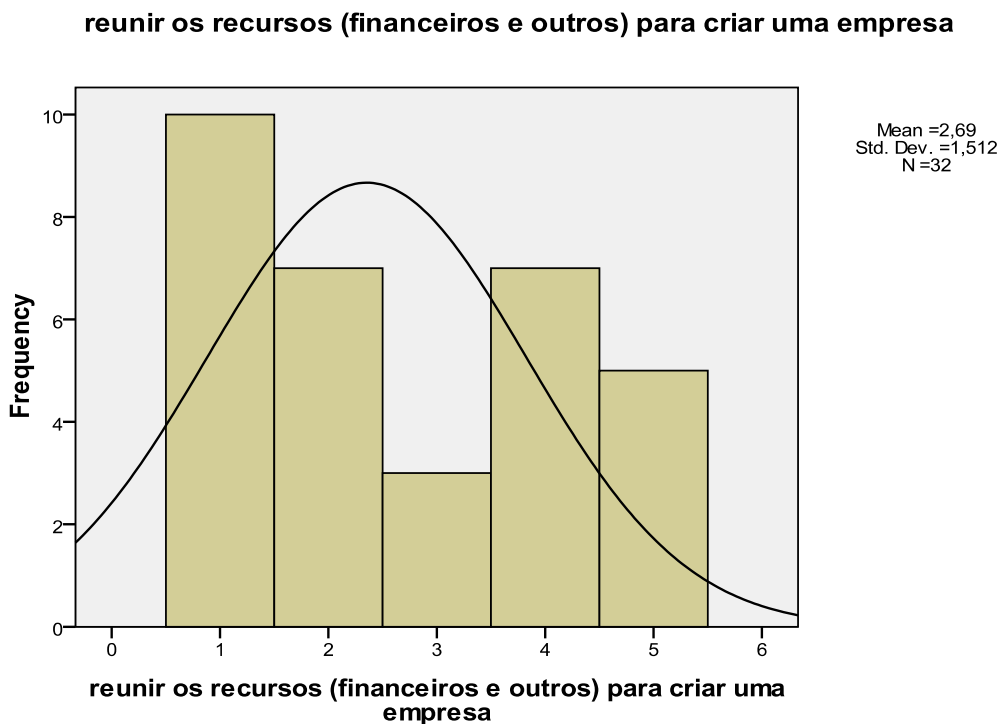


Figure 9 - ability to gather resources for the startup



One question that the figures raise was then analyzed. Were the respondents answers influenced by having (or not) won a prize?

Table 1 shows the results of the comparison between the two sub-samples. The variables shown in the table are the ones that revealed statistically significant differences between the two sub-samples.

The participants that won some prize value their participation in the competition less than the others in only two variables: the contribution to their ability to gather resources (a large difference: 0,333 less in a 1 to 5 scale) and the contribution to the reformulation of their initial business ideas (a smaller difference: only -0,056).

In all other variables, the winners valued their participation more than non-winners.

Table 1 - sample comparison

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2- tailed)	Mean Difference	Std. Error Difference
satisfação	Equal variances assumed	1,025	,322	,057	22	,955	,022	,388
	Equal variances not assumed			,061	20,150	,952	,022	,365
Concretizou o projecto?	Equal variances assumed	1,237	,277	,602	25	,553	,111	,185
	Equal variances not assumed			,570	14,043	,577	,111	,195
melhorar o seu projecto/dossier de investimento	Equal variances assumed	,345	,562	,282	24	,781	,167	,591
	Equal variances not assumed			,291	14,636	,775	,167	,572
angariar recursos para o seu projecto	Equal variances assumed	,247	,624	,441	23	,663	,265	,600
	Equal variances not assumed			,457	15,071	,654	,265	,580
reformular a própria ideia de negócio	Equal variances assumed	,480	,495	-,090	25	,929	-,056	,619
	Equal variances not assumed			-,087	14,757	,932	-,056	,640
o lançamento da sua startup com sucesso no mercado	Equal variances assumed	,014	,907	,213	24	,833	,111	,522
	Equal variances not assumed			,216	14,017	,832	,111	,514
identificar ideias de negócio	Equal variances assumed	5,744	,025	,223	24	,826	,139	,624
	Equal variances not assumed			,189	9,746	,854	,139	,736
avaliar a viabilidade de oportunidades de negócio	Equal variances assumed	1,198	,284	,282	25	,780	,167	,592
	Equal variances not assumed			,261	13,308	,798	,167	,638
reunir os recursos (financeiros e outros) para criar uma empresa	Equal variances assumed	,025	,875	-,523	24	,606	-,333	,637
	Equal variances not assumed			-,521	13,368	,611	-,333	,640

5. Conclusions

The entrepreneurship competitions in Portugal seem to have a positive result for the participants.

They showed themselves happy with their participation in those competitions.

They valued especially the contribution to their ability to identify and evaluate business opportunities. It also proved useful (in the eyes of the participants) to improve the business plans they submitted to those competitions.

There was no evidence of these competitions improving the quality of the projects, the only positive contribution was to the participants' abilities.

The winners of those competitions were naturally happier with their participation than the non winners.

Naturally the winners didn't think the competitions contributed to the reformulation of their projects, because they were less probable to reformulate them.

In general, winners valued more the contribution of the competitions to improve their projects and to improve their entrepreneurial abilities.

This is an ongoing research project and the results shown here came from the first exploratory questionnaire. The main limitation of this study is the small size of the sample.

Further research needs to be done with a larger sample.

Also further work needs to be done to measure the overall of these competitions to the societies' attitudes toward entrepreneurship.

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