

# ENTREPRENEURIAL INTENTIONS IN SELECTED SOUTH-EAST EUROPEAN COUNTRIES

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## What (did we do)?

**A comparative study on the antecedents of EI among young people (students of economics and business) in four selected South East European countries (Croatia, Macedonia, Serbia and BiH).**

# Why?

- Entrepreneurship is positively associated with **higher economic development**.
- **Analysis of the determinants** of entrepreneurship is an **obligation...**(Grilo and Irigoyen, 2006), because: **knowledge of the determinants** is crucial for development of **better education systems** and **setting up public policies and their evaluation** (Storey, 2003).
- **Intentions** are considered the single **best indicator of actual behavior** (Ajzen, 1991).
- High rates of **youth unemployment**.
- Preference for **work in public institutions or large organizations**.
- We **love** what we do 😊

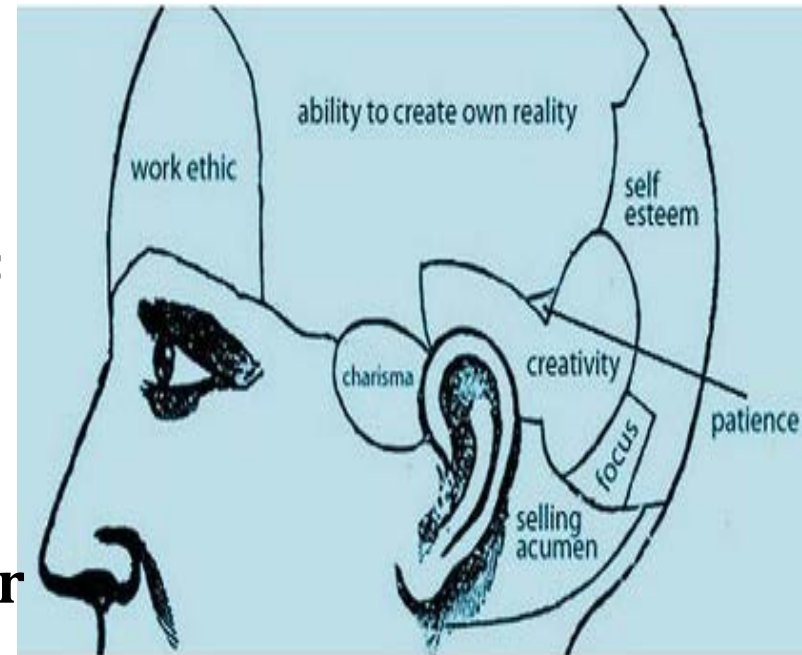
# What is EI?

- Entrepreneurial intention is the **intention** of an individual **to start a new business** (Krueger, 2009).
- It is a **mental orientation** such as **desire, wish and hope** influencing individual’s choice of entrepreneurship (Peng, Lu and Kang, 2012).
- EI are a **function** of the **perceived possibility** and **perceived appeal** of the entrepreneurial act.
- EI are seen as **the first step** in the process of **discovering, generating and using opportunities** (Gartner et. al, 1994).

## Who is the potential entrepreneur in these SEE countries?

- **Trying to answer different questions related to intentions and start-up business:**

1. „Why are some people more than others **inclined to become entrepreneurs?**“ (Turker, Selcuk, 2009);
2. Why do some people **recognize opportunity easier** than others?
3. Who becomes **entrepreneur by opportunity** and who - **entrepreneur from necessity?**
4. Which **course of action** should be taken to nurture entrepreneurship?



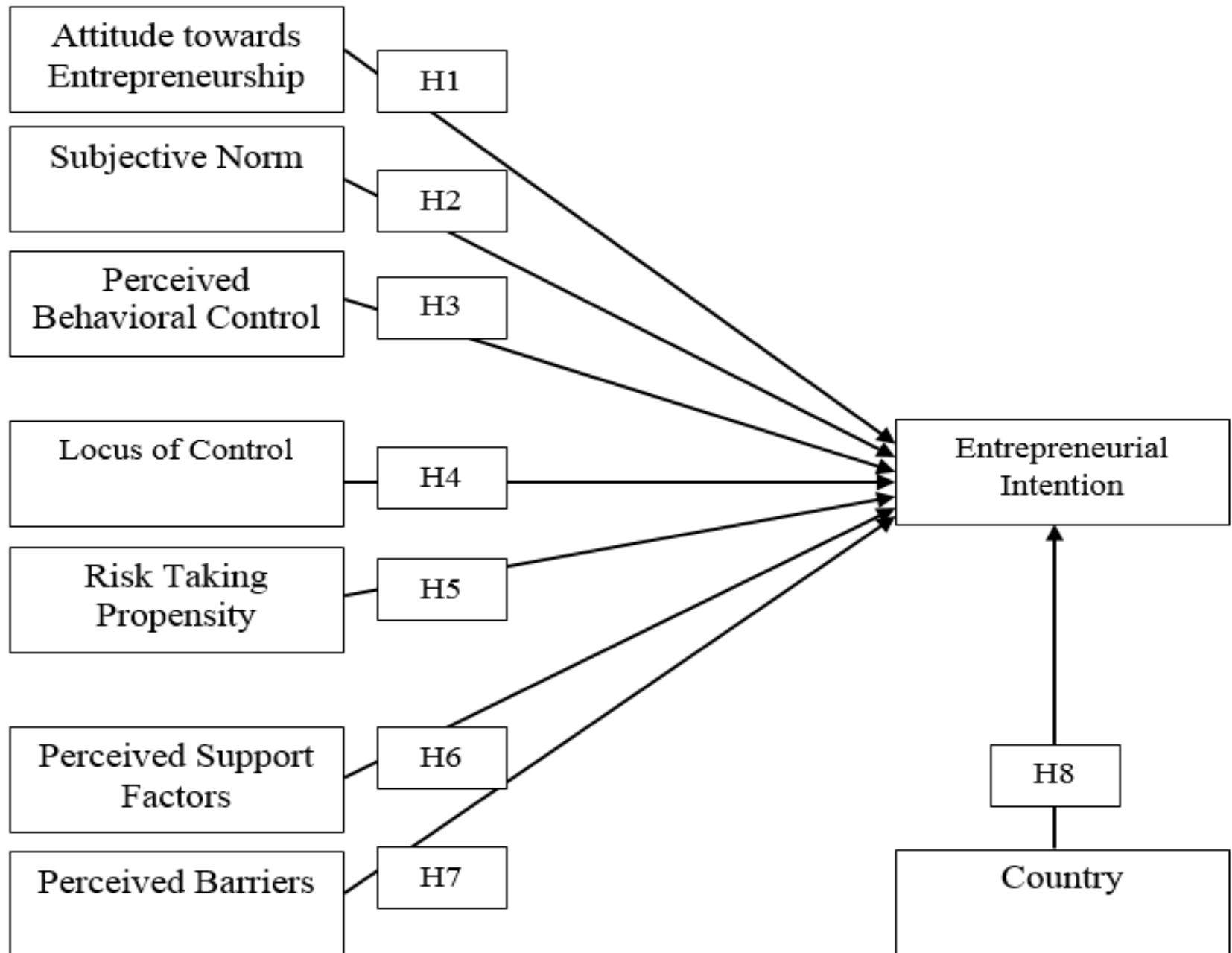
# How (Literature review)?

- 1. Theory of Planned Behavior** : (Ajzen, 1991) and Krueger and Carsrud (1993)  
**personal attitude toward the entrepreneurship** (positive or negative personal valuation),  
**subjective norm** (reference people approve it or not) **and**  
**perceived behavioral control** (easy or difficult to become entrepreneur).
- 2. Basic model of planned behavior is extended** with  
**personal-level variables** (locus of control, risk taking propensity), **and contextual variables** (perceived barriers and perceived support factors).

# How (Methodology and hypotheses)?

- **Paper-and-pencil self-administered (highly structured) survey**
- Statistica 12.
- **Four South-East European countries:** Bosnia and Herzegovina, Croatia, Macedonia and Serbia.
- **1200 university students of economics and business**, with 300 of respondents from each country.
- **Convenience sampling technique** (university students, present at the lecture).
- Items were measured on a **five-point Likert-type scale**.
- The scales included in the questionnaire are: *personal attitude towards entrepreneurship, perceived behavioral control, subjective norm, locus of control, risk taking propensity, perceived barriers, perceived support factors, and entrepreneurial intention.*

**Figure 1.** Conceptual framework





# Results

- **Initial exploratory factor analysis** resulted in **removal of 9 items**.
- **Final exploratory factor analysis** resulted in **factor solution with 8 factors**.
- The eight-factor solution **explained 39.2% of the variance**.
- **Confirmatory factor analysis** (acceptable level of fit for specified measurement model and **all factor loadings were significant** at  $p < 0.01$  level).
- The **applied measurement scales exhibit acceptable level of validity**.

# Results

- Results indicate that **specific country environment affects entrepreneurial intention** – supports H8:
  1. **Level of EI is lowest in Serbia and highest in Macedonia.**
  2. **Differences in the level of independent variables are more pronounced among transition countries (especially Serbia and Macedonia) than between transition and non-transition countries (more pronounced between Macedonia and Croatia).**

# Results

- **EI is significantly and positively affected by (multiple regression analysis ):**
  - 1. Personal attitude towards entrepreneurship and Perceived behavioral control** - supports hypothesis H1 and H3 **in all four countries.**
  - 2. Subjective norm** - supports hypothesis H2 **in one country (BiH).**
  - 3. Locus of control** – supports H4 **in one country (Macedonia).**
  - 4. Perceived barriers** – supports H7 **in one country (BiH).**
- **Hypotheses H5 (risk taking propensity) and H6 (support factors) are rejected.**
- **The most striking finding – the lack of explanatory power of contextual variables** in these countries where the business climate is still poor.

# Conclusion

- 1. Pioneering insight** into the attitudes and behavior of young entrepreneurs-to-be **in Balkan region.**
- 2. Personal Attitude towards entrepreneurship is mostly positive and it has a significant influence** on the entrepreneurial intent.
- 3. The results on Perceived Behavioral Control positive and significant impact** to EI is in line with the past research (Krueger, Reilly and Carsrud, 2000).
- 4. There is a clear entrepreneurial intent and the idea of entrepreneurship and entrepreneurial mindset is familiar** to young population.
- 5. In order to boost entrepreneurship policymakers** should focus on developing **strategies for promotion and education of entrepreneurship** on all levels of schools and universities.

## 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
3. Include a **longitudinal study** for better understanding of the **causality** between the tested factors of influence and EI.
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. **More studies on the entrepreneurial intent and youth unemployment** problem in the transition and non-transition countries should be undertaken.



# Thank you!

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**Download the working paper at:**  
<https://www.econbiz.de/Record/entrepreneurial-intentions-in-selected-southeast-european-countries-rajh-edo/10011561330>

