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## Comparison of Restaurant Distribution Entrepreneurs' Pressure on Business Failure and Entrepreneurial Intention\*

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### Abstract

**Purpose** – This study aims to exploratorily analyze relationship among pressure on business failure, social safety net perception, and entrepreneurial intention targeting potential business founders – pre-entrepreneurs and re-entrepreneurs.

**Research design, data, and methodology** – Out of 450 collected surveys, 386 were used for analysis. Among these, 216 were from pre-entrepreneurs and 170 were from re-entrepreneurs. Frequency analysis, reliability and validity analysis, and regression analysis were performed.

**Results** – In analysis of pre-entrepreneur and re-entrepreneur's pressure on business failure and social safety net perception, objective environment perception – a subfactor of social safety net perception – had statistically significant difference between the two potential entrepreneur groups.

**Conclusions** – We categorized potential entrepreneurs into pre-entrepreneurs and re-entrepreneurs. Also, the current study suggests importance of social safety net to vitalize food service business startup by validating its mediating effect between pressure on business failure and attitude towards restaurant business establishment. This research also established groundwork for future studies on ways to improve entrepreneurial intention or startup business sustainability by deducing social safety net perception difference between pre-entrepreneurs and re-entrepreneurs. This study was able to analyze relationship between those two groups in terms of entrepreneurial intention and startup business sustainability.

**Keywords:** Food service Enterprise, Pre-Entrepreneur, Re-Entrepreneur, Entrepreneurial Decision-Making Theory, Fear of Business Failure, Social Safety Network.

**JEL Classifications:** C12, C42.

### 1. Introduction

Due to an extended worldwide recession, unemployment and creation of employment have been emerged as

important issues. Many countries have been establishing various attempts and policies to elevate employment rate and invigorate their economy. South Korea, in the same manner, has been allocating good share of its budget on entrepreneurial supporting policy aiming to lower unemployment rate by promoting business establishment as keynote policy of creative economy and achieve creative economy by fostering innovative entrepreneurs. However, compared to developed countries whose business startup is brisk in contrast to input cost, South Korea's rate of qualitative business startup rate and entrepreneurship index is lower than the average of OECD's (Dong-A Ilbo, 2015). This result suggests that entrepreneurship, challenge spirit, is being faded since challenge is avoided due to high entry barrier of new industry and difficulty in resurgence after failure.

As stated in KOSBI Research Paper, South Korea is currently at the lowest point on the U-shape. This implies that vitalization of business establishment not only directly

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contributes to country's economic development, but also has been core growth engine in current knowledge-based era. Therefore, for South Korea to grow as much as developed countries, its entrepreneurial activity index should achieve a rising trend.

This study attempts to inquire influencing relationship of entrepreneurial intention and startup business sustainability based on environmental approach, not on individual characteristic-based approach on which various preceding restaurant startup business researches have been conducted. Especially, the current study seeks to verify a hypothesis on if the extent of social safety net perception and pressure of startup business failure, which has high figure in South Korea, would act as parameters of entrepreneurial intention and startup business sustainability.

Consequently, it is a meaningful to study how entrepreneur's pressure on business failure and extent of social safety perception affects business establishment.

Therefore, the current study aims to exploratorily analyze relationship among pressure on business failure, social safety net perception, and entrepreneurial intention targeting potential business founders, such as pre-entrepreneurs and re-entrepreneurs. Also, existing studies have been conducted based on mental-related characteristics of entrepreneur variables which have direct effects on business performance; however, there is a lack of researches on explanatory variables which have impacts on entrepreneurial intention of restaurant business founders. Therefore, the current study aims to establish associate variables. Additionally, based on entrepreneurial intention decision-making theory, this study analyzes by categorizing factors which have influence on entrepreneurial intention into internal factors and external factors, and verify statistical difference between those groups. This is the first attempt, unlike preceding researches, and is expected to contribute to establish theoretical foundation.

In turn, this study attempts to expand the existing research scope on effects of potential entrepreneurs' entrepreneurial intentions, deduce variables related to internal factors and external factors which have grand effect on entrepreneurial intentions of pre-entrepreneurs and re-entrepreneurs considering restaurant business startup which was not covered by preceding researches, analyze those two groups, and empirically inquire difference of social safety net perception, between pre-entrepreneurs and re-entrepreneurs, what are necessary to them, and how it affects entrepreneurial intentions.

## 2. Theoretical Background

### 2.1. Entrepreneurial Intention Decision-Making Theory

Will is an important variable in determining action (Fishbein & Ajzen, 1975), and entrepreneurial intention is the first step of entrepreneurship which signifies intentional

attitude which puts pre-entrepreneurs into practice (Krueger & Carsrud, 1993).

Factors which can affect entrepreneurial intention of potential entrepreneurs, such as pre-entrepreneurs and re-entrepreneurs, can be divided into 'internal factors' like personal characteristics and 'external factors' like environments (Oh & Ha, 2013).

According to preceding researches, for personal characteristics which belong to 'internal factors', there are gender, age, history of family entrepreneurs and disposition which are congenital; there are education level, income, and pressure coming from environment which are acquired; and there is personal network which belongs to social support.

'External factors' which can influence greatly on entrepreneurial intentions can be classified into three. The first is economic environment factor. It includes startup business success rate, employment stability, and current economic condition. The second is social perception. It includes social awareness and support on business startup. Social support on entrepreneurs can be defined as support swaying socioculturally which is perception of public on entrepreneurs. The third is institutional environment factor. Notable example is government or public institution's supporting system, infrastructure, and accreditation system related to business establishment.

Reynolds (1992) deduced economic environment feature, personal history feature, and individual predisposition as factors which influence entrepreneurial intention. Gnyawali and Fogel (1994) conducted a research focusing on analyzing environmental factor, and as a result, government policy, business startup/management technology, socioeconomic condition, and financial/non-financial support factors were added as independent variables. Aside from that, education level, social perception towards business startup, startup business network and infrastructure, market's economic situation, and capital utilization were deduced to have significant effects on entrepreneurial intentions (Smeltzer & Fann, 1989; Naffziger, Hornsby, & Kuratko, 1994).

The two factors which have effect on potential entrepreneurs, such as pre-entrepreneurs and re-entrepreneurs, excluding existing entrepreneurs, can be divided into 'internal factors' and 'external factors.' Personal environment factor, which is an internal factor, includes individual's both innate and acquired psychological and physiological factors, and an external factor includes overall business startup environment factors. As far as business startup environment factors are concerned, market's economic environment, social perception, government and public institution's institutional environment factors are results of multiplicative action of public support and support policy.

### 2.2. Pressure on Business Failure and Entrepreneurial Intentions (Entrepreneurial Sustainability)

The current study, based on entrepreneurial intention

decision-making theory, considers 'pressure on business failure – such as pre-entrepreneurs and re-entrepreneurs' personal environmental factors, like incident prediction, individual's tendency, and family factors, which can have negative effect – as internal factors, and social perception on government or public institution's institutional environment factor is considered as external factor.

### 2.2.1. Pressure of Startup Business Failure

Pressure on startup business failure works as a factor which weakens will of potential entrepreneurs when preparing for startup business facing uncertainty or risk factors of their success. This pressure on startup business failure, even if entrepreneurs proceed with their startup business, continues to weaken confidence and tendency to put up with risk among entrepreneur's psychological characteristics. According to related researches, after completing business establishment related education, entrepreneurial intentions heightens to some extent, but when facing realistic difficulties during business establishment, entrepreneurial intentions did not get higher due to psychological pressure (Sung, 2011).

Success or failure of business establishment differs greatly depending on entrepreneur's personal traits, such as tendency to put up with risk, and that tendency depends on individual's propensity to overcome various stress from business establishment (Shapero & Sokol, 1982). Based on Boyd and Gumpert (1983)'s study, 55-65% of entrepreneurs suffer from insomnia, dyspepsia, and headache while most of them get stressed from severe psychological pressure coming from sense of isolation, relationship with others, and avarice towards accomplishment.

In return, it was deduced that providing low-cost professional and structured business establishment education, rather than financially aiding entrepreneurs after their failure in business establishment, would lower social cost and aftereffect resulting from business establishment failure.

### 2.2.2. Entrepreneurial Intention

The most influential factor for an entrepreneur to decide to establish a business is entrepreneurial intention. It is because formation of positive behavior intention towards business establishment leads to decision to start a business. Entrepreneurial intention, a main factor determining business establishment, is an individual's passion to establish a business in the future (Kang & Ha, 2015).

External environment factors – such as characteristics of entrepreneurs, demographical traits, technology and sociality, social culture, and financial support – have significant effects on behavioral intentions towards business establishment and have indirect effect on intention behavior (Souitaris, Zerbinati, & Al-Laham, 2007). Smeltzer and Fann (1988) explained education level, social support, network, attitude, current market conditions, usability of debt funds, and startup

business infrastructure are key decision factors of entrepreneurial intentions. Ha and Yoon (2011) suggested startup business failure as a factor with major effect in determining entrepreneurial intentions and insisted necessity of business establishment education to overcome failure.

Studies on initial entrepreneurial intention are focused on entrepreneur's individual characteristic factor and are preceded by expanding external environment factors such as laws and social policies related to business establishment (Lim & Jeon, 2015). Especially, majority of the studies focus on effects of subjective understanding of business establishment environment on entrepreneurial intention; and this can be interpreted as importance of inorganic environment of startup business ecosystem.

### 2.2.3. Startup Business Sustainability

As suggested previously, according to advance research, it is hypothesized that entrepreneur's psychological characteristics and environment affect his entrepreneurial behaviors. This is analyzed as aforementioned since entrepreneur's patterns of behaviors affect business directly. Sustainability refers to survival and growth that a business should pursue through harmony and balance, and pursuit of achievement.

Sustainability of startup business is seeking changes with enthusiastic and responsible attitude to win in competitive market and be the winner. Business not only influences financial factors of market in which they belong, but also administer social and environmental factors (Jung, 2013). To evaluate startup business sustainability, Gartner (2008) categorized it into resource, socioeconomics, and environment and analyzed present condition and alternation while analyzing factors affecting each category.

This sustainability requires a few factors. The first is sustainability in economic aspect. In macroeconomic point of view, sustainability is a principal idea which is still in its growth (arrow & Hurwicz, 1977). To follow positive flow for sustainability in economic aspect, profit pursue would be done based on efficient and stable development (Lee & Kang, 2003). The second is sustainability in environmental aspect. As economic aspect and environmental aspect have to be harmonized and complementary, their interrelation should be strategically adopted. This emphasizes ecological efficiency for a long-term competitiveness, which implies that idea of ecological efficiency is connoted (WBCSD & UNDP, 1996). The third is sustainability in social aspect. A business cannot be separated from society. Establishment of government and local society's cooperative system should be expected for entrepreneurial sustainability (Hong, 2005).

KBCSD (2004), Korea's Sustainable Management Business Council argued that there should be efforts on environment, economy, and society aspect of sustainability for sustainable development and business activity for enhancement of business establishment by minimizing the risks.

### 2.3. Business Establishment Environment and Entrepreneurial Intentions based on Social Safety Net Perception (Entrepreneurial Sustainability)

#### 2.3.1. Social Safety Net

Based on theory on entrepreneurial intention determination, as ‘external factors’ which have effects on entrepreneurial intentions, ‘social perception’ or ‘institutional environment factor of government or public institution’ were suggested, and there is complex interaction between social support and government’s support policy. In other words, in case of pre-entrepreneurs and re-entrepreneurs’ plan of business establishment, social support and perception based on environment factors such as supporting policies of government and public institutions have significant effect on entrepreneurial intentions.

Based on prior researches, extent of ‘social safety net perception’ of business establishment can be understood as following.

**Table 1:** Social Safety Net Perception towards Business Establishment

Factors	Questionnaire
Social Safety Net Perception	1. In case of business failure in my society, there are enough resources for entrepreneurs to restore.
	2. In case of business failure in my society, there is enough reduction and exemption policy for business debt.
	3. In case of business failure in my society, there is enough reduction and exemption policy for taxes in arrears.
	4. In case of business failure in my society, entrepreneur's house and necessities of life are protected.
	5. In my society, it is possible to maintain minimal sustenance in case of bankruptcy due to business failure.
	6. In case of business failure in my society, culture to sustain relationship with family, relatives, and friends is established.
	7. My society has atmosphere of not being shameful of business failure.
	8. In case of business failure in my society, there is social atmosphere making easy to restore.
	9. My society has atmosphere building business failure experience as social asset.

##### 2.3.1.1. Objective Business Establishment Environment

Among external factors of business establishment environment, economic situation has direct effect on objective business establishment environment. According to reports by GEM, if a country has high ‘startup business early stage index’, which is less than 3 years and 6 months after its establishment, its unemployment rate gets higher, and people choose to establish a business as an alternative

option of employment. This supports preceding research arguing that startup business increases when there are more unemployed people and they have hard time looking for new workplaces (Knight, 1921).

Social support towards business establishment is also an important external factor. Social support for entrepreneurs indicates that the act of ‘business establishment’ contributes to people’s economy. Cordial social perceptions can accelerate enthusiastic business establishment by positively affecting potential entrepreneur’s positive attitude formation. Gnyawali and Fogel (1994) explained that cordial social perception on business establishment creates positive attitude towards business startup. Reactionarily, in case of negative social perception, it acts as a factor hampering business establishment.

In the same manner, business establishment support policy of government and public institution can be objective business establishment factors of entrepreneurial intention of re-entrepreneurs. Business establishment education enhances learners’ confidence on business establishment, fosters entrepreneurial intentions, and improves business success rate (Clark, Davis, & Hamish, 1984; Lee, 1998; Oh & Ha, 2013)

##### 2.3.1.2. Subjective Business Establishment Environment

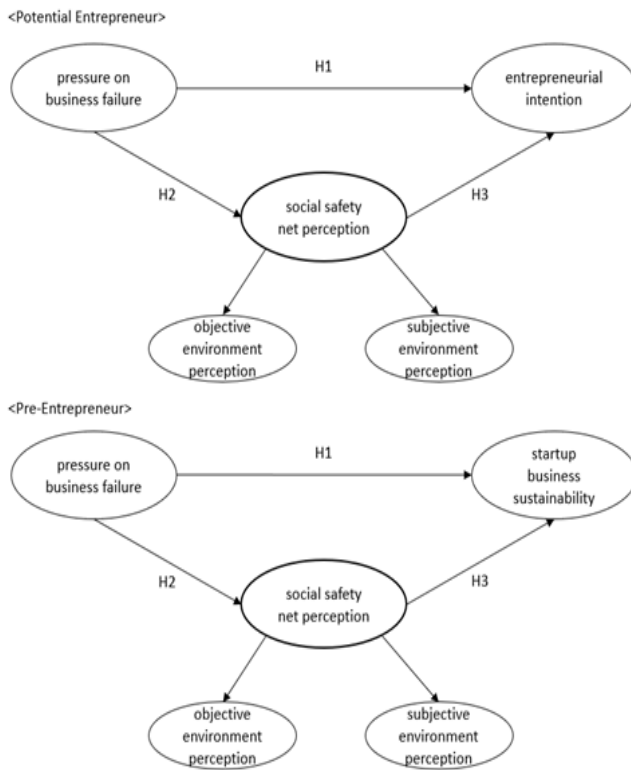
Subjective business establishment environment refers to psychological factors perceived in various situations when potential entrepreneurs, pre-entrepreneurs and re-entrepreneurs, establish business. Potential entrepreneur’s intention to strive through unsure environment can be expresses as confidence. In this case, subjective business establishment environment can be interpreted as entrepreneur’s psychological characteristic towards business establishment environment.

Lee (2000) insisted that self-efficacy is a level of cognition on personal ability to carry out target behavior and that it is evaluated based on individual’s control towards a situation. This factor makes it possible to cope with various challenges and danger adequately, control them, and apply them by uncovering changes (Krueger & Brazeal, 1994; Krueger, Reilly, & Carsrud, 2000).

## 3. Research Method

### 3.1. Research Model Setup

Based on entrepreneurial intention determination theory, the current study analyzes characteristics of pre-entrepreneurs and re-entrepreneurs, and analyze mediating effect of ‘business establishment failure’ – an internal factor affecting pre-entrepreneur’s entrepreneurial intention and re-entrepreneur’s startup business sustainability – and ‘social safety net perception’ – an external factor. Research model and hypothesis is are as shown in Figure 1:



**Figure 1:** Research Model

**<Pre-Entrepreneurs>**

- H1:** Pressure on business failure will have negative effect on entrepreneurial intention.  
**H2:** Pressure on business failure will have negative effect on social safety net perception.  
**H3:** Social safety net perception will have positive effect on entrepreneurial intention.  
**H4:** Social safety net perception will mediate between pressure on business failure and entrepreneurial intention.

**<Re-Entrepreneurs>**

- H1:** Pressure on business failure will have negative effect on startup business sustainability.  
**H2:** Pressure on business failure will have negative effect on social safety net perception.  
**H3:** Social safety net perception will have positive effect on startup business sustainability.  
**H4:** Social safety net perception will mediate between pressure on business failure and startup business sustainability.

### 3.2. Constructive Definition of Variables

Based on preceding researches on entrepreneurial decision-making theory, this study utilizes pressure on

business failure, social safety net perception, entrepreneurial intention, and startup business sustainability. The current study measured by categorizing into 'internal factors' – individual characteristic – and 'external factors' – individual's perceived factors – of potential entrepreneurs (pre-entrepreneurs and re-entrepreneurs) in entrepreneurial decision-making theory.

Among 'internal factors' which comes from individual's disposition and acquired traits, 'pressure on business failure' embraces anxiety for business failure in individual's environment, concern, and fear. It has negative effects on entrepreneurial intention and startup business sustainability. It was measured with 7 categories – loss of investment, decrease in credit, family wreckage and difficulty in restoration, seizure of property, and negative pressure coming from loss of self-efficacy – in 5-point scales (Ha & Yoon, 2011; Oh & Ha, 2013; Lee, 2016).

Among 'external factors' coming from economic, institutional, and social perception, 'social safety net perception' – government or public institution's infrastructure related to business establishment support and social support – can be defined as government or public institution's recovery support system toward risk of bankruptcy and foreclosure in case of business failure, recoverability, debt reduction and exemption, tax reduction and exemption, social asset in case of business failure (Lee, 2013). Based on preceding studies, 9 categories were measured in 5-point scales (Kim, 2009; Lee, 2010; Lee, 2013; Lee, 2016).

Entrepreneurial intention is defined as formation of positive attitude toward business establishment. Component factors are behavior intention, desire, and feasibility toward business establishment; and based on preceding researches, it was measured with 6 categories in 5-point scale (Fitzsimmons & Douglas, 2011; Oh & Ha, 2013). Startup business sustainability is defined as continuous survival and growth pursued by business, and outcome through profit-making – balancing and harmonizing by not wasting resources which can be used in the future by stores (Deanna, 1999). It was measured with 14 categories – consisting of 5 categories of economic sustainability, 5 categories of social sustainability, and 4 categories of internal organization sustainability – with 5-point scale (Hong, 2010; Jung, 2013).

### 3.3. Method of Data Collection and Analyzation

For the current research, total of 450 surveys were distributed from December of 2017 to January of 2018 targeting pre-entrepreneurs and re-entrepreneurs getting education at Korea Foodservice Industry Association, and 432 surveys were returned. Among those, 46 surveys were excluded due to underserving responses, and total of 386 surveys were used for analysis. There were 216 surveys from pre-entrepreneurs and 170 surveys from re-entrepreneurs.

The sample was analyzed using SPSS WIN 21.0 software. As methods of analysis, frequency analysis and multiple response analysis, exploratory factor analysis, reliability analysis, correlation analysis, linear regression analysis, and mediation regression analysis were performed.

## 4. Result of Analysis

### 4.1. General Characteristics of Pre-Entrepreneurs and Re-Entrepreneurs

#### 4.1.1. Demographical characteristics of sample

As a result of sample's demographical analysis, there were 195 males (50.5%) and 191 females (49.5%) in terms of gender. In terms of marriage, there were 280 married (72.5%), and 85 singles (22.0%). In terms of age, 25 were in 20s (6.5%), 70 were in 30s (18.1%), 92 were in 40s (23.8%), 160 were in 50s (41.5%), and 39 were in or above 60s (10.1%). In terms of education, 32 were below/had middle school degree (8.3%), 192 had high school diploma (49.7%), 81 had some 2-year college credit/associate degree (21.0%), 75 had some 4-year college credit/college degree (19.4%). For jobs prior to startup business preparation, 150 had personal business (38.9%), 106 were company workers (27.5%), 40 were housewives (41.4%), 14 were unemployed (3.6%), 9 were civil servants (2.3%), and 6 were students (1.6%). As for total amount of investment for business establishment, 151 were below 50 million won (39.1%), 140 were between 50-100 million won (36.3%), 70 were between 100-200 million won (18.1%), and 25 were above 200 million won (6.5%).

Monthly profit of 170 re-entrepreneurs came out as follows: 19 answered less than 10 million won (11.2%), 52 answered between 10-30 million won (30.6%), 28 answered between 30-50 million won (16.5%), 12 answered between 50-70 million won (7.1%), and 31 answered above 70 million won (18.2%).

#### 4.1.2. Verification of Reliability and Validity of Measurement

As a result of factor analysis for 7 categories of pressure on business failure, there was 1 factor with eigenvalue of greater than 1, and the total variance for the factors was 74.895%. Factor 1 (74.895%) was named 'pressure on business failure'. Also, load value for one of the factors was greater than .40 which verifies validity of construct, and reliability also came out greater than .60 suggesting no issue(<Table 2>).

As a result of factor analysis for 9 categories of social safety net perception, there were 2 factors with eigenvalue of greater than 1, and the total variance for the factors was 84.200% as shown in <Table 3>. For each subfactor, factor 1 (45.874%) was named 'objective environment perception' and factor 2 (38.326%) was named 'subjective environment perception'. Also, load value for 2 factors was greater than .40 which verifies validity of construct, and reliability also came out greater than .60 suggesting no issue.

As a result of factor analysis for 6 categories of entrepreneurial intention, there was 1 factor with eigenvalue of greater than 1, and the total variance for the factors was 78.467% as shown in Table 4. Factor 1 (78.467%) was named 'entrepreneurial intention'. Also, load value for 1 factor was greater than .40 which verifies validity of construct, and reliability also came out greater than .60 suggesting no issue.

**Table 2:** Verification of Validity and Reliability of Pressure on Business Failure

Categories		Component
		Factor 1
Factor 1 Pressure on Business Failure	3. In case of business failure, I have pressure on loan(debt) redemption.	.903
	4. In case of business failure, I have pressure on bankruptcy resulting in seizure of property.	.897
	5. In case of business failure, I have pressure on difficulty of restoration.	.893
	6. In case of business failure, I have pressure on decrease on credit score (stigmatization as failure).	.891
	2. In case of business failure, I have pressure on risk of family wreckage (harmony and stability).	.860
	7. In case of business failure, I have risk pressure on possibility of losing self-efficacy.	.859
	1. In case of business failure, I have pressure on losing business investment.	.745
Eigenvalue		5.243
Variance explanation (%)		74.895
Cumulative variance explanation (%)		74.895
Reliability		.944
KMO=.917, Bartlett's test $\chi^2=2429.703$ (df=21, p=.000)		

**Table 3:** Verification of Validity and Reliability of Social Safety Net Perception

Categories		Components	
		Factor 1	Factor 2
Factor 1 Objective Environment Perception	3. In case of business failure in my society, there is enough reduction and exemption policy for taxes in arrears.	.895	.290
	2. In case of business failure in my society, there is enough reduction and exemption policy for business debt.	.882	.310
	4. In case of business failure in my society, entrepreneur's house and necessities of life are protected.	.855	.384
	5. In my society, it is possible to maintain minimal sustenance in case of bankruptcy due to business failure.	.825	.371
	1. In case of business failure in my society, there are enough resources for entrepreneurs to restore.	.820	.390
Factor 2 Subjective Environment Perception	7. My society has atmosphere of not being shameful of business failure.	.303	.892
	8. In case of business failure in my society, there is social atmosphere making easy to restore.	.366	.852
	6. In case of business failure in my society, culture to sustain relationship with family, relatives, and friends is established.	.312	.814
	9. My society has atmosphere building business failure experience as social asset.	.376	.806
Eigenvalue		4.129	3.449
Variance explanation (%)		45.874	38.326
Cumulative variance explanation (%)		45.874	84.200
Reliability		.957	.928
KMO=.921, Bartlett's test $\chi^2=3722.847$ (df=36, p=.000)			

**Table 4:** Verification of Validity and Reliability of Entrepreneurial Intention

Categories		Component
		Factor 1
Factor 1 Entrepreneurial Intention	3. I have intention to remain as restaurant entrepreneur in the future.	.907
	6. I will (did) establish a business if there is change in the future.	.892
	4. Even though there are many risks in owning a business, I want(ed) to establish a business.	.889
	5. I want(ed) to establish a business or manage a business by taking over	.885
	2. I want(ed) to establish a business rather than seeking for a job.	.879
	1. I have(had) a strong intention to start a business myself.	.861
Eigenvalue		4.708
Variance explanation (%)		78.467
Cumulative variance explanation (%)		48.467
Reliability		.945
KMO=.910, Bartlett's test $\chi^2=1170.745$ (df=15, p=.000)		

**Table 5:** Verification of Validity and Reliability of Startup Business Sustainability

Categories		Component
		Factor 1
Factor 1 Startup Business Sustainability	11. My business (store) always strives to enhance worker's satisfaction.	.908
	13. We make effort to maintain stable and developmental labor-management relations.	.905
	8. I think my business (store) strives to enhancement of quality and stability of products.	.901
	12. My business (store) strives to drive worker's motivation.	.899
	10. I think my business (store) strives to diversify supplier.	.895
	6. I think my business (store) ensures minimum payment.	.894
	9. I think my business (store) makes multidisciplinary efforts for customer satisfaction.	.890
	4. I think my business (store) suggests long-term strategical plan.	.880
	2. I think my business (store) strive for greater sales and profit.	.879
	5. I think my business (store) adequate and provides fare wage.	.876
	14. My business (store) attempts for expanded employment creation.	.873
	7. In my understanding, my business (store) provides employee education periodically.	.872
	3. I think my business (store)'s financial situation is positive as a whole.	.847
	1. I think my business (store) is doing a good job at managing cash flow and its liquidity.	.845
Eigenvalue		10.923
Variance explanation (%)		78.022
Cumulative variance explanation (%)		78.022
Reliability		.978
KMO=.964, Bartlett's test $\chi^2=2901.446$ (df=91, p=.000)		

As a result of factor analysis for 14 categories of startup business sustainability, there was 1 factor with eigenvalue of greater than 1, and the total variance for the factors was 78.022% as shown in Table 5. Factor 1 (78.022%) was named 'startup business sustainability'. Also, load value for 1 factor was greater than .40 which verifies validity of construct, and reliability also came out greater than .60 suggesting no issue.

#### 4.1.3. Hypothesis Verification

##### 4.1.3.1. Effects of Pressure on Business failure on Entrepreneurial Intention (Startup Business Sustainability)

The result of simple regression analysis to verify effect of pre-entrepreneur's pressure on business failure on entrepreneurial intention is as shown in Table 6. As a result, regression model's power of explanation was 3.4%, and regression equation was analyzed to be statically significant ( $F=7.422$ ,  $p<.01$ ). As an independent variable, pressure on business failure ( $\beta= -.183$ ,  $p<.01$ ) has statistically significantly negative effect on entrepreneurial intentions. Consequently, as pre-entrepreneur's pressure on business failure increases, entrepreneurial intention decreases.

The result of simple regression analysis to verify effect of re-entrepreneur's pressure on business failure on startup business sustainability is as shown in Table 7. As a result, regression model's power of explanation was 11.0%, and

regression equation was analyzed to be statically significant ( $F=20.843$ ,  $p<.001$ ). As an independent variable, pressure on business failure ( $\beta= -.332$ ,  $p<.001$ ) has statistically significantly negative effect on startup business sustainability. Consequently, as re-entrepreneur's pressure on business failure increases, startup business sustainability decreases.

##### 4.1.3.2. Effects of Pressure on Business failure on Social Safety Net Perception

The result of simple regression analysis to verify effect of pre-entrepreneur's characteristics on social safety net perception is as shown in Table 8. As a result, in terms of objective environment, regression model's power of explanation was 12.8%, and regression equation was analyzed to be statically significant ( $F=31.439$ ,  $p<.001$ ). As an independent variable, pressure on business failure ( $\beta= -.358$ ,  $p<.001$ ) has statistically significantly negative effect on objective environment perception. Also, in terms of subjective environment, regression model's power of explanation was 16.5%, and regression equation was analyzed to be statically significant ( $F=42.280$ ,  $p<.001$ ). As an independent variable, pressure on business failure ( $\beta= -.406$ ,  $p<.001$ ) has statistically significantly negative effect on subjective environment perception. Consequently, as pre-entrepreneur's pressure on business failure increases, objective environment perception and subjective environment perception – subfactors of social safety net perception – decreases.

**Table 6:** Effect of Pre-Entrepreneur's Pressure on Business Failure on Entrepreneurial Intention

(Sample: pre-entrepreneur, n=216)

Dependent Variable	Independent Variable	Non-Standard Coefficient		Standard Coefficient	t	p	F	R <sup>2</sup> (Adj. R <sup>2</sup> )
		B	S.E	$\beta$				
Entrepreneurial Intention	(constant)	4.098	.232		17.658	.000	7.422**	.034 (.029)
	Pressure on Business Failure	-.191	.070	-.183	-2.724	.007		

\*\*p<.01

**Table 7:** Effect of Re-Entrepreneur's Pressure on Business Failure on Startup Business Sustainability

(Sample: re-entrepreneur, n=170)

Dependent Variable	Independent Variable	Non-Standard Coefficient		Standard Coefficient	t	p	F	R <sup>2</sup> (Adj. R <sup>2</sup> )
		B	S.E	$\beta$				
Startup Business Sustainability	(constant)	4.575	.259		17.661	.000	20.843***	.110 (.105)
	Pressure on Business Failure	-.339	.074	-.332	-4.565***	.000		

\*\*\*p<.001

**Table 8:** Effect of Pre-Entrepreneur's Pressure on Business Failure on Social Safety Net Perception

(Sample: pre-entrepreneur, n=216)

Dependent Variable	Independent Variable	Non-Standard Coefficient		Standard Coefficient	t	p	F	R <sup>2</sup> (Adj. R <sup>2</sup> )
		B	S.E	$\beta$				
Objective Environment Perception	(constant)	3.305	.188		15.576	.000	31.439***	.128 (.124)
	Pressure on Business Failure	-.319	.057	-.358	-5.607***	.000		
Subjective Environment Perception	(constant)	3.353	.171		19.631	.000	42.280***	.165 (.161)
	Pressure on Business Failure	-.336	.052	-.406	-6.502***	.000		

\*\*\*p<.001



The result of simple regression analysis to verify effect of re-entrepreneur's characteristics on social safety net perception is as shown in Table 9. As a result, in terms of objective environment, regression model's power of explanation was 21.7%, and regression equation was analyzed to be statically significant (F=46.538, p<.001). As an independent variable, pressure on business failure ( $\beta = -.466$ , p<.001) has statistically significantly negative effect on objective environment perception. Also, in terms of subjective environment, regression model's power of explanation was 11.8%, and regression equation was analyzed to be statically significant (F=22.492, p<.001). As an independent variable, pressure on business failure ( $\beta = -.344$ , p<.001) has statistically significantly negative effect on subjective environment perception. Consequently, as re-entrepreneur's pressure on business failure increases, objective environment perception and subjective environment perception – subfactors of social safety net perception – decreases.

4.1.3.3. Effects of Social Safety Net Perception of Entrepreneurial Intention

The result of multiple regression analysis to verify effect of pre-entrepreneur's social safety net perception on

entrepreneurial intention is as shown in Table 10. As a result, regression model's power of explanation was 25.0%, and regression equation was analyzed to be statically significant (F=35.511, p<.001). In terms of independent variables, subjective environment perception ( $\beta = .271$ , p<.01) and objective environment perception ( $\beta = .268$ , p<.01) has statistically significantly positive effect on entrepreneurial intention. Consequently, as pre-entrepreneur's subjective environment perception and objective environment perception – subfactors of social safety net perception – increase, entrepreneurial intention also increases.

The result of multiple regression analysis to verify effect of re-entrepreneur's social safety net perception on entrepreneurial intention is as shown in Table 11. As a result, regression model's power of explanation was 17.3%, and regression equation was analyzed to be statically significant (F=17.475, p<.001). In terms of independent variables, subjective environment perception ( $\beta = .229$ , p<.05) and objective environment perception ( $\beta = .226$ , p<.05) has statistically significantly positive effect on entrepreneurial intention. Consequently, as re-entrepreneur's subjective environment perception and objective environment perception – subfactors of social safety net perception – increase, entrepreneurial intention also increases.

**Table 9:** Effect of Re-Entrepreneur's Pressure on Business Failure on Social Safety Net Perception

(Sample: re-entrepreneur, n=170)

Dependent Variable	Independent Variable	Non-Standard Coefficient		Standard Coefficient	t	p	F	R <sup>2</sup> (Adj. R <sup>2</sup> )
		B	S.E	$\beta$				
Objective Environment Perception	(constant)	3.853	.260		14.791	.000	46.538***	.217 (.212)
	Pressure on Business Failure	-.509	.075	-.466	-6.822***	.000		
Subjective Environment Perception	(constant)	3.397	.259		13.134	.000	22.492***	.118 (.113)
	Pressure on Business Failure	-.351	.074	-.344	-4.743***	.000		

\*\*\*p<.001

**Table 10:** Effect of Pre-Entrepreneur's Social Safety Net Perception on Entrepreneurial Intention

(Sample: pre-entrepreneur, n=216)

Dependent Variable	Independent Variable	Non-Standard Coefficient		Standard Coefficient	t	p	F	R <sup>2</sup> (Adj. R <sup>2</sup> )
		B	S.E	$\beta$				
Entrepreneurial Intention	(constant)	1.987	.187		10.636	.000	35.511**	.250 (.243)
	Objective Environment Perception	.314	.100	.268	3.150**	.002		
	Subjective Environment Perception	.343	.108	.271	3.187**	.002		

\*\*p<.01, \*\*\*p<.001

**Table 11:** Effect of Re-Entrepreneur's Social Safety Net Perception on Entrepreneurial Intention

(Sample: re-entrepreneur, n=170)

Dependent Variable	Independent Variable	Non-Standard Coefficient		Standard Coefficient	t	p	F	R <sup>2</sup> (Adj. R <sup>2</sup> )
		B	S.E	β				
Entrepreneurial Intention	(constant)	2.472	.171		14.482	.000	17.475**	.173 (.163)
	Objective Environment Perception	.213	.088	.229	2.413*	.017		
	Subjective Environment Perception	.226	.095	.226	2.389*	.018		

\*p<.05, \*\*\*p<.001

4.1.3.4. Verification of Social Safety Net Perception's Mediating Effect

The result of multiple regression analysis to verify mediating effect of pre-entrepreneur's social safety net perception between pressure on business failure and entrepreneurial intention is as shown in Table 12. As a result, independent variable, pressure on business failure, had statistically significantly negative effect on mediating variables – objective environment perception and subjective environment perception – in level 1; there by satisfying mediating condition (p<.001). As a result of level 2 mediating condition analysis, independent variable, pressure on business failure – had statistically significantly negative effect on dependent variable entrepreneurial intention; thereby satisfying mediating condition (p<.01). As a result of level 3 mediating condition analysis, independent variable pressure on business failure' regression coefficient was not significant; whereas that of mediating variables – objective environment perception and subjective environment perception – turned out significant. As a result, objective environment perception and subjective environment perception – subfactors of social safety net perception – were turned out to satisfy full mediating condition on relationship between pressure on business failure and

entrepreneurial intention.

The result of multiple regression analysis to verify mediating effect of re-entrepreneur's social safety net perception between pressure on business failure and startup business sustainability is as shown in Table 13. As a result, independent variable, pressure on business failure, had statistically significantly negative effect on mediating variables – objective environment perception and subjective environment perception – in level 1; there by satisfying mediating condition (p<.001). As a result of level 2 mediating condition analysis, independent variable, pressure on business failure – had statistically significantly negative effect on dependent variable startup business sustainability; thereby satisfying mediating condition (p<.001). As a result of level 3 mediating condition analysis, independent variable pressure on business failure' regression coefficient was significant, as well as, that of mediating variables – objective environment perception and subjective environment perception – turned out significant. As a result, objective environment perception and subjective environment perception – subfactors of social safety net perception – were turned out to satisfy partial mediating condition on relationship between pressure on business failure and startup business sustainability.

**Table 12:** Mediating Effect of Pre-Entrepreneur's Social Safety Net Perception on Relationship Between Pressure on Business Failure and Entrepreneurial Intention

(Sample: pre-entrepreneur, n=216)

Mediating Variables	Mediating Effect Verification	β	t	p	F-value	R2	Adoption
Objective Environment Perception	Level 1	-.358	-5.607***	.000	31.439***	.128	Full Mediation
	Level 2	-.183	-2.724**	.007	7.422**	.034	
	Level 3 (Independent)	-.020	-.307	.759	29.107***	.215	
	Level 3 (Mediating)	.456	7.009***	.000			
Subjective Environment Perception	Level 1	-.406	-6.502***	.000	42.280***	.165	Full Mediation
	Level 2	-.183	-2.724**	.007	7.422**	.034	
	Level 3 (Independent)	.006	.096	.924	29.196***	.000	
	Level 3 (Mediating)	.466	7.021***	.000			

\*\*p<.01, \*\*\*p<.001

**Table 13:** Mediating Effect of Re-Entrepreneur's Social Safety Net Perception on Relationship Between Pressure on Business Failure and Startup Business Sustainability

(Sample: Re-entrepreneur, n=170)

Mediating Variables	Mediating Effect Verification	$\beta$	t	p	F-value	R <sup>2</sup>	Adoption
Objective Environment Perception	Level 1	-.466	-6.822***	.000	46.538***	.217	Partial Mediation
	Level 2	-.332	-4.565***	.000	20.843***	.110	
	Level 3 (Independent)	-.198	-2.493*	.014	17.772***	.175	
	Level 3 (Mediating)	.288	3.632***	.000			
Subjective Environment Perception	Level 1	-.344	-4.743***	.000	22.492***	.118	Partial Mediation
	Level 2	-.332	-4.565***	.000	20.843***	.110	
	Level 3 (Independent)	-.229	-3.085**	.002	19.634***	.190	
	Level 3 (Mediating)	.301	4.062***	.000			

\*p&lt;.05 \*\*p&lt;.01, \*\*\*p&lt;.001

## 5. Result and Suggestion

### 5.1. Summary

The current research, based on entrepreneurial decision-making theory, attempts to verify effects of pressure on business failure and social safety net perception on pre-entrepreneur's entrepreneurial intention and re-entrepreneur's startup business sustainability, thereby enlarging existing research area of effects on entrepreneurial decision of potential entrepreneurs – pre-entrepreneurs and re-entrepreneurs. Moreover, it aims to contribute to government's efficient business establishment policy. The research was conducted targeting pre-entrepreneurs and re-entrepreneurs getting education at Korea Foodservice Industry Association, and the result is as shown below.

First, pressure on business failure of both pre-entrepreneurs and re-entrepreneurs have significantly negative effect on entrepreneurial intention and startup business sustainability.

Second, in terms of social safety net perception of pre-entrepreneurs and re-entrepreneurs, as pressure on business failure gets higher, both subfactors – subjective environment perception and objective environment perception – get lower.

Third, in terms of effect of social safety net perception on entrepreneurial intentions, as pre-entrepreneur's social safety net subfactors – objective environment perception and subjective environment perception – get higher, entrepreneurial intention also gets higher. In case of re-entrepreneurs, as objective environment perception and subjective environment perception get higher, startup business sustainability gets higher.

Fourth, as a result of mediation analysis of social safety net perception on relationship between pre-entrepreneur's pressure on business failure and entrepreneurial intention, regression coefficient of pressure on business failure, an

independent variable, was not significant, thereby satisfying full mediating condition on relationship between pressure on business failure and entrepreneurial intention. In terms of re-entrepreneurs, regression coefficient of pressure on business failure, a dependent variable, was significant; also, that of two subfactors of social safety net perception – objective environment perception and subjective environment perception – came out significant, thereby satisfying partial mediating condition on relationship between pressure on business failure and startup business sustainability.

### 5.2. Practical Implications

Based on aforementioned results, following practical implications can be suggested.

First, as pressure on business failure of both pre-entrepreneur and re-entrepreneur has significantly negative effect on entrepreneurial intention and startup business sustainability, this research was able to check that two factors discussed in entrepreneurial decision-making theory – internal factor and environmental factor – have effects as business establishment environment factor. Also, this research was able to verify that in both groups, there was direct effect of pressure on business failure as it gets higher, objective and subjective environment perception of social safety net perception get lower, thereby assuring that social safety net perception has significant effect on entrepreneurial intention and startup business sustainability.

Second, according to mediating effect of social safety net perception on relationship between pre-entrepreneur's pressure on business failure and entrepreneurial intentions, objective environment perception and subjective environment perception – subfactors of social safety net perception – satisfy full mediating condition, while they satisfy partial mediating condition in case of re-entrepreneur. In other words, in case of pre-entrepreneurs, if there is no effect of social safety net perception, pressure on business failure cannot affect entrepreneurial intention; however, in case of

re-entrepreneurs, as objective environment perception and subjective environment perception – subfactors of social safety net – were all partial mediating factors, even without them, relationships between pressure on business failure and social safety net perception, and social safety net perception and startup business sustainability are significant with smaller effect.

Third, according to Lee and Jeon (2014), there was limited research on government's policy, and most of them were done targeting beneficiary of the policy, thereby checking efficiency of the policy. This research provides different perspective.

In future research, study on different education depending on institutional establishment of social safety net and whether they are pre-entrepreneurs or re-entrepreneurs who have different internal factors is necessary, as well as education and information delivery on institutional protection and recognition of efficient usage.

### 5.3. Theoretical Implications

These are theoretical implications in addition to the practical implications provided earlier in this study.

First, we categorized potential entrepreneurs into pre-entrepreneurs and re-entrepreneurs. This study was able to establish institutional foundation by analyzing relationship between entrepreneurial intention and startup business sustainability. Based on entrepreneurial decision-making theory, this study categorized factors which have effects on entrepreneurial intention into 'internal factors' – pressure on business failure – and 'external factors' – social safety net perception – and performed analysis. This was the primary attempt and provided implications that there are differences between pre-entrepreneurs and re-entrepreneurs.

Second, for social safety net perception, on which limited analysis was performed regardless of various government support policy, we analyzed extent of recognition by categorizing it into 'objective environment perception' and 'subjective environment perception'. Moreover, this study suggested importance of role of social safety net to vitalize foodservice business startup by validating significant mediating effect of social safety net – which can guarantee basic life needs and encourage challenge spirit while preparing for business establishment – between pressure on business failure and attitude towards restaurant business establishment. It is expected to contribute to establishment of efficient startup business policy depending on different groups of entrepreneurs.

Third, although there were number of preceding researches on entrepreneur's characteristics and attitude, there has been no studies on relationship between pressure on business failure and social safety net perception by dividing potential restaurant entrepreneurs into groups. This research established groundwork for future studies on ways to improve entrepreneurial intention or startup business

sustainability by deducing social safety net perception difference between pre-entrepreneurs and re-entrepreneurs.

Lastly, this research has limitations regardless of its suggested meaningful results. There were limitations in application of standards dealt by preceding researches due to incomplete standard development of restaurant business establishers' pressure on business failure and social safety net perception. Therefore, based on regression analysis results of this study, qualitative analysis process during which professional opinions can be sought is necessary to deduce objective implications related to restaurant business establishment. Even though analysis was done by looking into mediating effect of social safety net perception, there still is weak theoretical foundation. Therefore, there should be researches on the extent of government policy establishment and to what extent restaurant pre-entrepreneurs and re-entrepreneurs can be protected by social safety net.

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