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## Entrepreneurial spirit and factors affecting it: Case study based on the students of the European University of Tirana

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### **Abstract**

*In any country, the students' entrepreneurial spirit is of great economic and social importance. Students will be the entrepreneurs of the future and it is their plans and entrepreneurship which would deeply influence the society of tomorrow and its economic wellbeing. This paper intends to offer an input on the understanding of entrepreneurial spirit among students (of the European University of Tirana), to analyse such a spirit and goals, as well as factor affecting them: entrepreneurship education in the university, personal entrepreneurial motivation, impact of parents and family, and social and economic context. The analysis goes even further, looking at the impact of gender, area of study in university, and at how entrepreneurship is taught: whether through lectures only or it is also closely interlaced with practice at industry level. The paper is based on secondary literature, GUESSS report, and on an on-line distributed questionnaire, which was addressed to and answered by students of all the three higher education levels: BA, MA, and Ph.D. The results this research obtained are important for the university we work at, in order to improve and diversify the ways entrepreneurship education is taught, but they could also be applied at a wider scope.*

**Keywords:** students, entrepreneurial spirit, entrepreneurship education

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### **1. Introduction**

“Which are entrepreneurial intentions of our students?” This is a quite important question as the students represent the future of the entrepreneurs' generation; their entrepreneurs' intentions and their future career plans will constitute the future of the society and its economic development. The above question has raised a great interest from different actors, such as academics, policymakers and by students themselves, as it may help build their future career choices and realize how many of them intend to become entrepreneurs and the way their entrepreneurship intentions are measured.

Since the 1970s, a similar trend has characterized the economic development of many western countries: in long terms, large firms were not able to foster growth in employment. This has resulted in high levels of unemployment and according to Aiginger and Tichy (1991) the increasing share of employees working in small units is the single most powerful “proof” for the superiority of small firms. This new reality of a greater attention toward the development of the small businesses was raised purposely by the policy makers, hoping for a shift in employment rates and a resolution of the unemployed issues and also for an economic growth.

Based on the new strategies of the European Union of the new millennium, European Commission has identified 8 key competences in the shape of knowledge, skills and attitudes that are

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fundamental for each individual in a knowledge-based society. These competences provide added value to the labor market, social cohesion and active citizenship and they are presented through: “i) communication in mother tongue; ii) communication in foreign languages; iii) mathematical competence and basic competences in science and technology; iv) digital competence; v) learning to learn; vi) social and civic competences; vii) sense of initiative and entrepreneurship; and viii) cultural awareness and expression”<sup>1</sup>.

The everyday work with the UET students, especially with those at master level indicate, that employment is their most concern issue. INSTAT survey of the labor force for the second quarter of 2015 has presented that the unemployment rate of young people aged 15-29 years old is 34.2%. The same survey presents some interesting data: out of these employed young people, 83.3% of those with higher education are employees, 12.7% are self-employed and 4% contribute to their family business without being paid.

Finding a job today is perhaps the biggest challenge of a young person after completing the higher education. Nowadays, getting a university degree and diploma in Albania is a right for already everyone; but this right is not a privilege that shall provide them with a job offer. That is why it is necessary that universities should incite students’ entrepreneurial intentions; they should encourage the start-ups of innovative businesses and promote an entrepreneurship culture to their students.

The new research project of the European University of Tirana intended to evaluate the entrepreneurship intentions among UET students, through three degree levels: Bachelor, Master, and Doctoral, but with the main focus on the first two levels.

The aims of this research project are presented as below:

- A review of the entrepreneurial activities and intentions of our students;
- The identification of the premises and the environment for facilitating new enterprises and an entrepreneurship career of the students;
- The review and the evaluation of the academic courses related to entrepreneurship and start up culture.

This research aims to create added values to different stakeholders:

- To European University of Tirana, while understanding the entrepreneurial intentions of its students; and estimating and evaluating entrepreneurship courses;
- To policy makers and the public which tend to be sensible toward the entrepreneurship and new business creation issues; they should identify the need for action in support to these issues.
- To students, as they will have long-terms benefits, in case some actions will be taken into account.

The survey of this research paper is based on the model of GUESSS survey, whose foundation is the Theory of Planned Behavior (Ajzen, 1991, 2002). In this research paper, we are focused on career choice intentions in general and entrepreneurial intentions in particular.

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<sup>1</sup> Council of the European Union (2010), Joint Progress Report on the implementation of the “Education and Training 2010”

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## 2. Literature and definition of core concepts

Entrepreneurship contributes in the economic development by creating new jobs, new technology, new industries, new markets, and net increases in real productivity (Bhave, 1994). Global researches on entrepreneurship and innovation focus on the people's intentions to become entrepreneurs, so, it is crucial to get a better understanding of the relationship and the implication of this concept with the practice of teaching entrepreneurship (Souitaris et al., 2007) and widely develop and enhance more entrepreneurial culture into our society (Uddin & Bose, 2012).

2.1 According to Schumpeter (1934), *entrepreneurship* is the "spirit" to innovate. Referred to Uddin & Bose (2012), both Parker (2004) and Gartner (1989) quote *entrepreneurship* as the process of identifying opportunities in the market place; and committing actions and resources necessary to exploit the opportunities for long term personal gain. Entrepreneurship is defined as a risk-taking behavior which has been carried out for future benefit and gaining independence and self-control.

2.2 The origin of the concept "*Entrepreneur*" lies in 17th century in France, where Cantillon (1755) was the first to offer a clear conception as he defined "Entrepreneur" as a person who took an active risk-bearing role in pursuing an opportunity. Behaviorists' such as Max Weber (1930) and David C. McClelland (1961) tried to understand entrepreneur as a person (Uddin & Bose, 2012).

2.3 According to Uddin & Bose (2012), Krueger (1993) defines *entrepreneurial intentions* as the commitment to starting a new business. This intention indicates the potentiality of an entrepreneur to start a business in the future. Entrepreneurship intentions are important variables to forecast entrepreneurship behavior, but researchers could not give a sole definition. Some literature represents notions related to career orientation (Francis & Banning, 2001) and the nascent entrepreneur (Koruntka et al, 2003)

Entrepreneurship intentions could be measured through one variable method and multivariable method. The first one evaluates entrepreneurship intentions depended on one variable, such as individual expectations, preferences, plans or behavior evaluation. It seems to be simple and distinct, but its reliability and validity is often under discussion. The multivariable method is used to improve the validity and the reliability of the findings.

## 3. Theoretical framework and methods

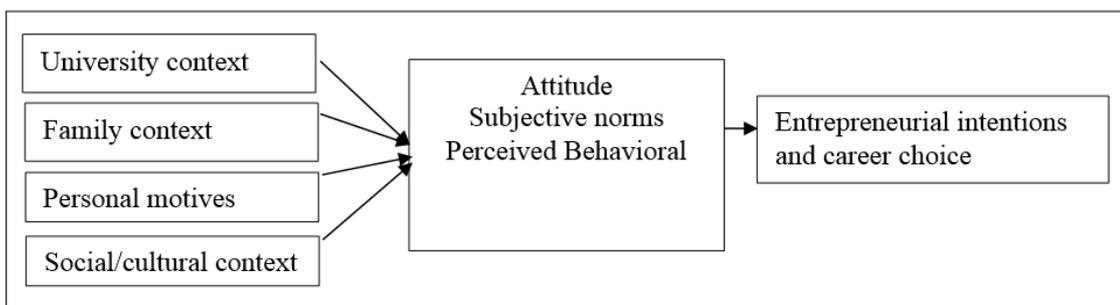
Previous researchers on entrepreneurial intention have identified that three factors dominate entrepreneurial intention. The first one is the demographic profile, including age, sex, previous experience, the influence of role model. The second one is a group of personality traits that include self-efficacy, confidence, and autonomy, the locus of control, risk-taking tendency, and professional attraction. The third factor is contextual and it includes education and environment.

The theoretical foundation of our paper is the Theory of Planned Behavior developed by Ajzen (1991, 2002). Our research is focused on entrepreneurial intentions of UET students and we investigated some additional factors that may impact the entrepreneurial intentions through the entrepreneurship education context, the family background, personal motivation, and the social/cultural environment. Our theoretical framework is illustrated in the above figure.

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Our research paper is focused on the bachelor and master degree students (of UET), which are merely involved in entrepreneurship activities while studying; hence in this paper the entrepreneurship intentions are defined as projected orientations, similar to desires, hopes, inspirations that influence their choice in entrepreneurship career choice.

Figure 1. Theoretical framework



*Participants and Sample* – The survey is composed of 13 questions, it was sent by email to UET students of Economic and IT Department and its online link was put also in the Facebook page. A total of 403 students were responded during a two month period (August, 2015-September, 2015)

*Student demographics* – A closer look at the demographic characteristics of our respondents shows that the majority (63%) of them are female; while the students aged 21-25 years old represent 62% of the sample.

Figure 2. Gender

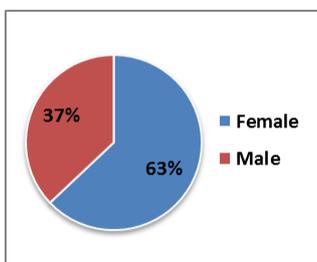


Figure 3. Age

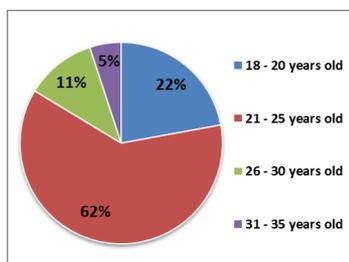
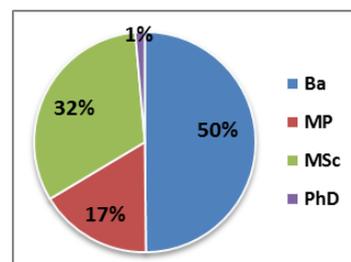


Figure 4. Students study level



*University studies* – Based at the student characteristics with regard to their actual studies, we note that 50% of all students are undergraduate (Bachelor) students, with 49% being graduated (Master) students. The share of students on other levels (Ph.D – 1%) is negligibly small.

Figure 5: Study fields

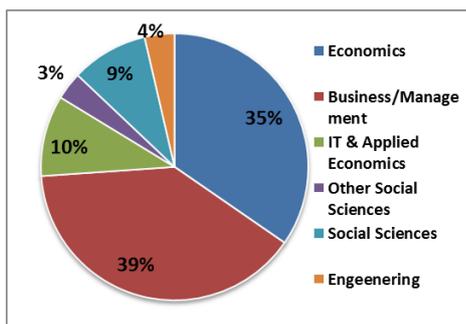
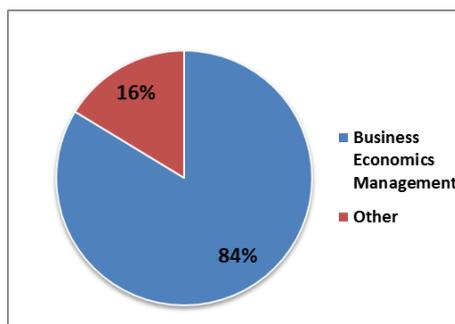


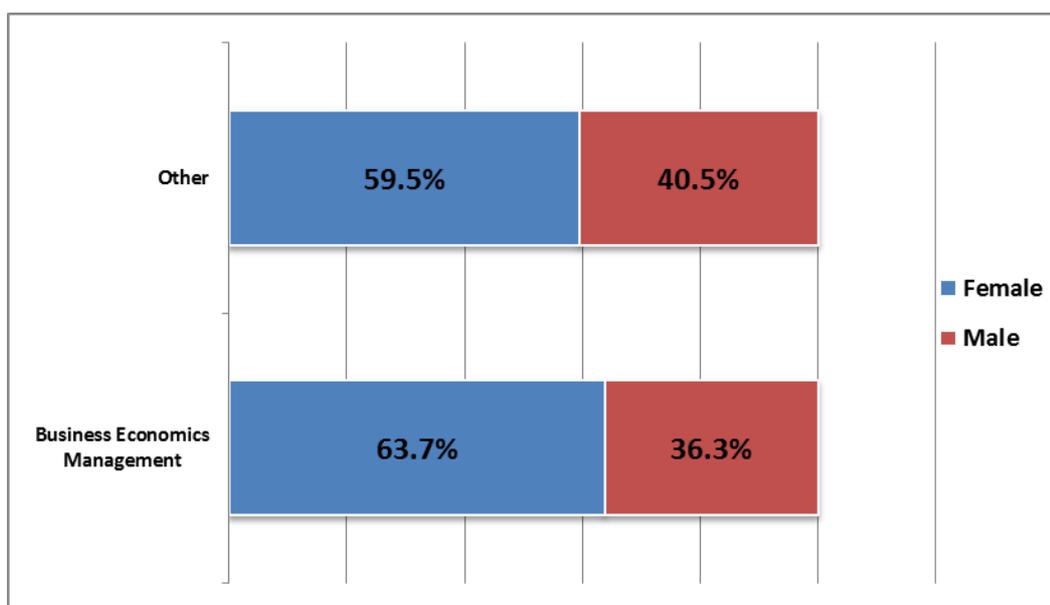
Figure 6: Major study fields



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39% of all students are studying in the field of “Business / Management”, which constitutes the largest group in our sample, followed by “Economics” (35%). We have also presented another graphic with data from fields BEM “*Business – Management – Economics – IT & Applied Economics*” together and “Others”, where the first group counts for a majority of 84%.

Figure 7. Students’ gender across study fields

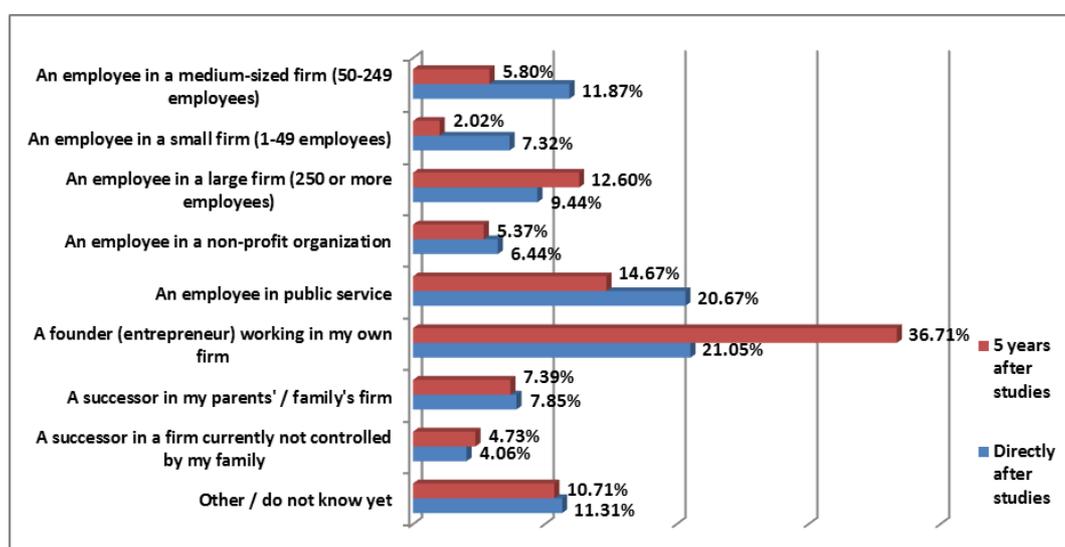


## 4. Findings

### 4.1. Career choice intentions

One of the key questions of this survey is what students intend to do after their studies. What do they want to do directly after finishing their studies, and what is their long-term career plan? We reported the career paths of the students in our sample right after completion of their studies (blue bars) and 5 years later (red bars) as below (Fig.8).

Figure 8. Career choice intentions

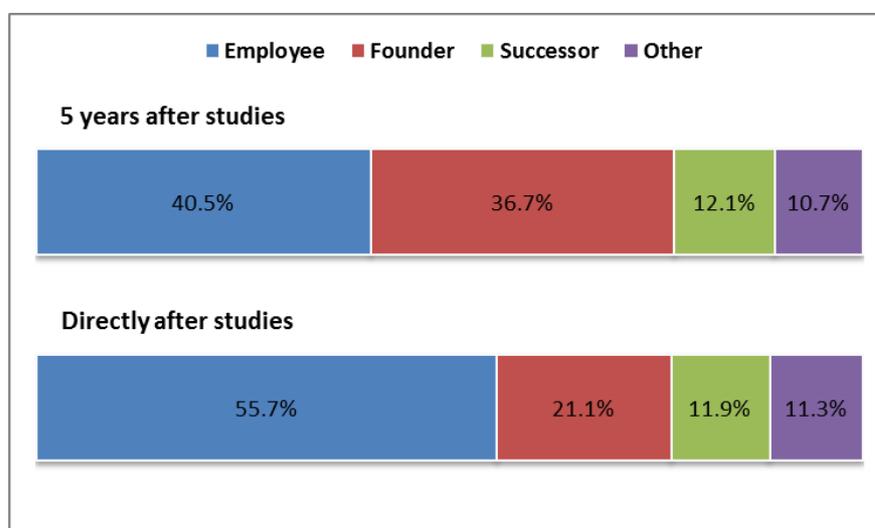


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The first five options illustrate career paths as an employee, whether it is in the private sector, in the public sector, or in a non-profit organization. Directly after studies, the most preferred options are “*An entrepreneur working in my own company*” and “*An employee in public service*”. Referring to five years later, we see that attractiveness toward entrepreneurship increases significantly; “*an employee in a large firm*” increases also, while the option “*Other/ do not know yet*” rates almost the same.

We grouped the different career options into “*Employee*”, “*Founder*”, and “*Successor*”. 55.7% of all students intend to work as an employee right after studies; 5 years later, this is true for only 40.5%. Almost all “short-term employees” who want to leave employment after a few years intend to become founders. These findings approve the consistence of the pattern “first employee, then founder”.

Figure 9. Shift in career groups



#### 4.2 Determinants of entrepreneurial intentions

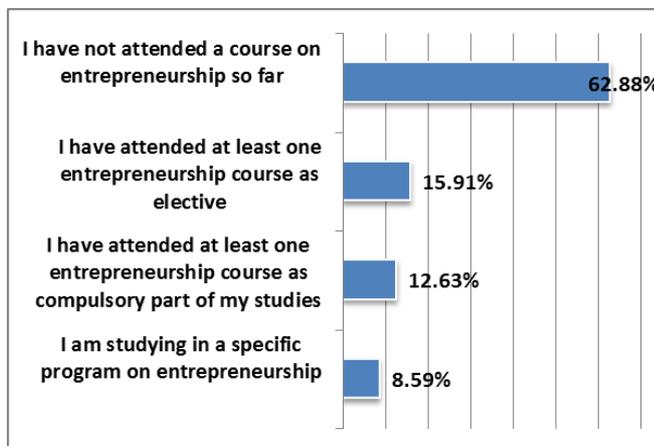
*The university context* – This is the important element of our survey, as the university courses raise some attitudes and the overall entrepreneurial intention and that inspiration – a construct with an emotional element - is the university’s most influential benefit (Souitaris et al., 2007). Students were asked to what extent they have been attending entrepreneurship related courses. As the following figure shows, less than 9% of all students are studying in a program specifically dedicated to entrepreneurship. Almost two-thirds of our respondents did not attend any entrepreneurship-related course at all and around every fourth student, however, has attended an entrepreneurship course as compulsory or elective course.

Next, we examined the entrepreneurial climate within the university. Students were asked to indicate the extent to which they agreed to three statements (Luethje & Franke, 2004) and the answers ranged from 1 (not at all) to 5 (extremely).

1. ... the atmosphere inspires me to develop ideas for new businesses.
2. ...there is a favorable climate for becoming an entrepreneur.
3. ... students are encouraged to engage in entrepreneurial activities. (GUESSS 2013/2014)

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Figure 10. Attendance of entrepreneurship courses

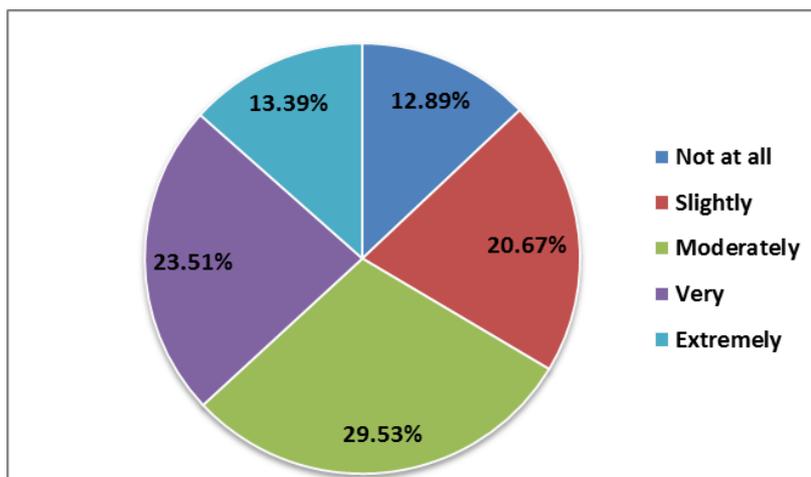


We were not only interested in students’ attendance of entrepreneurship classes and in their perceptions regarding the entrepreneurial climate at the university, but also in how much they have been learning at the university with regard to entrepreneurship. They were asked to indicate the extent to which they agree to a few statements about their learning progress during their studies (1=not at all, 5=extremely). The question started with “*The courses and offerings I attended...*” and offered the following statements (cf. Souitaris et al. 2007):

- 1 ...increased my understanding of the attitudes, values and motivations of entrepreneurs.
- 2 ...increased my understanding of the actions someone has to take to start a business.
- 3 ...enhanced my practical management skills in order to start a business.
- 4 ...enhanced my ability to identify an opportunity. (GUESSS 2013/2014)

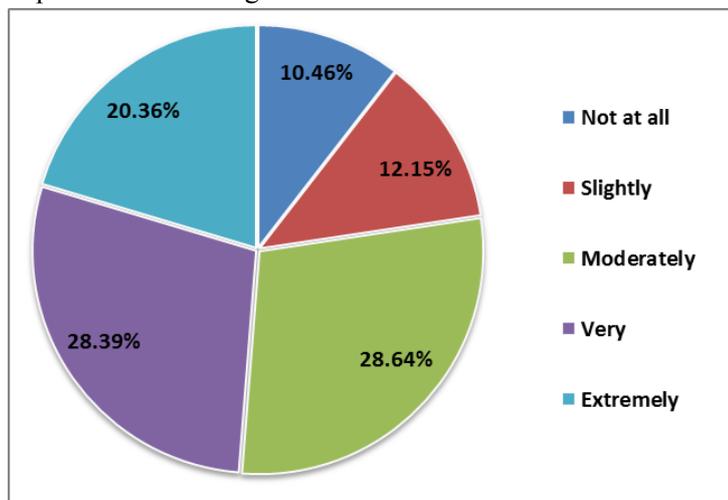
The distribution of the different agreement levels of the entrepreneurial learning assessments looks more positive as with the entrepreneurial climate question.

Figure 11. University entrepreneurial climate assessments



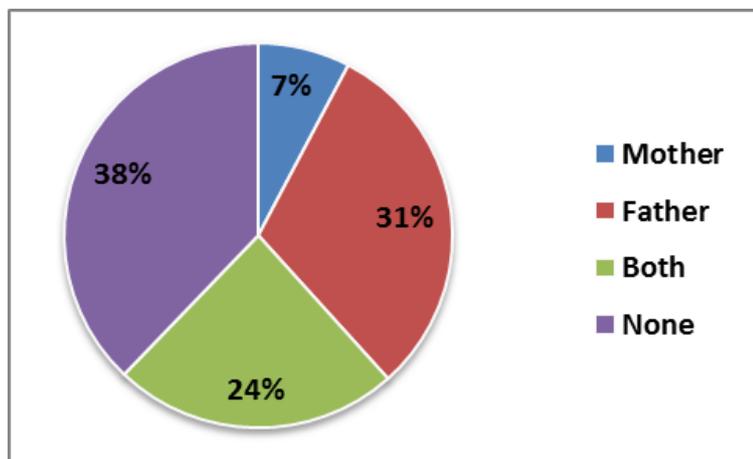
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Figure 12. Entrepreneurial learning assessments



*The family context* - In academic research there is a long-standing debate how the occupational background of the parents influences children's career choice intentions. In general, research tends to agree that children of entrepreneurial parents are more likely to become entrepreneurs themselves (Lasпита et al., 2012). The students were asked if their father, their mother, or both of them are currently self-employed. Around one-third of all students reported that none of them is self-employed (38%); around one-fourth (24%) of them indicated that both their parents were self-employed.

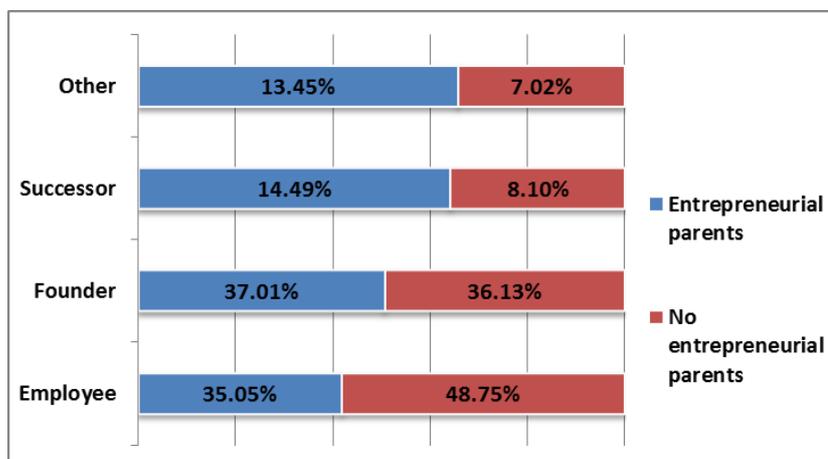
Figure 13. Existence of self-employed parents



We split our sample into students with and without entrepreneurial parents and examined their respective career choice intentions 5 years after completion of their studies. We see a small difference (7.3%) of all students with entrepreneurial parents intend to follow an entrepreneurial career path, be it as a founder or as a successor in the parents' firm (or in another firm). While the share of students who intend to work in a firm that they created on their own is almost the same 37.01% for students with entrepreneurial parents compared to 36.13 % for students without entrepreneurial parents; the significant differences are seen in the shares of students who intend to choose the options "Employee."

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Figure 14. Career choice intentions by family background 5 years after studies



*The role of personal motives* - Another important determinant of career choice intentions, in general, and entrepreneurial intentions in particular are career motives. Logically, some motives are more likely to be satisfied by pursuing an entrepreneurial career than others. We examined how students assessed the importance of different motives when they decide about their future career path. As the following figure shows, “*have the freedom*” is the strongest motive on total average (1=not important at all, 5=very important), followed by “*have independence*”. The least important motives are “*be your own boss*” and “*take advantage of creative needs*”.

Figure 15. Importance of different career motives

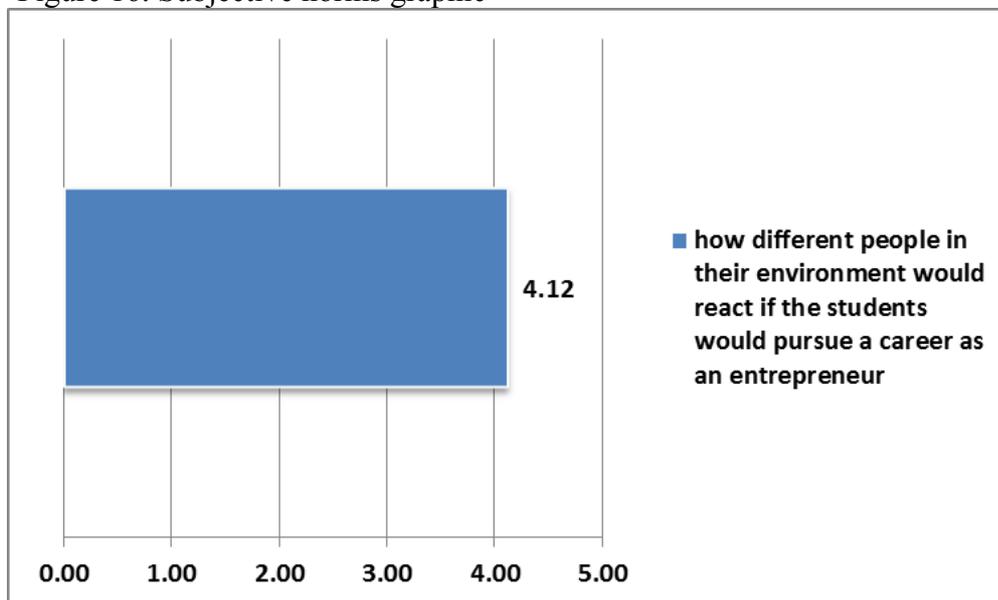


*The social and cultural context* - Scholars agree that entrepreneurial decision-making is deeply embedded in the social and cultural context that individuals live in. These social and cultural factors highly influence on the individuals’ entrepreneurial intentions. Drawing on the concept of the subjective norm from the theory of planned behavior (Ajzen, 1991) and based on the GUESSS 2013/2014 model, we analyzed the reaction that individuals hope for from close peers

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if a certain behavior is carried out. The theory postulates that when the expected reaction is positive, it is more likely to be formed actual intentions to perform the behavior under consideration.

Figure 16. Subjective norms graphic



We asked students how different people in their environment would react if they would pursue a career as an entrepreneur. Using a Likert scale from 1 (very negatively) to 5 (very positively), the responses were anchored at 4.12, which is relatively high. In general, subjective norms with regard to entrepreneurship thus seem to be quite positive.

## 5. Conclusions

This research paper presents and discusses a number of findings and in-depth insights into students' entrepreneurial intentions. In the following, we will highlight a few key conclusions.

- Referring to students' career choice intentions, in general, this paper confirms the "first employee, then founder" pattern already found in previous literature.
- Directly after studies, 21.05% of all students want to work in their own firm; 5 years later, this applies to 36.07% of all students.
- Our research shows that the university environment in general and entrepreneurial learning at the universities, in particular, seems critical especially related to the low extent of entrepreneurship related courses attendance. The entrepreneurial learning assessments look more positive compared to the entrepreneurial climate assessment.
- Personal career choice motives result to be driving forces influencing career choice intentions / entrepreneurial intentions as well. "Have the freedom" and "Have the independence" motives are the most satisfied motives chosen by our students when pursuing an entrepreneurial career. While the least driving motive results "To be your own boss".
- The social and cultural environment is identified as an important forerunner of entrepreneurial attitudes. Social encouragement from individual's immediate environment shows a high evaluation toward the students which would pursue a career as an entrepreneur, so subjective norms with regard to entrepreneurship seem to be quite positive.

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Based on those findings, we present a few key recommendations to different stakeholders.

**University** - Our findings illustrate the crucial importance of universities in the development of entrepreneurial intentions. We call for more, wider and better entrepreneurship education offerings, encouragement of start-ups and policies and the environment.

**Students** - As a general message, we encourage students to explicitly consider an entrepreneurial career path. We believe that everyone should ideally consider if creating an own firm or taking over an existing one is a viable option that matches one's skills, motives, and general preferences. As universities, more and more offer entrepreneurship-related courses and lectures, we encourage students to attend them to be better able to evaluate entrepreneurship as a possible career path.

**Public** – This research emphasizes that student entrepreneurship adds value to the society and economy as it is strongly linked with the self-employment and job-to-be-created by students' entrepreneurial ventures.

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