In the literature, entrepreneurship as an occupational choice has been addressed by at least two approaches: institutional theory and behavioural economics. In an attempt to combine both, this mid-stage research project aims to provide an explanation as to why and under which conditions young Koreans found a start-up business by ascertaining their occupational decision against the backdrop of ongoing or lacking institutional changes in South Korea.

Institutional changes were not only initiated under the last government’s “Creative Economy” policy, but also by 2nd generation entrepreneurs, and they are still ongoing. Especially the recent reform of the joint guarantee system, which used to systematically link business failure to personal failure and thus created a social stigma, diminished the financial risk for young founders. However, negative perceptions about business failure and the high value of job security and status remain dominant in Korean society. Preliminary results indicate that especially those young Koreans who have been exposed to a different normative institutional environment abroad have strong personal motivations, a different attitude toward failure and are more likely to start a business. The impact of the institutional environment on occupational choices shall also be examined through a stylized economic experiment.

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