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ENTREPRENEURIAL INTENTIONS IN SELECTED SOUTH-EAST EUROPEAN COUNTRIES

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Presentation outline

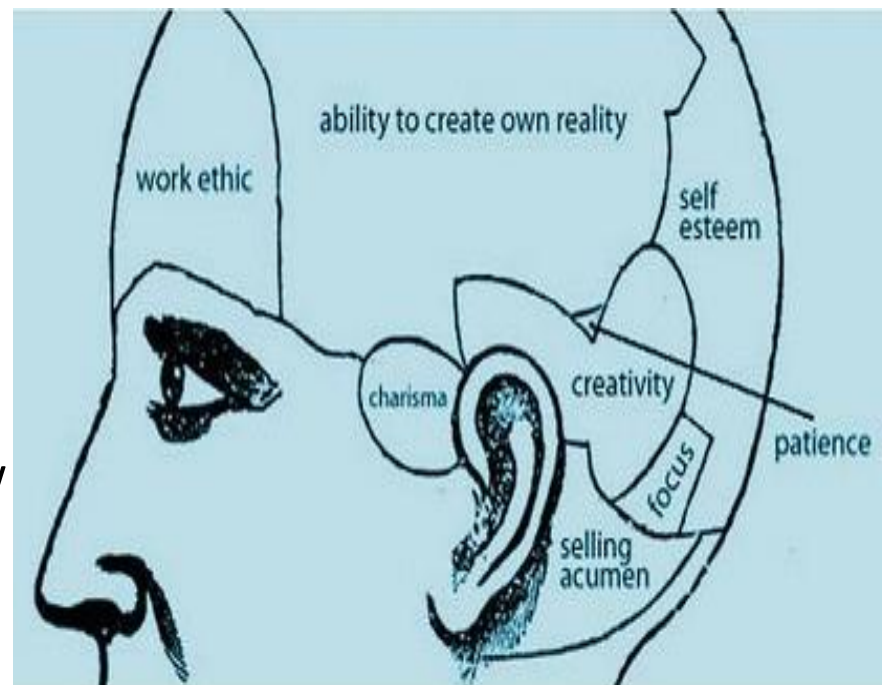
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Introduction

- **Entrepreneurship** has an increasingly important role in economic growth and development in both developed and underdeveloped countries.
- **Entrepreneurial behavior** has received significant scholarly attention from various academic disciplines (e.g. Shane and Venkataraman, 2000; Busenitz et al, 2003; van Praag and Versloot, 2007; Shepherd and Williams, 2015).
- During the last few years, **unemployment of young people** in the EU and non – EU developing countries has remained one of highest in comparison with other more vulnerable segments of the labor market.

Who is the potential entrepreneur?

- **Trying to answer different questions related to intentions and start-up business:**
 1. „Why are some people more than others inclined to become or become entrepreneurs?“ (Turker, Selcuk, 2009);
 2. „Why are some entrepreneurs more successful than others?“ or
 3. „Why do some people foresee the profitable opportunities to introduce new goods/services to the market, but others do not?“ (Pruett, et. al., 2009)
- **Is it a stroke of genius?**
- **Is it a result of hard and long work on an idea?**



What is entrepreneurial intention?

- Entrepreneurial intention is the intention of an individual to start a new business (Krueger, 2009).
- It represents a mental orientation such as desire, wish and hope influencing individual's choice of entrepreneurship (Peng, Lu and Kang, 2012).
- Intentions are considered the single best indicator of actual behavior (Ajzen, 1991).



Literature review

- **There are two main theoretical models of entrepreneurial intention.**
 1. One of the earliest - **Entrepreneurial Event Model**: entrepreneurial intention depends on three main antecedents - **perceived desirability, propensity to act, and perceived feasibility** (Shapero, 1975; Shapero and Sokol, 1982; Krueger, 1993).
 2. Another important theoretical model - **Theory of Planned Behavior**: variables that affect entrepreneurial intention are **attitude toward the entrepreneurship, subjective norm, and perceived behavioral control** (Ajzen, 1991) and Krueger and Carsrud (1993).
- The entire stream of research within entrepreneurial intention field seeks **to identify additional antecedents of entrepreneurial intention** (various personal-level variables to specific contextual variables).
- Luthje and Franke (2003) added **risk taking propensity and locus of control** as additional **personality variables** to the model. Also, they included **support and barriers** as specific **contextual variables**.
- The importance of entrepreneurial intentions has been recognized **in the observed South-East European countries** in the region but **this issue has not been tackled comparatively or using the advanced theory of planned behavior**.

Our purpose?

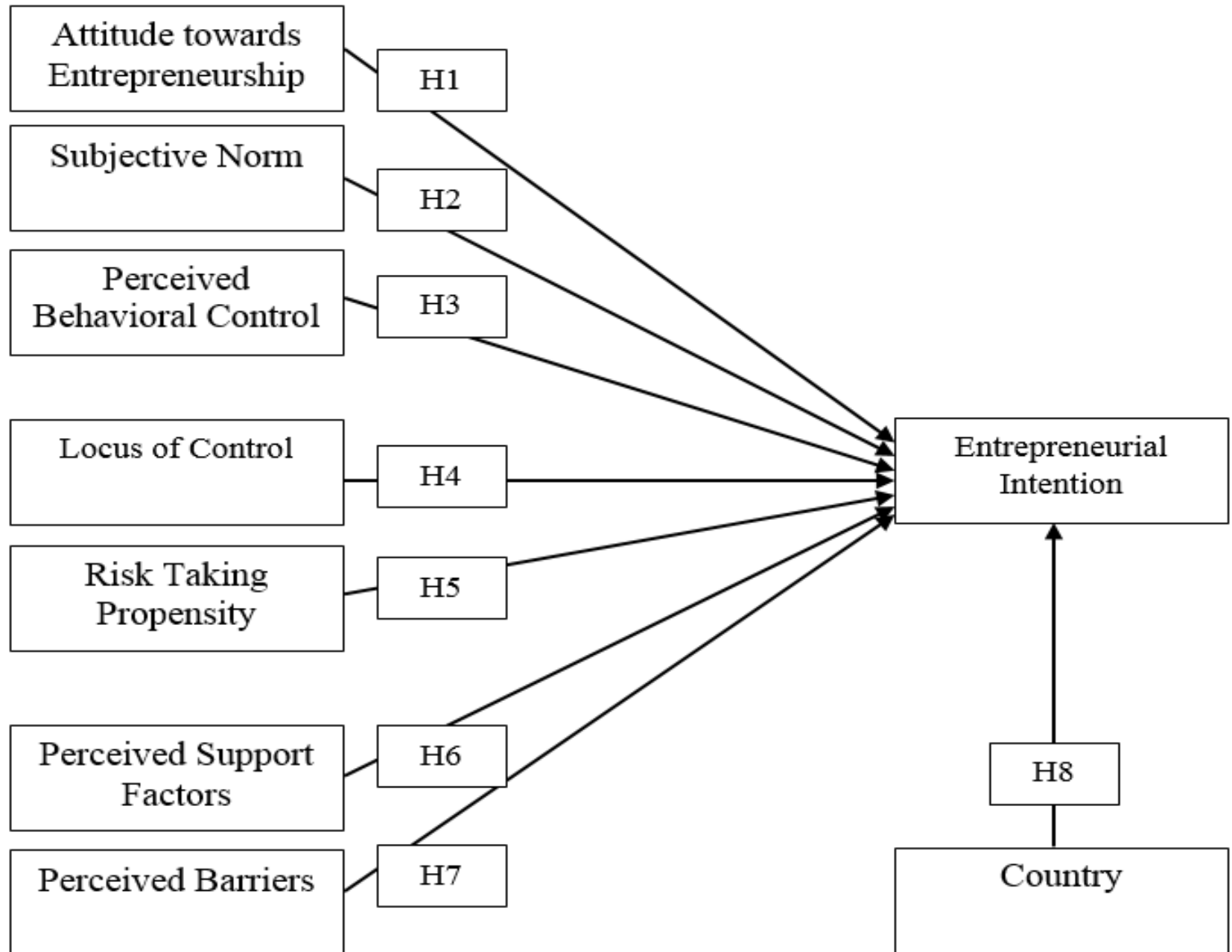
To contribute to the entrepreneurial intention literature making the following advances:

- We fill the gap by providing theoretically plausible and empirically evidenced **comparative study** of entrepreneurial intent **in selected post-transition countries**.
- Our research combines three streams of research into one study:
 1. We explore **the effects of personal-level and contextual variables** on entrepreneurial intention.
 2. **Basic model of planned behavior** is extended with **locus of control, risk taking propensity, perceived barriers and perceived support factors**.
 3. Conduct **empirical test of Ajzen's Theory of Planned Behavior** and explore how well it **explains the situation** found in the post-transition setting.

Methodology and hypotheses

- Data were collected during 2016 by using a **paper-and-pencil self-administered (highly structured) survey** and analysis was conducted with Statistica 12.
- Survey was conducted in **four South-East European countries**: Bosnia and Herzegovina, Croatia, Macedonia and Serbia.
- The sample consisted of **1200 university students of economics and business**, with 300 of respondents from each country included in the study.
- The sample is constructed with **convenience sampling technique** and it includes university students that were present at the lecture when survey was conducted.
- Items were measured on a **five-point Likert-type scale**.
- **The scales included in the questionnaire are: locus of control, risk taking propensity, perceived barriers, perceived support factors, personal attitude towards entrepreneurship, perceived behavioral control, subjective norm and entrepreneurial intention.**

Figure 1. Conceptual framework



Results and discussion

- **Initial exploratory factor analysis** resulted in **removal of 9 items** with low factor loadings on their primary factor and high cross-loadings.
- **Final exploratory factor analysis** resulted in factor **solution with 8 factors** where each item had high factor loading on their primary factor.
- The eight-factor solution **explained 39.2% of the variance**.
- The eight-factor solution was additionally tested with **confirmatory factor analysis**. Fit indices indicate an **acceptable level of fit** for specified measurement model and **all factor loadings were significant** at $p < 0.01$ level.
- The results of exploratory and confirmatory factor analyses indicate that applied measurement scales exhibit acceptable level of validity.

Results and discussion

- The results of multiple regression analysis indicate that Entrepreneurial Intention was significantly and positively affected by:
- **Personal Attitude towards Entrepreneurship ($\beta=0.44$)** - supports hypothesis H1
- **Perceived Behavioral Control ($\beta=0.36$)** - supports hypothesis H2
- **Subjective Norm ($\beta=0.05$)** - supports hypothesis H3.
- Results also indicate that specific country environment also affects entrepreneurial intention. Respondents from Croatia, Serbia and Macedonia exhibit significantly lower levels of entrepreneurial intention when compared to Bosnia and Herzegovina - supports hypothesis H8.
- Hypotheses H4, H5, H6 and H7 are rejected.

Conclusion

1. **Pioneering insight into the attitudes and behavior of young entrepreneurs-to-be in Balkans region.**
2. **Personal Attitude towards entrepreneurship is mostly positive and it has a significant influence** on the entrepreneurial intent.
3. **Social Norm plays an important determinant of entrepreneurial intentions** (the opinion of a third party - friends or family, is of great importance).
4. **Entrepreneurial intentions in Bosnia and Herzegovina are higher than in other countries in the region** (it is the only Balkan country where the number of entrepreneurs from opportunity rather than from necessity prevails).
5. The results on **Perceived Behavioral Control positive and significant impact** to entrepreneurial intention **is in line with the past research** (Krueger, Reilly and Carsrud, 2000). Young people have **more self-confidence**, and it is decisive for entrepreneurial intention.
6. There is a **clear entrepreneurial intent** and the idea of entrepreneurship and entrepreneurial mindset is familiar to young population.
7. However, there are number of obstacles for this intent to be effectively launched and realized.

Future research

1. Include young people with **different educational background** in order to expand the characteristics of the sample.
2. Use **other measures** in addition to the self-administered survey and
3. Include a **longitudinal study** for better understanding of the **causality** between the tested factors of influence and Entrepreneurial Intention.
4. Ask **young entrepreneurs** who already established their businesses about the **main factors** which influenced the development of their entrepreneurial projects.
5. A further exploration of the role of **economic and environmental variables** in these countries.
6. Finally, **more studies on the entrepreneurial intent and youth unemployment** problem in the post-transition should be undertaken.



Thank you!

