

ENTREPRENEURIAL SKILLS AND INITIATIVES AMONG BUSINESS AND ECONOMICS STUDENTS

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Abstract

Small and medium-sized enterprises (SMEs) are considered to be the engine of the economy and represent around 99% of all businesses in the European Union (EU). In the last years, at EU level and also in Romania, various programmes and projects aiming at fostering and supporting entrepreneurial initiatives especially among young people have emerged. At the same time, it can be observed that students, mostly representatives of Generation Z, exhibit a positive progressive preference of embarking an independent career path rather than the “classical” employment that was relatively common for previous generations. Which are the entrepreneurial intentions among students of the Bucharest University of Economic Studies? Are these connected with their entrepreneurial skills and family behavioural patterns? Which are the most attractive fields for them? Which are the biggest challenges and barriers faced by young entrepreneurs? The present paper aims at addressing the previously listed questions by analysing the responses obtained within a survey conducted in the fall of 2017 among students enrolled in one of the largest and most prestigious business, economics and administration universities in Romania. By means of various research methods the authors aim at outlining a profile of a potential young Romanian entrepreneur. The results of the study might be of interests for several groups of stakeholders (universities, public authorities, non-governmental organisations etc.) when formulating and proposing curricula, courses, policies, regulations and other operational measures aimed at stimulating entrepreneurship.

Keywords

Entrepreneurial skills, entrepreneurial initiatives, entrepreneurship, generation Z, students, Romania

JEL Classification

A22, A23, A29, L26

Introduction

Starting up businesses while still in college might prove to be a powerful alternative to employment (Eriksson et al., 2006). If the labor market fails to supply jobs or attractive enough wages, starting up an own business could be a solution to make a living (Hinz and Jungbauer-Gans, 1999). A certain entrepreneurial motivation is, however, required for making this step. Motivation is very often believed to be strongly influenced by education

(Oosterbeek et al., 2010; Wilson et al., 2007). Starting from a claim that entrepreneurship is the most forceful economic variable, Kuratko (2005) considers that entrepreneurial education has expanded rapidly over the past years. Studies show that entrepreneurial education plays a significant role in influencing young people to create new ventures (Florin et al., 2007; Ronstadt, 1987), albeit formal education is not to be perceived as a self-standing factor. Egerová et al. (2017) point out that education ripens most benefits when backed up by stimuli such as the entrepreneurial background of the family. Nevertheless, business education contributes to students gaining the needed knowledge, skills and abilities to start up on their own.

The institutional heritage of entrepreneurial education in Eastern Europe is mostly inexistent (Manolova, 2007), and the building blocks have started to be set rather recently, so there is still experience to be gained. Yonkers (2004) suggests Western entrepreneurial education programs to be replicated in emerging countries for sustaining business growth.

Entrepreneurial initiatives in Romania as compared to the EU

Abrudan and Năstase (2012) believe that both lower and higher education institutions in Romania should be more open to promoting business and entrepreneurial education. This claim comes on the fundament of a lack of proneness towards entrepreneurial initiatives in the Romanian economy, mostly influenced by historical facts, namely a socialist rule that strangled private business (Hurubean, 2013). Romania's post-communist transition was heavily built on foreign investment in retail, industry, real estate and services (Bevan and Estrin, 2004), and less on private initiative from within the country. Without a strong support of domestic entrepreneurial initiatives, though, it is rather difficult to consolidate long-term development (Dumitru and Dumitru, 2017; Popescu, 2017).

Efforts have been carried out towards fostering private initiative, which saw, among others, entrepreneurial education find its way in schools, though only after the 2000's, and, mostly, only in form of lectures focusing on creative thinking and problem solving (Marinescu and Botea, 2017). In a thorough study carried out across 17 European countries, Küttim (2014) found out that even though there has been an increase in the number of business classes and lectures being offered, the students expected to receive more networking and coaching opportunities, aspects that Romanian entrepreneurial education still lacks. Matters have only began to change after Romania's accession to the EU in 2007 and the structural funds granted to the country for educational projects, yet there is still enough to be done in terms of entrepreneurial mentoring and incubation which would need to come next to lectures in order to motivate students' engagement in entrepreneurship and offer them the needed skills.

Now, what really motivates students to venture into entrepreneurship is rather difficult to grasp, yet Lynch et al. (2017) identify intrinsic and extrinsic factors as two main categories of motives. One of the most intrinsic motivations that the authors identify is the desire to work on their own, i.e. not to be employed by someone else and to have to constantly report to an in-line manager. Next to self-employment there also comes the wish of being creative, as well as having the chance to turn ideas into a reality that might prove beneficial for the wider society. The main extrinsic motivators would be money, career benefits, status, social acceptance or power (Carsrud and Brännback, 2011), yet some authors do not find them as important as intrinsic motivators (Deci and Ryan, 1975). As a matter of fact, one of the characteristics of young entrepreneurs that Young et al. (2017) have identified is improvisation. Being faced with a scarcity of jobs, many students (but not only) are beginning to act ad-hoc and start-up businesses. Next to the benefits of starting a business for the wider economy, this also encourages innovation. What many students of the post-Millennials generations are motivated by is the opportunity to impact the markets by using a combination of their ideas with novel technologies (Kanevsky et al., 2017; Popescu, 2017).

Mobile and digital have also made it easier for students to start a business, with considerably reduced and democratized communication costs.

Albeit such conditions, Dumitru and Dumitru (2017) point out that the level of entrepreneurship in Romania is still lagging as compared to fellow CEE countries. While technologies for business creativity are being diffused at high speeds, offering Romania a position that is comparable to developed countries, what the former lacks is cohesion in terms of the wider entrepreneurial set. Shirokova et al. (2017) underline the utmost importance that national culture plays in the relationship between higher education and starting up. The authors first demonstrate the existence of a positive and significant relationship between university curricula and student start-ups. This is to validate a common belief that universities could and should play their role as business incubators, since doing so can only ripen benefits (Mian, 1996). It is not university that demotivates students from entrepreneurship (on the contrary), but, as Shirokova et al. (2017) believe, the perceptions that students have got about how desirable entrepreneurship is in their society. In what concerns entrepreneurial perceptions and the image of the entrepreneur, Romania still needs to make recovery efforts and to create a better venturing environment to draw the attention of students. For the moment, being an entrepreneur in Romania is often associated with hurdles and difficult challenges (Racolța-Paina and Andrieș, 2017). Moreover, specifically relating to entrepreneurial education, a widespread belief dominates Romanian society that entrepreneurship cannot be learned via formal education, but it is rather discovered by doing (Driga, González, 2009). In their attempt to motivate students for entrepreneurship, universities have to first win their attention and counteract the belief that school would not help in pursuing an entrepreneurial path.

Empirical research and data analysis

In order to answer questions such as: *Which are the entrepreneurial intentions among students of the Bucharest University of Economic Studies? Are these connected with their entrepreneurial skills and family behavioural patterns? Which are the most attractive fields for them? Which are the biggest challenges and barriers faced by young entrepreneurs?*, the empirical part of the present paper has employed a questionnaire based survey which was conducted among students from the Bucharest University of Economic Studies in the last quarter of 2017. The questionnaire was distributed on an online platform among students from various fields of studies – from Business Administration to Accounting, Agribusiness, Public Administration, Cybernetics, Economics, Finance and Banking etc.-, therefore covering all major fields of Business Administration and Economics. There were collected over 330 valid questionnaires which were further analysed in order to identify the entrepreneurial intentions of the surveyed population as well as the barriers faced/perceived when setting up a business. Different other demographic factors were researched with the purpose of identifying any kind of correlations between them and the entrepreneurial intentions of young students. The 19 items of the questionnaire (close-ended questions, in some cases with the option “other” of adding a new answer) resulted from a focus group organized with the project experts and can be grouped into three major sections: demographic questions, entrepreneurial intentions, influence factors of entrepreneurial intentions.

As depicted in the following table most of the respondents (almost 70%) are female, revealing the general structure of student population in the university. Not surprising at all is also the age structure: over 98% of the respondents are younger than 25 placing them in Generation Z category. This age structure serves the goal of the research, which aims at investigating entrepreneurial intentions and influence factors among young student population, which has potential to manifest entrepreneurial intentions and can be educated and stimulated in this direction. The majority (over 53%) of the respondents is employed,

out of which almost 65% part-time and 35% full-time. Almost 20% are active in the field of Finance, banking and insurance, followed by 15% in Consulting and over 10% in Commerce. Many respondents (over 32%) study Business Administration, an educational field which exhibits an important entrepreneurial component. Economics ranks second (over 17%), while Cybernetics, Statistics and Business Informatics ranks third (13.2%). Over 30% have a monthly average net income between 175-335 EUR, while 25.7% have a monthly average disposable income between 336-545, and just 18% have over 546 EUR. Without external aid, the disposable income of students might look insufficient in order to start up a business, but according to the National Institute for Statistics (INSSE, 2018) the average net income in Romania in November 2017 was 547 EUR.

The next sections of the paper investigate if any relations between status on the labour market, field of study or disposable income and entrepreneurial intentions can be established.

Table no. 1 Demographic profile of the participants

Indicators	Relative frequencies (%)		
Gender	Male	30.2	
	Female	69.8	
Age	18-21	74.6	
	22-25	24	
	Over 25	1.4	
Working status	Working, out of which	53.6	
	Full-time	35.5	
	Part-time	64.5	
	Not working	46.4	
Field of activity	Finance, banking and insurance	19.4	
	Consulting	14	
	Commerce	10.3	
	IT& Telecommunication	7	
	Education& Research	5	
	Culture	3.3	
	Mass media	3.3	
	Tourism	2.5	
	Other fields of activity	35.2	
	Field of study	Business Administration	32.7
Economics		17.1	
Cybernetics, Statistics and Business Informatics		13.2	
Marketing		7.8	
Accounting		6.9	
Finance, Banking and Insurance		6.3	
Other fields of study		16	
Monthly average net income (1 EUR ≈ 4,5 RON)		Under 175 EUR	24.9
		175-335 EUR	31.4
		336-545 EUR	25.7
	546-775 EUR	8.7	
	776 EUR- 1110 EUR	5.7	
	Over 1111 EUR	3.6	

Source: own illustration based on collected data

As it results (Fig. no. 1), in the general student population under investigation the entrepreneurial intentions are high, reaching 82% (we included in the category entrepreneurial intentions the answers yes, maybe, I already have a business, I will join the family business), delivering an optimistic result.

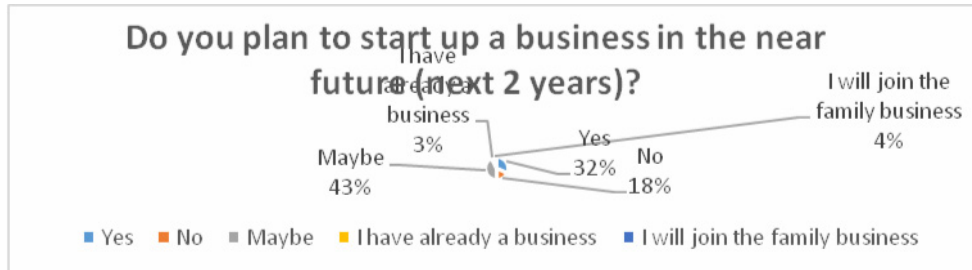


Fig. no. 1 Entrepreneurial intentions

Source: own illustration based on collected data

While attempting to identify a relation between entrepreneurial intentions and various demographic variables (Fig. no. 2), we can state that small differences can be observed between male and female respondents: men (85.15%) are more likely to embrace the entrepreneurial path than women (80.60%). Surprising is the fact that those working full-time and those not working at all declare a greater intention to set up a company (over 83%) as compared to those working part-time (76%). As expected, students enrolled in Business Administration programs, where a greater importance is attached to entrepreneurship courses, are more inclined to start up their own business. This outcome underlines the importance of entrepreneurial education while fostering entrepreneurial initiatives. The results of the study reveal no evident connection between the monthly average disposable net income and the entrepreneurial intentions. It appears that both students with lower income and higher income manifest similar entrepreneurial intentions (a slightly higher intention in the higher income categories). However, a minimum is reached in the category 175-335 EUR. These results might lead to the conclusion that while setting up a company students do not rely on own financial resources, but rather on external, attracted funds.

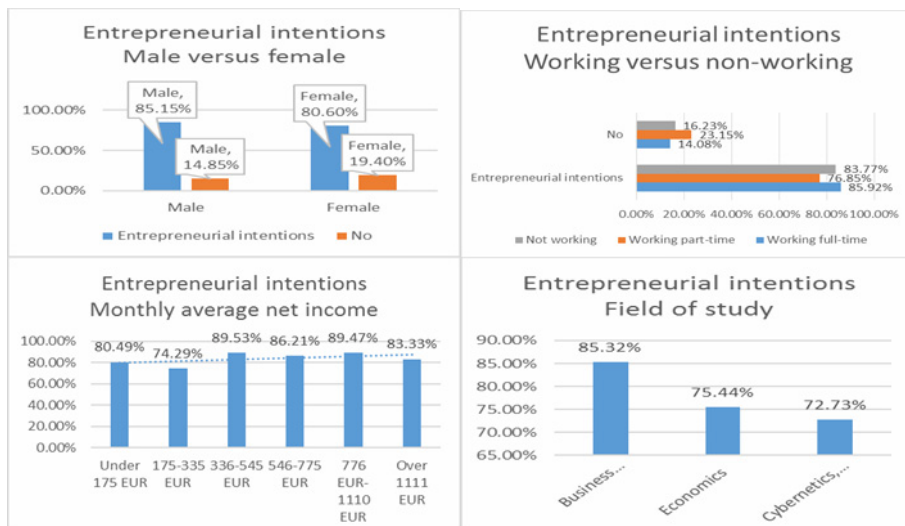


Fig. no. 2 Entrepreneurial intentions among various categories of respondents

Source: own illustration based on collected data

It appears that other factors are influencing the entrepreneurial intentions of students, such as family profile and participation at lectures on this topic (Fig. no. 3). Therefore, if they grew in an environment where entrepreneurship was valued and encouraged, they are more likely to start up their own company: almost 91% of the students who grew up in such a family manifest entrepreneurial intentions (finding which is aligned to Egerová et al. (2017)) compared to 76% of the students who were educated in an environment not so close to entrepreneurship. Entrepreneurship education might play also an important role: 85% of the respondents who attended entrepreneurship classes are willing to set up a company compared to 79% who did not attend such classes.

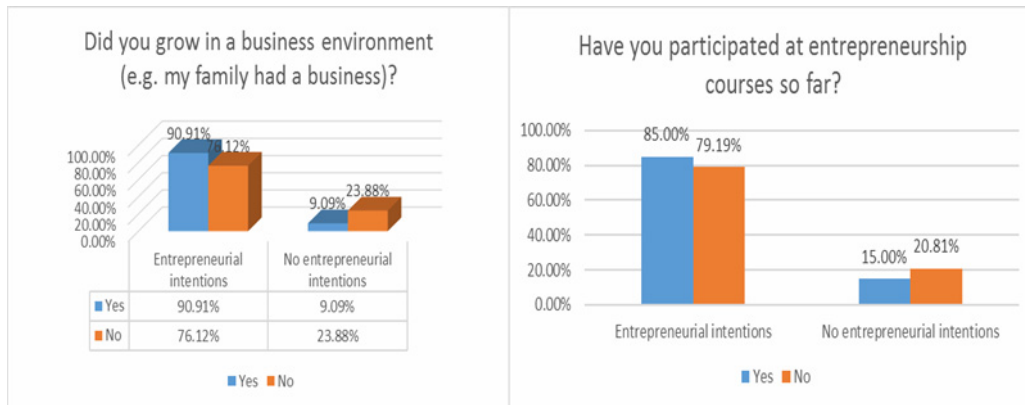


Fig. no. 3 Factors influencing entrepreneurial intentions

Source: own illustration based on collected data

Fig. no. 4 shows the main barriers reported by students which might inhibit their entrepreneurial initiatives. “Lack of financial resources” ranks first, followed by “Lack of a special business idea”. While the second point could be tackled by entrepreneurial education which might represent a source of inspiration for potential entrepreneurs, the first factor prompts the attention of public authorities which are expected to develop and implement appropriate financing programs for young entrepreneurs. Ranked third and fourth are “Excessive bureaucracy” and “Lack of experience/knowledge in the field”. The bureaucracy issue can be addressed also by authorities, while the acquisition of know-how represents students’ responsibility. “Fear of failure” and “Risk taking capacity” represent two other major factors which slow down the entrepreneurial initiatives in Romania. These aspects can be also traced back to our communist past, but the development of an entrepreneurial culture and spirit can be nurtured both in schools and in the civil society. Aspects such as “Lack of entrepreneurial skills, specialized knowledge and networking with other entrepreneurs” can be addressed through formal and non-formal education but also within business incubators developed in universities, which facilitate both transfer of knowledge and interaction among (potential) entrepreneurs.

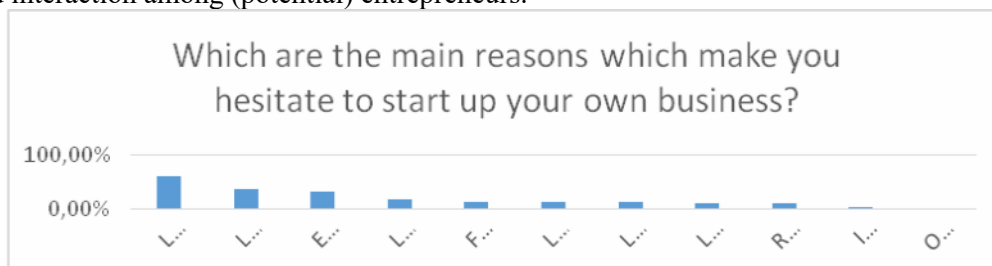


Fig. no. 4 Main barriers which diminish entrepreneurial initiatives

Source: own illustration based on collected data

Acknowledgement

The present study has been conducted as an intrinsic result of the “Dezvoltarea structurii suport pentru initiativele antreprenoriale studentesti in cadrul Academiei de Studii Economice din Bucuresti- GoBIZ” project, CNFIS-FDI-2017-0391 code, DMCI code 2316/14.06.2017.

Conclusions

The present study has managed to render interesting results for a large number of stakeholders. First, policy makers can use the results and can ask for studies to be conducted in similar university as to obtain a potential return on state investments in education and to justify the financing that such units receive. On the other hand, the studied university can use the results of the research to reinforce different fund applications for financing the entrepreneurial behavior of its students and for continuing such existing programmes. Another category of stakeholders is represented by the future students of the university who can be motivated to enrol in the programmes of the teaching unit as it delivers a significant numbers of potential entrepreneurs on the market. The conclusions of the empirical research give indications students have high intentions of initiating a business, and that when employing such an endeavour they do not necessarily have the funds to do it, but they are interested in attracting external financing, thing that can provide hints on their maturity and cooperation behavior that they exhibit needing to enter into contact with different state or EU agencies. Formal education and their family background can play an important role in determining students to follow an entrepreneurial path.

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