The entrepreneurial attitude, geographical isolation and university students: some evidence from the Atlantic*

Abstract

Some regions like the Island of Madeira show high levels of firm birth rate. However, the entrepreneurial experience is quite different from the European reality. This is owing to the high level of micro-businesses, due to subsistence issues, as a response to the reduced opportunity costs, the lack of profitable employment options and the high levels of unemployment. As a consequence, the high level of entrepreneurship is only partially related to high-tech innovative firms, the growth of qualified employment options and economic diversification. The majority of the new firms are linked to traditional sectors (restaurants, boutiques, personal services and civil construction). Firm creation is also a result of the EU integration and cohesion policies. On the other hand, infra-structure development policies explain the increasing importance of public administration in terms of employment and consequently the low levels of unemployment. Traditionally, in the islands, the government intervention in terms of employment, economic planning is considered excessive.

The island economies have been able to benefit from large streams of international solidarity in terms of high external aid per capita especially due to their strategic relevance. But the global economic and political changes associated with globalisation put increasing pressure on island realities, forcing them to reformulate their economic, social and political options. International donors and institutions like the World Bank stress issues such as economic diversification, economic and social modernisation and macroeconomic policies supply-side focused and the development of economic growth determining factors. Due to the reduced levels of international aid, islands are obliged to diminish the level of government intervention connected to public employment and direct production activities and to enhance private initiatives and entrepreneurship. In the case of outermost regions, the EU enlargement demands increasing levels of competitivity, financial autonomy, economic diversification and entrepreneurial attitude. Given the lack of studies in this geographical area, the on-going economic, social and cultural modernisation induced by the integration in the sphere of the EU and the widespread perception about the changing times, we intend in this study to give some answers to the following questions:

.how is the entrepreneurial attitude affected by the historical record of high levels of government intervention and public employment?

.what kind of impact does the perceived "island penalty" have on the propensity towards entrepreneurship?

.What is the main obstacle to the entrepreneurial event?

.Should one wish to create a firm, what is the probability of the stated preference in the high-tech sectors?

Reports and academic studies in island contexts have some advantages. The agglomeration of institutions, populations, firms and social networks in a reduced geographical space enables us to capture, in some detail, a vast group of variables, relationships and cause-effects linked to a specific subject. Island societies have a large and cohesive social capital, and share a homogeneous set of values and cultural attitudes, which facilitates experiences of collective action.

The sample is made up of local university students, theoretically the most apt in developing innovative firms. We investigate also the differences between economics, management and humanities students in terms of entrepreneurship propensity. An important matter in isolated, peripheral and underdeveloped regions is the diffusion of innovations. Consequently, student's sources of information and knowledge regarding the overall tendencies of profitable, innovative and fashionable entrepreneurial experiences must be identified.

Therefore, this paper describes the changing and uncertain economic and political environment faced by island societies. A contextualisation of the relationship between entrepreneurship, economic growth and insular penalty is drawn and lastly, we provide an empirical study related to the entrepreneurial attitude in an insular region: The Island of Madeira.

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1-Introduction

According to Deloughrey (2003) "islands functioned ideologically in various historical eras as a new Eden, a socio-political utopia, a refreshment stop for long maritime journeys, and the contained space where shipwrecked men may reconstitute their metropolitan homes". Deloughrey (2003) further states that "islands for many people, remain an opportunity to escape from the mainstream to an environment that is perceived to be different – physical removal from the normal parameters of work routines, a slower pace of life and different social and cultural characteristics are commonly cited as the virtues of island living".

Contrary to what is expected, a great deal of the literature on the issue of insular economies tends to highlight the multiplicity of obstacles patent to development in these regions, especially concerning the impact which is greatly conditioned by the distances in relation to the global economic centres. Although some of the most recent theoretical/empirical analyses contest the alleged island penalty (see for example Armstrong (2004)), we do partially support the importance of the above referenced conditions. Given the economic performances (See Table 1), the growing economic – strategic insular vulnerability prioritizes an economic modernisation policy, a diversification and economic growth approach, the constraint of public expenditure and the development of competitive factors, as well as the emergence of an entrepreneurial attitude (Comissão Europeia, 2001; Comissão Europeia, 2004).

An entrepreneurship culture determines the potential regional economic growth via the emergence of start-ups, via "entrepreneurial activities" fundamental productivity growth, as well as efficiency of the existent entrepreneurial units. Wennekers and Thurik (1999) differentiate the entrepreneurial function as an economic factor (conditioning factor for economic growth), this entrepreneurial attitude is expressed in the start-ups rates (new entrepreneurial experiences) and the generic "newness" expressed in the expansion/diversification of the existent companies.

2. Entrepreneurship, economic-social characterization (other Word can't remember for this) and the role of the State.

2.1 Entrepreneurship as a potential factor of regional development

The processes of structural change arising from the massive unemployment scenarios, dislocation of traditional sectors, and stagnation of economic growth have all pinned

(promoted, provoked?) the biggest hope on entrepreneurship. The entrepreneurship attitude has gained importance at political and academic levels due to innovation and the emergence of high-tech sectors in the development/modernisation of regional economies. It is subsequently important to refer to the potential of the entrepreneur experiences within an insular context. Local governments all attribute a growing political and expenditure importance to the stimulus policies of creating new companies, to creativity and innovation as well as the complementary regional entrepreneur capital. The empirical theoretical studies based on the concepts of "industrial districts", "regional systems of innovations" and "learning regions" all strongly affirm the importance of the entrepreneur capacity and of the regional systems of innovation, due to the multiplicity of references such as "regional cultures of innovation", "enterprise culture", and "entrepreneurial human capital".

Table 1: Island's HDI (Human Development Index)

Islands	**GDPpc**	**HDI**
Iceland	29.750	0,941
Singapore	24.040	0,902
Cyprus	18.360	0,883
Seychelles	18.232	0,853
Malta	17.640	0,875
Bahamas	17.280	0,815
Barem	17.170	0,843
Barbados	15.290	0,888
S C. Nevis	12.420	0,844
Antigua and Barbados	10.920	0,8
Mauritius	10.810	0,785
T. Tobago	9.430	0,802
Granada	7.280	0,745
Tonga	6.850	0,787
Dominica	5.640	0,743
Samoa	5.600	0,769
S. V. Granadinas	5.460	0,751
Fidgi	5.440	0,758
Santa Lucia	5.300	0,777
Cape Verde	5.000	0,717
Maldives	4.798	0,752
Jamaica	3.980	0,764
Vanuatu	2.890	0,57
Comores	1.690	0,53
Solomon Islands	1.590	0,624
S. T. P.	1.317	0,645

Source: PNUD, 2004

However, Liñan-Alcade and Rodríguez-Cohard (2004) are of the opinion that "entrepreneurial capital is scarce" asserting that the LFRs (Less Favoured Regions) tend to exhibit reduced entrepreneurial activity, an issue that is even more evident within insular regions (Beugelsdijk and Noorderhaven, 2002; Landabasso, 2001). Furthermore, based on the study of 54 European regions, Beugelsdijk and Noorderhaven (2002) stress the existence of substantial differences in terms of entrepreneurship attitude. The entrepreneurial skills are revealed as soft factors (necessary conditions) important in defining a regional culture leading to the success of the regional clusters and structural change processes (Landabasso, 2001). Based on an empirical test as to the importance of the societal context and the entrepreneurial propensity within the regional economic development, Beugeldsdijik and Noorderhaven (2002) conclude that those regions with higher entrepreneurial capital (attitude) all show substantially higher rhythms of economic development. Audretsch (2001) highlights the dependence of the economic rate of growth upon the prior rate of creation of companies, given the correlation between the creation of new companies in the '80s and the rhythm of growth in the '90s. Audretsch (2001) further stresses the importance of the existence of an entrepreneurship culture within the emergence of start-ups and growth processes of bio-tech firms.

The concept of entrepreneurship is a multidimensional one. From an economic perspective, the entrepreneurship character is expressed either via the emergence of new companies/sectors or in the adoption/diffusion of innovation. In this paper, we define the entrepreneur as a "change agent" (Wennekers and Thurik, 1999). In terms of the "change agent's" role, it is important to mention the impact of the innovative entrepreneurship experience in terms of economic dynamics, the promotion of the innovative entrepreneurial experiences (goods/services and business models), the promotion of adoption (adaptation) of innovation and a learning-culture within an entrepreneurial context and the management of organisational and technological up-grades (Liñan-Alcade and Rodríguez-Cohard, 2004). According to Audretch and Thurik, (2004) regional entrepreneurial capital conditions potential economic growth, productivity and competitiveness via the following:

.Knowledge networks. The insertion of new industrial units, especially within the NTBF sectors; industrial parks and/or technological parks potentially create knowledge networks and reinforce the potential of urbanised/localised economies, due to higher accessibility to technological information and to the market; a higher interaction between entrepreneurs/human resources who are highly qualified/universities etc, the

multiplication of business partnerships as well as hybridism of knowledge, technology, and market solutions.

.Competition. The enlargement of the entrepreneurial base is the driving competitive force, which is, in turn, the facilitating factor in innovative, modern experience, as well as the quest for new market solutions and in weakening the position of monopolies. A larger entrepreneurial density leads to the development of the services sector which provides aid to the companies.

.Innovative potential. A higher diversified entrepreneurial/sector allows for an up-grade in terms of knowledge/technological base, cognitive externalities, dissemination of information, potential hybridism of technologies and processes which are indispensable in the search for new markets of goods and services.

2.2 Regional culture, societal pro-entrepreneurial attitude and entrepreneurial attitude

Beugeldsdijk and Noorderhaven (2002) list the inherent advantages within an entrepreneurial culture at a regional level: a higher rate of innovation and creation of companies, higher capacity of catchments of human capital, at the same time as higher indexes of adoption of innovation and entrepreneurial creativity. Getz and Carlson (2005) also refer to the importance of the cultural factor within the emerging context of entrepreneurial experiences within the realm of tourism. Lee et al (2004) are of the opinion that regional creativity and diversity factors condition the entrepreneurial capacity and attitude. Furthermore, Lee et al (2004), stress that the diversity factor gives evidence to ethnic, cultural, lifestyle diversity, all of which leads to "tolerance", "openness to change" and "innovation".

The regional culture (external environment) can either serve as the potential or the conditioning factor of an entrepreneurial attitude. In an historical overview of the differences of growth seen at the international level, Abramowitz (1986) refers to the importance of the "social capability" factor, i.e. "social characteristics conditions for the rapid economic growth." Abramowitz (quoted in Liñan-Alcade and Rodríguez-Cohard, 2004) further adds that "the absence of tenacious societal characteristics normally accounts for a portion, perhaps a substantial portion, of a country's past failure to achieve as high a level of productivity as economically more advanced countries. The same deficiencies, perhaps in an attenuated form, normally remain to keep the backward country from making the full technological leap, envisaged by the simple hypothesis of

catching up". An essential factor of "social capability" is the "capacity to adapt to change (adaptability)". Abramowitz links technological development with "social capability" via the "process of adaptability". Further, Abramowitz (1986) adds that "countries that are technologically backward have a potential for generating growth more rapidly than that of more advanced countries, provided their social capabilities are sufficiently developed to permit successful exploitation of Technologies already employed by the technology leaders". Therefore, the social context gains the function of enabling/conditioning the regional development processes via a technological up-grade.

In an attempt to explain the regional differentials in terms of innovation, Pose (1999) categorises European regions in terms of "innovation-prone societies" and "innovation - averse societies". In addition to the classical factors (percentage of resources allocated to R&D, the nature of R&D activity), local economic structure, local productive factors, capacity of assimilating/transforming internal/external R&D into economic potential depend on social factors. Pose (ibid) further stresses the importance of innovative capacity as well as the social context as social filters; this factor defines innovation-prone, "innovation-averse" either as a contributing factor facilitating or inhibiting the innovation processes of adoption/commercialising.

The social context determines the capacity of building innovative regional infra-structure, via the development of local entrepreneur's capita. Along with the nurturing of innovative capacity, potential economic growth implies encouraging the tradition of entrepreneur culture and pro-self – employment, in addition to the R&D development programs.

The entrepreneur's social value (which is a component of the regional culture) is also of utmost importance. Birch (1987) and Campbell (1996) stress the need for a greater respectability to be given to the entrepreneur's status. The valued role of the American entrepreneur is one of the reasons for the USA economic flourish in the 90´s.

It is also important to stress the economic restraints inherent in the emerging entrepreneurial attitude. Depressing market perspectives obviously condition an entrepreneurial attitude, as well as the capacity to identify opportunities. According to Campbell (1996), the restraints of an entrepreneurial attitude can be the result of a set of economic variables: growth in the rate of GDP, the growth rate of disposable income, the rate of unemployment, the percentage of urban population and the salary evolution. Factors such as the level of qualification of a population; supply of infra-structures; and technological potential all affect the entrepreneurship attitude. Audretsch and Keilbach

(2004) demonstrate the mutual dependency upon entrepreneurship and the potential of regional economic development. The regions that perform well in terms of economic growth also exhibit a higher entrepreneurial capital; this fact highlights the importance of the economic/social environment within an entrepreneurial attitude. On the other hand, a high rate firm birth leads to the maintenance of high economic growth rhythms as well as to a high rate of adoption/diffusion of innovations. It is important to stress the unemployment factor.

3. Economic and social characterization of insular economies

The development potential of insular and peripheral regions is conditioned by a multiplicity of obstacles (these are economic, social, geographic and environmental in nature). Many are the authors who systematise the inherent insular conditions (Campbell, 1999; Bertram, 1993; Tisdell, 1993; Cole, 1993; Farrugia, 1993; Cashin, 1993;Loayza,1995; Fernandez, 1995; Kabutaulaka, 1998; European Commission, 2003; Clay and Charlotte, 1998). Taking into consideration the geographic-economic conditions, it is important to mention two decisive factors, namely:

.The distance/accessibility factor which characterises a peripheral, remote location and/or outer-lying areas in relation to the central markets. This is a determining factor in so much as it relates to the important component of costs of transport within the production function;

.The dimension factor expressed in terms of size, population, potential market and natural resources with the subsequent dependence on the import of raw materials. The duality, distance-dimension, implies a rise in average production costs when compared with continental territories (and a lower level of productivity) due to the difficulties in obtaining economies of scale (a consequence of the reduced potential market) and a rise of transport costs due to the limited nature of the local resources and the need for importing.

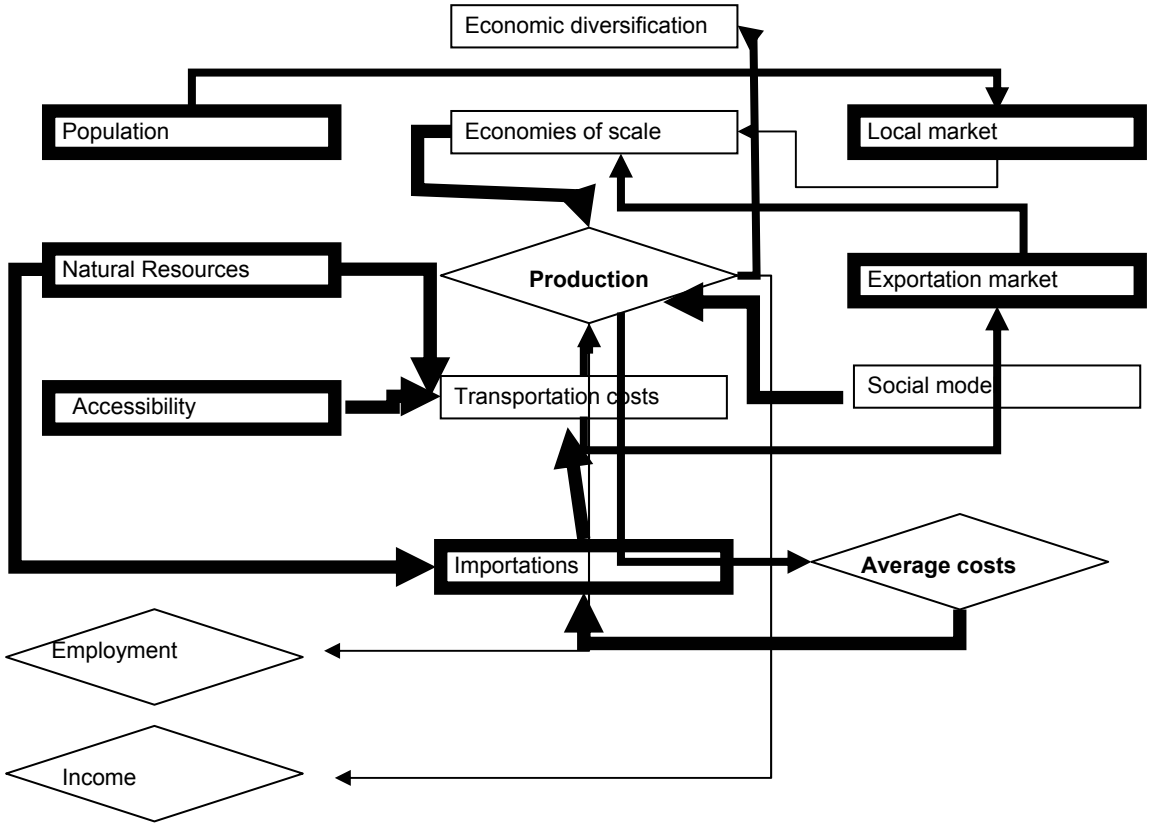
Consequently, the insular economies can be characterised in the following way:

.Concentrated economic structure with a predominance in agricultural activities and the tertiary sector (public service, tourism and financial services);

.Foreign dependence given the importance of foreign aid, immigrant remittances and the commercial advantages inherent in the commercial agreements established with those countries within the OCDE zone.

.Dependency upon State (employment, production, making the economy dynamic). Insular regions, irrespective of their degree of autonomy, have been the recipients of considerable external aid (World Bank, 1999; Dalgaard and Hansen, 1998; Burnside and Dollar, 1998). The strategic interests within the context of the Cold War, and a relative political preference for international political social stability have, for decades, allowed these to be the recipients of substantial amounts of external aid; alongside the absence of blame for the dissatisfactory performance of growth visible within the insular economies. However, the changes of political, geo-strategic and economic paradigms (as a process of globalisation and neo-liberal revolution during the 80s) led to a change in the position of the donating countries, the academic community as well as the international institutions, (IMF, World Bank) concerning the insular specifications (Shuterland,2002). Since the beginning of the 80s, State intervention in the economy has come increasingly under pressure within the Western Countries due to the resurgence of a quest for higher economic efficiency as well as due to the excess of state intervention popular and political attitude concerning State intervention becomes highly unfavourable. Although, traditionally, academic research concentrated on the analysis of the inherent restraints in insular realities, a set of recent studies has been concentrating itself within the dynamics of development and its visible success within some insular contexts (Armstrong, 2004).

Schema 1: Islands economic logic



Some comments on Schema 1. We consider the following to be principal restraining factors: size and accessibility. Natural resources, demography, distance and geo-strategic importance, all make up the secondary restraining factors. These factors have an impact on production factors, via costs of transport and economies of scale.

3.1 Change in paradigm from friendliness to structural adjustment

Sutherland () discusses the Pacific Paradox: wherein there is a contrast between high levels of external aid per capita and relatively weak economic performance in terms of real growth rate and GDP. An important World Bank report warns about the need for adapting to the unfavourable context of increased competition/globalisation. According to the World Bank (1998), mediocre growth performances are due to the inability to mobilize productive investment within the private sector due to the lack of supportive policies and dynamic of growth. An analysis done by Burnside and Dollar (1998) revealed itself to be a milestone concerning the arguments of the donating countries. Burnside and Dollar restrict the existence of a positive impact of external aid in terms of economic growth to implementing growth oriented macro economic policies. The macro

economic model of Burnside and Dollar includes a mix of macro economic policies taking into account factors such as trade openness (preferred to the export-oriented policies), inflation and budget control. Although this was widely criticised (Dalgaard and Hansen, 1998), the report had considerable impact and in turn, made an important contribution to international policy making. Kufa et al (2003) corroborate this line of thought by rejecting the "insulating of member countries (ECCB) from the incentives for fiscal discipline" and they disapprove the deterioration of external competitiveness visible in the present area of salary progression, led by the public sector, if there is excessive progression compared to the gains of productivity and inflation.

Corroborating the World Bank, Kufa et al (2003) refer to the need of "implementation of measures to improve the efficiency of public investment to ensure that capital budgets only include projects that have clear economic benefits and support strong growth"; "streamlining the public sector by commercializing and privatizing public enterprises so that the public sector complements and supports private sector business".

Armstrong (2004), concerning the RUP (EU Outermost Regions) alerts to the re-allocation of priorities in terms of economic and social cohesion policies as a result of the extension to the East and which is potentially negative for RUPs. Even though the RUPs have benefited from substantial aid in terms of community transfers, the maintenance of current levels of aid (within the context of Objective 1 level) seem to depend upon the precise and substantiated formulation of the alleged specificities by each of these regions. A recent report from the European Commission demands additional studies and analysis in order to justify more financial aid (European Commission, 2004). Armstrong (2004) is of the opinion that the exceptional treatment given to the RUP is not justified given the appreciable performances in terms of employment and GDP levels per capita, when compared with surrounding regions (See Table 2). Armstrong (2004) further alleges a certain similarity of conditions between remote and LFR (accessibility, mountainous terrain, etc.).

The visible trend in the reduction of external aid, change of attitude visible at international level, as well as the impact of globalisation all justify implementing a set of structural reforms: privatisation, reducing state intervention, de-regulation, private initiative boost, entrepreneurship within the emerging sectors, etc.

Table 2: Outermost regions performances

Region	EU-15	Azores	Madeira	Guadalupe	Guyana	Martinique	Reunion	Canaries
Population	379,6	0,2	0,2	0,4	0,2	0,4	0,7	1,7
Density	117	102	313	254	2	343	292	96
GDPpc	100	55,8	78,4	60,8	48,2	67,8	53,5	79,1
GDP G. (95-01)	2,5	3,9	5	4,4	-0,4	3,6	4,4	4,8
Emp. Agri.	4	13,7	12,8	2,8	2,4	2,8	1,7	4,6
Emp. Ind.	28,2	29,1	27,4	12,8	13,9	12,8	12,9	21,3
Emp. Ser.	67,7	57,2	59,8	84,4	83,7	84,4	85,4	74,1
Unemp.	7,8	2,5	2,5	26	24,4	22,9	29,3	11,1
Edu. L.	35,4	86,3	85,9	…	…	…	…	53,4
Edu. M.	42,9	8,9	9,3	…	…	…	…	17,1
Edu. H.	21,8	4,9	4,8	…	…	…	…	22

Key: GDP G. (GDP Growth); Emp. (Employment); Agri. (Agriculture); Ind. (Industry); Ser. (Services); Edu. (Educational level); L. (Low); M. (Medium); H. (High)

It is important to mention the conditioning factors of the emerging entrepreneurship attitude in relation to the economic constraints implicit within an insular context. The economic constraints worth mentioning are two, namely: diversification of the economy and the economies of scale (see Schema 1). Due to the limited resources available, the maximisation of output and income levels frequently imply a reduced diversification in the economic structure (concentration of production) mostly limited to agriculture and services and consequently, reduced job opportunities, especially in industry. The public administration sector therefore compensates for the accumulated deficit of job opportunities in the other economic sectors. This is an insular specificity catalogued as **"substitution effect".** The predominating levels of employment and/or unemployment in the agricultural sector, as well as the low level of income and consumption, are reflected in the historical high rates of emigration. During the last decade of the 19th Century, about 18% of the population of Funchal emigrated. There are about 2 million madeirans and their descendents around the World. The recent flow of emigration has concentrated on England, the Channel Islands.

It is worth mentioning the influence of economies of scale on public services. In the case of independent territories (outer-lying areas), there is the need to provide public goods even in the sub-utilising mode (World Bank, 2002; World Bank, 1996). This is due to the need to satisfy the social demands (supply of public services) within a similar context to those made available within the European continent. The territorial/social cohesion implies the maintenance of an over-sized public sector due to a large range of public goods and services allocated to a relatively reduced population. This scenario inhibits

small islands benefiting from economies of scale and average costs in terms of infra-structure and labour. Transport infrastructure and social care facilities (health, water cleansing, etc.) are crucial to the economical and social islands prospects given the predominance of tourism, financial and logistic services. Transport is traditionally a state intervention area, but in our case is subject to high (un)-economies of scale. In terms of employment the positive differential noted in the infrastructural sector is known as the "**dynamisation effect**".

Historical reasons attribute added importance (political, social, and economic) to the state machinery, within the insular regions. It is worth noting the historical importance of the Atlantic insular regions in the maritime/colonial expansion during the 15^{th} – 18^{th} centuries. According to Deloughrey (2003), Madeira and the Canary archipelagos made up the first laboratories, or the "first spaces of colonial experimentation (colonial or socio-political spaces of experimentation) in terms of sugar production, deforestation, the importation of indentured and enslaved labour and the establishment of the plantocracy system". King (1993) quoted in Hoyle (1999) points out that these islands constituted the first incorporation in the colonial empires and were prominent European State posts within the quest of empire building.

The extremely high unemployment rate, the direct state intervention in the transport sector and the geo-strategic importance (in terms of military and security infrastructure), all imply broad government intervention in terms of public jobs. The importance of state jobs (at times the biggest employer) is higher in outer lying and economically depressed regions (insolvency and delocalisation of traditional sectors, process of population loss, etc). (Boureille,). Kostoupolos (1999) alludes to the decline of the density of population visible in those Greek Islands which are small and distant from the mainland regions (that is, the less economic viable). Public services, therefore, play an important role in economically deprived regions with relatively low populations and with a low potential of economic development, thereby, allowing for the maintenance of some form of employment, territorial occupation, and of historical, cultural and local heritage (Farrugia, 1993). An archipelago context (double insularity), therefore, implies a higher cost when compared to a standard context.

The importance of the State (preference for state jobs and high rates of civil servants) is based on geographic, economic, political, sociological and economic factors. Concerning the political dimension, it is important to note that the processes of autonomy (and decentralization) imply the multiplication of structures and technical support services,

within a mindset of copying the ministerial organigrams. This (over-sized) political/administrative structure applied to a more reduced geographic/demographic dimension, compounds the so-called "**political effect**". Concerning the variety of sectors, it is worth noting that the SMEs predominate. These are mostly family-based and non-complex, both technologically and organisationally, which implies limited opportunities for professional training or career development. This context leads to the preferences for public jobs and can be called the "psychological effect".

Concerning the preferences for jobs as civil servants, it is important to mention the issues such as prestige and gender. In Portugal, there is no gender discrimination in state jobs, where salaries are concerned and therefore suitable for women and less qualified labour. In Portugal, there is a lower rate of discrimination and yet some fringe benefits are available (reduced working hours, many days off and above all, job security) which are not present within the private job market. In his research based on the experience of Corsica and the Greek Isles, Meitersheim (1994) refers to the social prestige image inherent in the civil servants, resulting from the unique opportunities offered (career /training opportunities, internal immigration, preference for non-manual activities). For Meitersheim (1994), state employment is the salvation springboard. One must, however, add that the hardships presented in job creation at the private sector level are added pressure in the sense of multiplying the supply of job offer within the public sector. (World Bank, 1998; Farrugia, 2002; Swaroop, 1996; Mcgillivray and Morissey, 2001).

Meitersheim (1994) adds that the Administrations' preferences in multiplying public employment is due to easy access and resources (public funds) and consequently easy access to creation of public employment as opposed to the difficulties inherent in the stimulus/development of new economic sectors due to the constraints mentioned above. In addition, Meitersheim (1994) and Farrugia (1993) mention the unique socio-political status/power inherent in the public service in insular regions. Farrugia (1993) points out that the top positions held by civil servants in public administration carry with them substantial intervention of power and political pressure. The dimension factor implies a multiplying of attributes/functions for those top civil servants: politicians, academics, economists and entrepreneurs. He further adds that there is an extremely particular social ecology due to the family ties and pressures.

According to Lewis (), the propensity/motivation for public service within a given geographic area is the result of on-going recruitment processes done by the administrations as well as the impact of social networks (other family members/friends

already recruited by public administration). Lewis (1998) further argues that individuals´s career perceptions, expectations and decisions are imprecise and frequently irrational choices. However, in insular economies, there is a perfect frame in relation to the constraints to career options.

One can therefore state that the importance of the State in relation to economy/employment is based on economic factors, but that nevertheless, it is also shielded by a sociological, cultural, mental attitudes and collective action processes. Even though one accuses the State of being a restraining factor in terms of economic development and entrepreneurial culture (and Meitersheim calls for the need of a cultural revolution which will lead to a new collective sense and notion of public employment), one however, cannot minimise the importance of the State in the emergence of new sectors and in the development of competitive factors. (World Bank,1998; Meitersheim,1994). Given the importance of public administration within insular contexts and the State's capacity to intervene in local economies and societies, it is, therefore, important to integrate Government intervention within the dynamics of global development, within the paths of growth, instead of hastily trying to redefine its extension and impact.

4. Contribution towards a model of interpreting the entrepreneurship attitude

The importance of promoting an entrepreneurial attitude, within a stimulating context of economic development, is corroborated by most authors. The "entrepreneurial expression" is of utmost importance for the competitive affirmation of most territories, given its potential of added value of productivity/innovation, which underlies the new entrepreneurial experiences and the consequent growth of competitive and innovative pressure. In a study undertaken by Georgellis and Wall (2000) on self-employment at a regional level, they conclude that the factor "entrepreneurial human capital" is of utmost importance, along with the importance of labour market conditions, the characteristics of the labour force as well as the industrial composition factor.

Concerning the conditioning factors of a local "entrepreneurial attitude" it is important to study the increase of the individual entrepreneurial attitude. Kangasharju (2000) (quioted by Wennekers and Thurik (1999)) states that the regional entrepreneurial attitude depends on: a stochastic distribution of entrepreneurial capability among the population; and local regional specific factors. Wennekers and Thurik (1999) show the

importance of individual and cultural factors on regional entrepreneurial capability, but they especially value the individual component. Beugledsdijk and Noorderhaven (2002) point out the differences in the psychological profile between entrepreneurs and the average individual representative. Entrepreneurs show a great "individual orientation" and value the "responsibility/effort" issue more. Beugledsdijk and Noorderhaven (2002) show that an entrepreneurs' attitude is related to "need for achievement", "internal locus of control", and "risk-taking propensity". But the personality traits have received a great amount of criticism concerning their explanatory power (Getz and Peterson, 2005).

The inexistence of studies within the entrepreneurial realm limits the construction of theoretical framework, implying therefore, a "quasi experimental" approach when defining hypotheses and the subsequent model. Given the partial similarities of the economic and geographic as well as the socio-cultural context, we use Liñan-Alcade and Rodríguez-Cohart's (2004) study (Entrena et al, 2000).

Liñan-Alcade and Rodríguez-Cohard (2004) developed an "entrepreneurial intention model" in an attempt to explain entrepreneurial options. Initially the "behavioural entrepreneurial models" took into account factors such as personality traits and demographic variables, all which gave rise to limited capacity of forecasting. The alternative model is based on an "attitude approach" via the concept "entrepreneurial intention", a determining factor in the entrepreneur's behaviour. The entrepreneurial intention is dependant upon the attitude in relation to the behaviour under analysis. A favourable attitude (positive individual evaluation towards a specific behaviour) leads to the higher feasibility of the behaviour under analysis. Individual attitude is conditioned by socio-cultural context and is dependent upon time.

Liñan-Alcade and Rodríguez-Cohard (2004) base their analysis of the entrepreneurial attitude upon the theory of the entrepreneurial event as well as the psychological model of planned behaviour by Azjen (1991). In relation to the "entrepreneurial event theory", it is assumed that "the idea of entrepreneurial creation" results from the interaction between contextual factors, which in turn condition the entrepreneurial option via the influence of individual perceptions. It is also assumed that the entrepreneurial option is a result of the change in the external context as a result of a "precipitating event". Individual reaction to the external event is dependant upon the relative perceptions to the available alternatives. "Perceived desirability" refers to the degree of "perceived attraction" in relation to a specific behaviour, whereas, "perceived feasibility" refers to the degree of competence necessary for carrying out a specific perceived task. It is therefore assumed

that perceived desirability and perceived feasibility are dependent upon the cultural/social factors, via the influences these have upon the system of individual values. The external context influences the patterns of behaviour via an individual analysis (conscious/subconscious) in relation to the desirability and feasibility of a given context.

The psychological model of planned behaviour by Azjen (1991) (quoted by Liñan-Alcade and Rodríguez-Cohard (2004)) takes on strong correlation between intention and an effective performance, in the undertaking of a specific behaviour. Intention is a fundamental element when explaining behaviour, as well as the inducive element in the pursuit of objectives, which is dependant, in turn, on motivational factors which are conditioning factors upon behaviour. The conditioning intentional factors include: "perceived behavioural control", that is the perception concerning the relative ease/difficulty in the carrying out of the behaviour; "attitude towards the behaviour" concerning the individual positive/negative perception of the behaviour in question; and "subjective norms", referring to the social pressure related to carrying out a specific behaviour. It is assumed that the geographical-economic conditioning factors within the potential for development within an insular context, influence the "perceived behavioural control" as well as the "attitude towards the behaviour". It is, furthermore, assumed that the "psychological effect" (preference for public employment), affects the "subjective norms" as well as the "regional culture" concerning local entrepreneurial attitude.

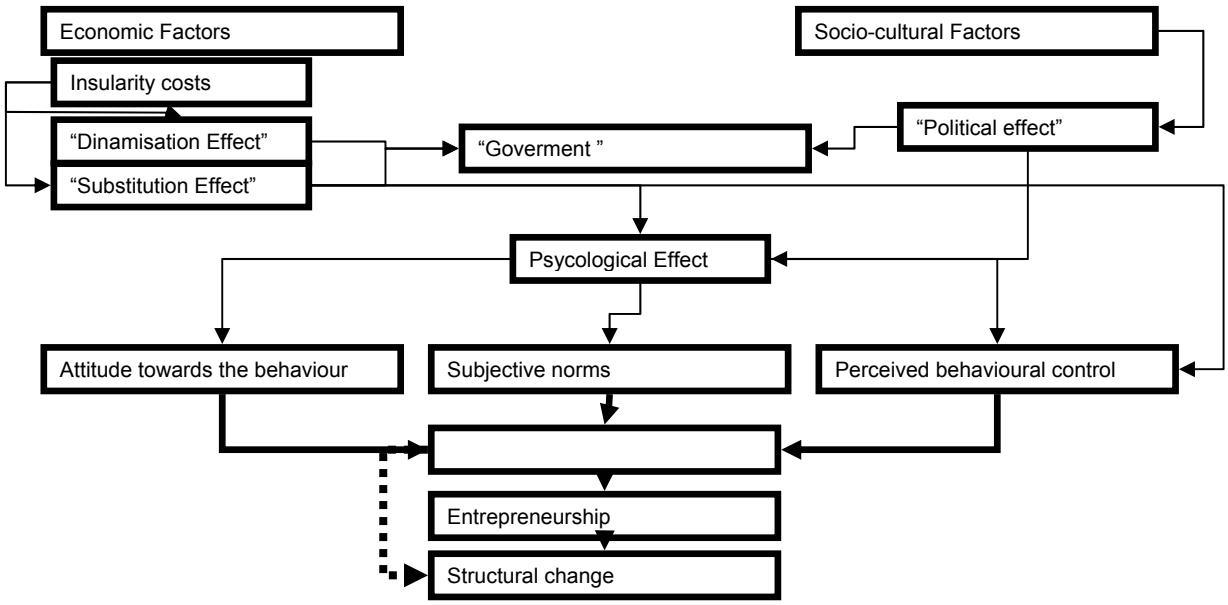
Liñan-Alcade and Rodriguez-Cohar's (2004) model and the above mentioned analysis contribute towards the following model (See Schema 2).

4.1 Methodology and sample selection

Liñan-Alcade and Rodríguez-Cohard (2004) analyse the entrepreneurship intention amongst Spanish university students within the economics and management areas, due to there being a higher probability of entrepreneurial intention within this specific population segment. Several reasons support our approach. First, the perceived entrepreneurial attitude is probably stronger among young and well educated people given the up-coming decisions in terms of career options. Second, innovative and competitive entrepreneurial adventures are increasingly related to Internet related activities and ICT sectors, which highlight the educational factor.Colombo and Delmastro (2001) stress the importance of the education factor (especially within the engineering areas in the emerging of start-ups within the ICT industry. Oyelaran-Oyeyinka and Lal (2004) stress the complementary hypotheses between ICT revolution

and the educational background of employees and managers. In order to obtain students perceptions about the entrepreneurial issue, a quite extensive survey was applied.

Schema 2: An "Insular Entrepreneurial Intention Model"



4.2 Hypotheses and some preliminary inferences

We calculate that specific geographic and economic factors related to the islands context, which have an impact on local economic development potential, affects the variables "perceived behavourial control" and "attitude towards the behaviour". The following model (Schema 1) named "Islands Entrepreneurial intention" is based on the Liñan-Alcade and Rodríguez-Cohard Model and on the analysis concerning "islands government idiosyncrasies". We assume that the local economic and cultural basis, incorporated in the dynamic effect and substitution effect, impacts the government's scale of operation and therefore the so-called psychological effect. The psychological effect reflects the preference for public employment and the valorization of government economic and social function given the reduced capabilities of business opportunities identification and the arisal of entrepreneurial adventures. The psychological effect impacts the entrepreneurial social valorisation (subjective norms) and the perceived capability to perform the desired behaviour. The psychological effect impacts the regional culture concerning social and cultural valorisation of the entrepreneur. The variables "attitude towards behaviour", "subjective norms" and "perceived behavioural control" affects the "entrepreneurial intention" and later creation of real start-ups. On

average, entrepreneurial adventures on LFR are concentrated on traditional sectors, with a negligible contribution to innovativeness and modernisation, and the arisal of new sectors and new competitive factors. The increasingly international competitive pressure, which demands sophisticated and competitive products/services, calls for really innovative businesses and ideas.

We intend to analyse only a few causal relationships and hypotheses: The extent of the perceived psychological effect; the impact of the psychological effect on the entrepreneurial attitude, via perceived behavioural control; the preferences in terms of career option – self-employment, public administration or private company; and, the propensity for the creation of start-ups in non-traditional sectors.

The lack of studies concerning entrepreneurship in this geographical area confines our capacity to state some initial hypotheses and implies an exploratory approach to our analysis, without any expectation concerning causal relations and statistic significance (. Therefore, we test only 2 basic hypotheses, directly related to the specific local economic, social and cultural background:

H1: The majority of the students acknowledge and attach importance to the insularity costs, importance reflected on the scores given to items such as transportation costs, size of potential market, etc

H2: The majority of the students prefer to be public servants or work for a private firm instead of "being entrepreneurs".

Some additional issues are analysed but without any previous expectations concerning statistical significance:

1. We do consider 4 career options: entrepreneurs, public servant, private firms and professionals. Notwithstanding the fact that we assume a preference for "public administration", no degree of preference is actually stated.

2. Concerning the psychological effect, a synthetic index is computed, which equals the average of the social valorisation score and the perceived economic factors score. For example, if an individual averages a score of 6 to the 11 items on the economic factors scale, and an average of 5 on the social valorisation issue, the synthetic index is 0,5 (0,5*6-0,5*5).

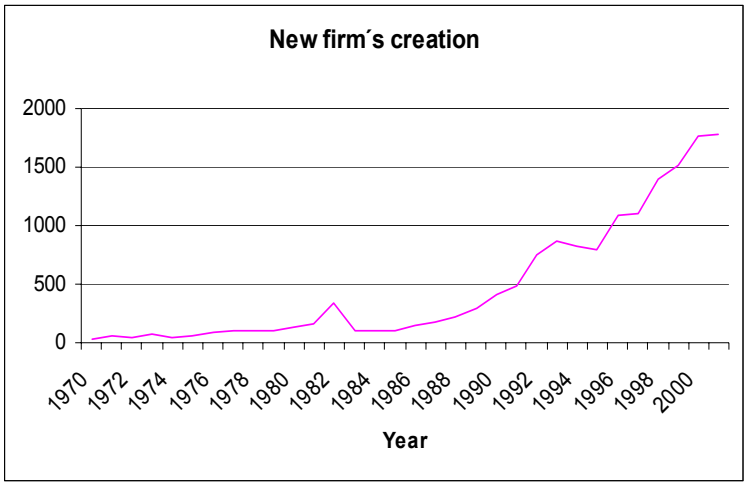
3. We assume that the entrepreneurial intention depends on the scores attached to the perceived economic factors and the social valorisation and therefore the psychological intensity effect.

4. We assume that the national socio-economic context (a scenario of economic, social and employment crisis) has an impact on the career options, increasing the likelihood of the "entrepreneurship option". Armstrong (2004) shows up the impact of the "patron economies" evolution in the islands local economies. The majority of the island states are former colonies or current dependent territories belong to some western countries (UK, France, United States, Portugal and Netherlands). The economic (exportation, importation, emigration, remittances, tourism, external aid and entrepreneurship adventures) and cultural (economic/cultural models, way of life, attitudes) ties are very strong and dependent on mainland short/long term scenarios.

5. Some preliminary results

The entrepreneurial capability of Madeiran people is remarkable. (See Graph 1). The impact of UE adhesion (in 1986) is evident. The local government's fiscal policy has been having tremendous impact on the entrepreneurial attitude via a dynamic effect (many of the new firms are related to civil construction and services and tourism. The majority of the entrants concentrate in traditional sectors (civil construction, commerce, restaurants, etc), which reflects factors such as, small opportunity costs, lack of employment opportunities, lack of information available about sectors and business process, and the personal and professional background (Malecki, 1997). SMEs, micro-enterprises and self-employment options are predominant, with very low figures in terms annual turn over, number of employees and technological background.

Graph 1: Madeira Islands firms' birth after 1976



Concerning our sample, we must admit that unexpectedly, the majority of the students preferred "to be an entrepreneur". In the short term, the majority prefer either an entrepreneurial adventure or an extension of their study programme. In the long term, an enormous majority would prefer to be an entrepreneur. The public administration option is ranked fourth (last rank). Our initial hypothesis is therefore completely rejected.

The Portuguese social and economic context, a relatively dramatic one, is probably a good explanation. For the second year running, the Portuguese budgetary deficit is well above the 3% (6,82% this year). Recently the Portuguese Government announce some severe measures intended to reduce the amount of public expenses: tax raises and wage freezing. It seems that the majority of the population acknowledge the dramatic economic and social context and is well aware of the implications in terms of career options. The public administration option is no longer a feasible one given the lack of opportunities and the reduction of some collateral fringe benefits. The "firing issue" is openly discussed and analysed. It seems that this scenario is directly related to the entrepreneurial option. Table 2 considers additional information concerning short term and long term entrepreneurial attitude, social valorisation, perceived economic and social context, entrepreneurial intention, demographic data and career option.

Concerning entrepreneurial intention, a changing attitude is noted. Students prefer economic and management consultancy, entertainment activities, business service support areas and ICT. Surprisingly, about 40 % of the students are interested on the ICT sector, given that ICT sector is often quoted (See Table 3). However, the majority of the students admit to a better understanding of traditional sectors (data not shown).

Due to the on-going process of data analysis, only a preliminary statistic analysis is allowed. Demographic data is quoted in Table 4. Perceptions about costs are stated in Table 5. Globally speaking, students openly acknowledge the insularity penalty. Therefore our second hypothesis is confirmed. Nevertheless, the social valorisation item shows a globally positive societal attitude towards entrepreneurship. Consequently, the so-called psychological effect is mitigated and perhaps very similar to hypothetical results on the continent.

6. Conclusion

Our "Island Entrepreneurial Intention model" is not totally confirmed. Contrary to our expectations and previous theoretical analysis, the vast majority of the students state a

preference for an entrepreneurship adventure. It seems that our remarkably adverse specific socio-economic context is affecting collective and individual perception concerning career options.

Table 2: Summary table

Variable	Min	Max	Average	Dpad
Short´ term career options				
Working as an employee	0	1	0,28	0,46
Firm creation	0	1	0,66	0,5
Furthering studies	0	1	0,28	0,48
(a)Working as an employee	1	7	4,21	1,99
(b)Self-employment	1	7	4,18	1,84
(c)Furthering studies	1	7	4,07	2,02
(b)-(a)	0	6	0,76	2,94
(b)-(c)	0	6	0,9	3
Long´ term career options				
Firm creation	0	1	0,78	0,42
Professional free lancing	0	1	0,57	0,41
Working as an employee	0	1	0,65	0,35
Entrepreneurship intention	0	1	0,56	0,55
Economic crisis impact on entrepreneurship				
Impact on interest	1	7	3	1,77
Impact on intention	1	7	2,6	1,75
Social valorisation				
Global social valorisation	1	7	4,01	1,18
Social valorisation (Family and Friends)	1	7	4,07	1,55
Social valorisation (Society)	1	7	3,94	1,28
Psychological effect	-6	6	0,31	0,57
Economic factors	1	7	4,76	0,99
Social valorisation	1	7	4,01	1,18

Table 3: Sectoral entrepreneurships option

Sectors	**Shares**
Agriculture	1,6%
Biological agriculture	2,4%
Manufacture	4,9%
Handycrafts	1,6%
Civil Construction	0,8%
Economy/management consultancy	17,1%
ICT	13,8%
Restaurants	6,5%
Hotels	5,7%
Entertainment	18,7%
Business services support	14,6%
Personal services	8,1%
Others	4,1%

Table 4 Demographic data

Age	22,2
Sex (Male/Female)	42,8%;57,2%
Parents educational background	
Primary school	43%
Secondary School	29%
University Degree	7%
Public servants parents	26%

Table 5 Costs perception

Conditioning Factors			
Global Costs Perception	1	7	4,76
"Outermost Context Cost" Perception	1	7	4,58
"Financial Difficulties" Perception	1	7	5,23
"Opportunity Difficulties" Perception	1	7	5,4
"Risk" Perception	1	7	2,31

Given our unexpected results, some additional considerations are indispensable. Islands economies are well dependent on social and economic connections (short term and long term prospects) with western countries, specially the dependent territories (such as Azores, Canaries, Guadaloupe, Guyana, Madeira, Martinique and Reunion). Additional theoretical and empirical analysis related to dependent territories is needed. The local political and cultural options are increasingly linked to the on-going process of globalisation and technological revolution and to the western political, cultural and way of life changing attitudes. Our results express also the changing economic and social islands background. Competitivity, economic diversification, entrepreneurship and a "Reduced State" are indeed key words concerning macro and micro policies and global political orientations.

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