

Determinants of Entrepreneurial Intention among University Students: Case of Albania

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Abstract

In Albania, during the last decades entrepreneurship has been in focus. It is commonly agreed that developing entrepreneurship in the long term would be translated into sustainable economic development. Albanian economy, being an economy in transition greatly and urgently needs to invest into increasing the number of entrepreneurs in the country. Entrepreneurial intention is considered to be really important. Thus, the purpose of this paper is to observe the determinants of entrepreneurial intention in Albania. The target is university students. Many programs that foster entrepreneurship such as incubator centers, business plan competitions along with new educational practices have been developed. In addition, even though studies conducting in this field are few, Albanian education institutions have shown a willing to study the factors influencing entrepreneurship development. The reason is the belief that developing and supporting entrepreneurial activities among youth will positively influence the economy of the country in terms of economic growth.

This study widely represents the Albanian students and shows the determinants of entrepreneurial intention they have. Hopefully the findings of this study would be useful to the policy makers and the Albanian government to undertake effective policies focused on entrepreneurial activity; targeting economic development of the country.

Keywords

entrepreneurship intention, entrepreneurship determinants, students, Albanian universities, Albania.

1. Introduction

Entrepreneurship is the engine of any economy, having a positive impact on emerging new and innovative business ventures. These new business opportunities play an important role in job creation and economic development of a country. Historically, economists (Cantillon, 1755, Weber, 1930, Cole, 1965) have fully supported the role of entrepreneurship in economic growth and creation of new markets.

With the average age of 30 and with 25% of the population in the age group 15-29 years, Albania is one of the countries in Europe where the population is young. However, as a result of the reduction of mortality and the number of births in recent decades, the Albanian population is expected to grow old in a manner visible in the coming years. The Albanian labor market faces problems, same ones such as the economies of other countries in transition. High levels of unemployment, together with the participation of cheaper labor and lower levels of employment characterize the labor market of young Albanian people. In 2011, the level of employment of the young people (aged 15-29 years) was 42.8% compared with 68.1% for the age group 30-64 years, while unemployment reaches a level of 21.5%, double the value of the unemployment of the adult population.¹

Over the last five years has been an increasing awareness of the Albanian government of the need of entrepreneurship activities. The country has undertaken many reforms to reduce administrative barriers to business through simplification of administrative procedures. The creation of National Registration center, a one stop shop is a significant effort. Registration at this center are made within one working day and at a minimum cost of 0.81 Euros, offered in 32 offices throughout the territory of the Republic of Albania. Regarding the simplification of doing business, with the support of donors, a significant effort is undertaken in public administration activities in four main areas: public

¹ "Youth Employment and Migration" Report, Country Brief Albania, ILO, MDG Achievement Fund

procurement, business registration, management tax and licensing. Significant efforts are undertaken by the Government of Albania on the development of information technology to enhance the competitiveness of Albanian businesses in regional and global market.²

Despite government programs to mitigate this phenomenon, government alone cannot reduce unemployment in Albania. There is still a negative perception from authorities, experts and ordinary people related the real contribution of entrepreneurs. As a result of this perception the decision of self employed is made only if people face a difficult situation in the job market where formal and sustainable job opportunities are missing. One of the long-term development priorities of the Albanian Government is fostering a culture of entrepreneurship, education and training. In particular, the young generation are the beneficiary of learning about entrepreneurship, the essential skills such as creativity, initiative, teamwork, risk taking, and sense of responsibility.

World experience shows that governments in several countries have begun to develop policies that provide support for young entrepreneurs willing to support and facilitate them to successfully start the process. Learning about entrepreneurship is now recognized as a key competence at the European level and in Albania is included in the curriculum of schools in all levels. These processes include not only this, but also a variety of other programs. The aim is to encourage universities to offer specialized courses and programs on entrepreneurship in order to effectively impact the entrepreneurship activities in the country.

Albania has taken many steps to strengthen the education sector in the last 20 years. Entrepreneurial education has been the main focus for both public sector and private education. Higher education programs in Albania have developed special courses related to entrepreneurial education, to encourage students to think and apply such initiatives in

² Strategy of Business and Investment, 2014-2020, Ministry of Economy, Trade and Entrepreneurship, 2013

business oriented majors. However, it is unknown whether this knowledge will lead students to self-employment or other factors play a significant role.

With the purpose of drafting effective programs, policymakers must recognize the factors influencing young people to become entrepreneurs. This study is undertaken to study the impact of knowledge, skills, previous experience and social norms to the intent of Albanian students in the country level. It represents a broad study and the results will serve as a good start to provide input and ideas for policy makers, to influence young people become entrepreneurs and create the right environment in the development of entrepreneurial practices in Albania.

1.1 Study Objectives

The aim of the study is to determine the factors that influence the "entrepreneurial intent" among youth in university level. Students who did participate in this study are exposed to entrepreneurship knowledge and skills and are towards graduation. So, through them the study determines the perceptions of students regarding entrepreneurship intent. It retests the psychological model of Ajzen of planned behavior to identify factors that will influence students become entrepreneurs. As a result, findings of this study will be a valuable asset to policymakers in Albania and in the region.

1.2 Research Questions

The objective of this pilot study is to shed light on the following questions:

- What do we know regarding the willingness of young entrepreneurs in Albania?
- What are the achievements of Albania in developing entrepreneurial intent of youths?
- How can we develop entrepreneurship in Albania?
- How young people can be influenced to practice this profession?



2. Literature Review

The term Entrepreneurship originated from the French word "Entrepreneur"-a person who organizes and runs a business or businesses. Entrepreneurs are known as self employed. There is a definition for entrepreneurs. Researchers in different fields of study perceive and define it differently. An economist defines an entrepreneur as a man who does the combination of resources to make them available. As for the psychologist, entrepreneur is motivated by certain forces, such as the need to achieve or gain something, to experiment and to achieve certain purposes. For a businessman, an entrepreneur can be a risk taker, an aggressive competitors but can also be an ally, a supply source, a customer, or someone who creates wealth for others and finds the best ways to utilize resources, to reduce the losses and to provide for other work (Hisrich, Peters & Shepherd, 2005).

Some people believe that entrepreneurs are born, not created. However, this myth is broken at the moment when many studies made in the past have reached consensus that can become an entrepreneur is not genetically inherited. Everyone has the potential to become entrepreneurs, especially for those who have undertaken educational processes in universities.

According to Ajzen (1991), the intent is the immediate predecessor of behavior. The researchers stated that the behavior is not done without thinking but it is influenced by reason and information, and stimulated or discouraged by events, rewarding or not. Individuals that wish to be self-employed are the one that- perceive it as a proper career (Davidsson, 1995), as well as a way to achieve their own personal goals, to realize their ideas and achieve financial benefits (Barringer & Ireland, 2010: 31).

Entrepreneurial intent is defined as the desire of the individual to perform entrepreneurial behavior, to be involved in entrepreneurial activities, to be self-employed or to create new

businesses (Dell, 2008). But this is not enough. It requires inner courage, ambition and desire to stay on your feet (Zain, Akram & Ghani, 2010).

Birds (1988) proposed that entrepreneurial intent refer to the mental state of individuals that aims to create new enterprises, to develop new business concepts or to create new value in existing firms. It is an important factor associated with the creation of new enterprises and has significant impact on success, survival and growth of entrepreneurship. He suggested that the process will often starts based on the needs, values, desires, habits and personal beliefs entrepreneurs.

Researchers have shown empirically that entrepreneurial intent is valid predictor for entrepreneurial behavior as entrepreneurial actions fall under the category of the desired behavior. A study of entrepreneurs will provide valuable clues for researchers to understand the entrepreneurial process and to predict entrepreneurial activities in the best way by identifying ancestors of entrepreneurial intent (Davidsson, 1995; Bird, 1998; Krueger et al., 2000; Peterman & Kennedy , 2003; Linan, 2004; Kolvereid & Isaksen, 2006; Krueger, 2007; Dell, 2008; Mohammad Ismail et al., 2009). Kolvereid findings and Isaksen (2006) found that 297 founders of businesses, the intent to be self employed will define later choosing self-employment.

Individuals usually do not start a business as a reflex, they do it willingly and not accidentally (Krueger et al., 2000; Krueger, 2007). According to Krueger (2007) the intent will serve as mediators between the entrepreneurial actions and outside factors (the characteristics, demographics, skills, social, cultural and financial support). They suggest that entrepreneurial intention explains the reasons why certain individuals tempted to start their own business before doing the evaluation of opportunities or to decide the type of business that should be included.



Education entrepreneurs trying to develop in participants, willing to display behaviors, knowledge and desire for entrepreneurial activity (Linan, 2004). Students are trained and prepared to enter the labor market in the specific area of their study. However if they will work for others or will become entrepreneurs (self employed and job creators) that is determined by their intent.

Many studies regarding the willingness of students to become entrepreneurs were undertaken. Christian (2000) studied the willingness of students to become entrepreneurs and found that 65% of the respondents had it. Study of Christine (2004) regarding Chinese students intent to become entrepreneurs showed that out of 105 survey, 33.66% had the intent and 13.86 had desire. The same kind of studies have been made by Gerald (2006) who found that out of 194 respondents, 30.4% had the intent and 22% expressed desire.

The study made by Autio, Keeley, Klofsten & Ulfstedt (1997) that investigates student entrepreneurial intent, in the context of different cultures, revealed that university environment affects student entrepreneurial confidence positively. Educational support through professional education is an effective way to undertake the necessary knowledge regarding entrepreneurship. This is supported by a study made by Wang and Wong (2004) which stated that dreams of many students lose momentum by the lack of preparation by the academic institutions. The school and the education system also play a critical role in identifying and shaping the characteristics of entrepreneurs (Ibrahim & Soufani 2002). Other studies have shown that entrepreneurial education, especially one that contains technological training, is key to innovative entrepreneurs (Galloway & Brown, 2002, Garavan & O'Cinneide, 1994).

3. Methodology

The objective of this research paper is to examine the entrepreneurship intent of young people in Albania and students were individuals who became part of the study. This study is part of a large research work with focus on youths at university level which included students from University of Tirana, University of Elbasan, University of Shkoder, University of Vlora, University of Gjirokaster, University of Korca, University "Aleksander Moisiu", Durres, University of New York, Tirana and European University. The target group was selected on a broader bases including public and private universities in main cities of the country. Entrepreneurial Intention Questionnaire-EIQ (Linan et al, 2006) is the instrument of data collection for this study. This questionnaire is evaluated by a series of studies made by Linan and Chen (2009) and was carried out in different countries and different cultures. Regarding the use of this questionnaire in the Albanian context there is no evidence. On the use of this questionnaire in this study were requested permission from the copyright holder. EIQ questionnaire was created to study the willingness of young entrepreneurs gathering information on entrepreneurial activity, social norms, education and experience, skills, knowledge, objectives of entrepreneurship and the creation of an enterprise. All these factors are measured using a Likert scale assessment with 7 points, and the positive response/negative in cases necessary. Personal information of students and their contacts (in the case of enabling it to a long term study) were collected through the use of this tool. In total 497 students participated in the study. Not all questionnaires are taken into account as a result of missing data in some of the categories.

4. Study Results

The total number of valued observations in the study is 434. During this phase all respondents were studying in university programs, undergraduate or graduate levels, majored in business or related studies. Out of all respondents 62.9% (n=273) of participants are females and the average age of participants is 23.

The findings of the study show that 68% (n=296) of the students declare having entrepreneurship intention. Such a value consists to be high considering that Albanian economy is still in transition and people continue to be skeptic about entrepreneurship. Overall perception of students about this career opportunity is positive. They feel able and willing to become entrepreneurs.

According to the questionnaire the determinants were categorized as below and the results are included also below.

4.1 Education and Experience

According to the study 50.2% (n=218) of students were studying in the bachelor level. Majority of students, exactly 56% (n=243) were in the last year of study. Among all participants 45.8% (n=199) of them have working experience, whereas among them only 18.2% (n=79) resulted to be self-employed.

4.2 Entrepreneurial knowledge

The respondents that positively answered the question if they know an entrepreneur were 355 students, which means that 81.7% of participants have been close to an entrepreneur or/and entrepreneurial activities. Students exposed to such experiences is believed are influenced by them.

Another way getting entrepreneurial knowledge is through education on universities, where students get specific and important information related entrepreneurship and entrepreneurial activities. Table 1 below shows the level of knowledge for training, financial and technical support in the case of Albania. In general, participants show that they are able and have enough skills and knowledge to support undertaking entrepreneurial activities.

Table 1: Entrepreneurial Knowledge

	Specific training for young entrepreneurs	Loans in specially favourable terms	Technical aid to start the business	Business centres	Consulting services in favourable terms
Mean	4.00	3.85	4.08	4.06	4.20

4.3 Professional attraction

Students in order to evaluate the level of interest in entrepreneurship where asked questions such as the preference they have to start up a firm. They answer in Likert scale is 4.41 or in percentage 63% which is considered a moderate preference. Out of them 22.8% (n=99) of respondents evaluated starting up a firm as very much preferable.

Level of attraction towards being an entrepreneur is 5.43 in Likert scale or 77.6 %. In addition, 137 participants or 31.5% showed a maximum preference towards becoming an entrepreneur.

4.4 Social Valuation

The social valuation of entrepreneurial activities is positive, creating a healthy environment for entrepreneurship in Albania. Family is the most supportive of youths to become entrepreneurs valued approximately 83% pro entrepreneurship. According to this study Albanian society gives value to the entrepreneurial activities. This point is supported from the values showing the approval of the students' decision to start up a firm from close family, friends, colleagues as described in the table 2.

Table 2

	Your close family	Your friends	Your colleagues and mates
Mean	5.79	5.11	4.82

4.5 Entrepreneurial capacity

When students feel they have all the ingredients to become entrepreneurs they will undertake the initiative to create a new venture. Entrepreneurial capacity is an important ingredient. If students feel being able to undertake such initiative, they will do so. The situation in Albania is described in the table below. About all the aspects related entrepreneurial capacity that the respondents were asked, they felt being able as much as the values in Likert scale that the table 3 contains.

Table 3

	Mean
Start a firm and keep it working would be easy for me	3.65
I'm prepared to start a viable firm	3.60
I can control the creation process of a new firm	3.94
I know the necessary practical details to start a firm	3.73
I know how to develop an entrepreneurial project	3.92
If I tried to start a firm, I would have a high probability of succeeding	4.28

4.6 Entrepreneurial education

There are researchers that believe everyone has the potential to become entrepreneur, especially for those who have undertaken educational processes in universities. To test this in the Albanian case the questionnaire contained some questions that asked the students' belief if education matter in the issue of entrepreneurial intention. The findings are summarized in the table below.

Table 4

	Mean
Knowledge about the entrepreneurial environment	4.95
Greater recognition of the entrepreneur's figure	4.87
The preference to be an entrepreneur	4.87
The necessary abilities to be an entrepreneur	4.98
The intention to be an entrepreneur	5.22

The situation above is promising. Education does effect the preparation of young entrepreneurs.

4.7 Role model

Analyzing all possible determinants of entrepreneurship intention, role model is a real important one. The family consists to influence young people on a great deal, considering sharing business know how, exposing to opportunities and in understanding benefits of such a career choice.

Approximately 60% of participants have their fathers being close to entrepreneurship. Out of them 26% were self-employed, running their own businesses. In addition 19% of respondents' mothers were self-employed, whereas totally 42% of them were part of the private sector.

Among respondents' parents approximately 60% of them have university degree. The influence of parents in their children's career decision is very strong. Thus we cannot ignore that they are somehow advised from their parents on the study business related major. Combined this fact with the highest percentage of parents involved in entrepreneurship experiences is an influential ingredients for the entrepreneurial intention these students developed.

5. Conclusion

In Albania, where this study is focused, it is observed that the entrepreneurial intention among youths exists. According to Ajzen's Theory of Planned Behavior the intent is the immediate predecessor of behavior. The intent is influenced by factors and stimulated by the events in life. Thus entrepreneurship intention does so too.

Determinants of entrepreneurship intention consists to be many such as, education; working experience; entrepreneurial capacity, knowledge; social valuation and role models. Education is really important and results highly influential. It exposes students to entrepreneurial activities, it teaches them knowledge and skills to become entrepreneur, and provides the whole setting to start a new venture. Personal entrepreneurship experience fills students' capacity and makes them able to undertake entrepreneurial activities. In terms of role model parents' experiences involved in entrepreneurship is also influential into having entrepreneurship intention. To complete the list of determinants social norms should be highlighted. Social evaluation represents the entrepreneurial environment, a healthy one as it is valuated from this new generation in the case of Albania is favorable for having entrepreneurial intention among youth.

However, in Albania the unemployment level is considerable. For such a situation, the development of new entrepreneurs is the best possible answer specifically on the unemployment problem. This, because entrepreneurship is the best favorable solution for the economic struggle we actually are facing in general.

The last paragraph of this study comes with suggestion for youths, readers especially policy makers. In order to develop effective programs, the factors that influence Albanian youths that are discussed in this paper must be in focus. The problem students face even though, they follow three or four years business programs is that they do not undertake real steps into developing new ventures. Albanian policy makers should undertake concrete actions to support student become entrepreneurs, to transform intent into behavior. Also the good efforts undertaken to develop entrepreneurial intention should be continued and improved with future challenges.

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