

Department of Applied Social Sciences (DSCA)

Perceptions, Expectations and Entrepreneurship

Economics and Management

MITPortugal Program



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Objectives

We provide, for the first time, comparative evidence of the impact of various types of extreme events on the perceptions of entrepreneurs concerning some key entrepreneurial issues – such as fear of failure in starting a business venture, whether individuals expect that good opportunities are likely to emerge in the next six months, and the expected level of competition stemming from creating new ventures. The occurrence of extreme events is likely to be exogenous to the perceptions affecting it so that we can identify a causal link from events to entrepreneurs and their perceptions.

Methodology

In our empirical analysis we will draw on data from the Adult Population Surveys, collected by the Global Entrepreneurship Monitor (GEM). This data contain detailed information on individuals from 44 countries. The micro survey data is collected annually and in a consistent manner across countries. In this paper we use yearly data from 2002 to 2005. The GEM data set include measures of perception variables related to entrepreneurship such as fear of failure, business opportunities and competition. Probit estimates are used where perception and expectation variables are the variable to be explained by a set of controls and indicators of the occurrence of extreme events.

Expected Results

Our results suggest that extreme events, while costly at the aggregate level, may induce a positive response in terms of entrepreneurial activity in specific circumstances. There is hence scope for entrepreneurs, and policies supporting them, to create growth from the ruins of extreme events.

The Impact of Terrorist Attacks on Entrepreneurial Activity By Population Group

