# ANTECEDENTS OF ENTREPRENEURIAL INTENTION AMONG MACEDONIAN YOUTH: A QUALITATIVE APPROACH

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**Abstract:** This paper examines antecedents of entrepreneurial intention among young population in Macedonia. Research framework is based on the Entrepreneurial Intention Model which relies on the Theory of Planned Behavior and suggested that decision on creation of a new venture is determined by certain motivational factors which are considered as antecedents of intention. In order to gain a deeper understanding of the relationship between these factors and entrepreneurial intentions, a qualitative method was applied. Using semi-structured interview, research data were collected from a purposive sample of 30 young persons aged 15 to 29 years in Macedonia. The sample stratification was done by gender, place of residence, age, educational level, employment status and ethnicity. The results reveal that young persons whose parents are entrepreneurs have subjective norms and attitudes that favor their personal entrepreneurial intentions. At the same time, they perceived negative normative beliefs of the referent community regarding the decision to become an entrepreneur. Also, the findings indicate that positive personal attitude towards engaging in entrepreneurial activity is driven by the aspiration to functional independence, preferences for freedom of action and expression, and, above all, it is strongly motivated by profit. Moreover, the attraction of being self-employed is affected by a desire for the successful fulfillment of professional and business goals. In regard to perceived behavioral control and the sense of capacity to fulfill entrepreneurship behavior, respondents expressed belief in their capabilities, such as: strong self-esteem, perception of high personal skills, responsibility, persistence, and ability to manage business processes.

**Keywords:** Entrepreneurial intention, subjective norms, personal attitudes, perceived behavioral control, Macedonian youth, qualitative study.

#### INTRODUCTION

Engagement of the youth in entrepreneurial activity brings both individual and social benefits. Being entrepreneurs and self-employees they have the opportunity to develop their own working experiences and capabilities, at the same time providing economic independence and well-being. The development of youth entrepreneurship is "possible solution for integration of the youth on the labor market ..."(Greene, 2013:1), it contributes to the creation of new jobs, it stimulates the economic development and the competitiveness of the national economy.

Research is motivated by two reasons. The first reason comprises of the low entrepreneurial intentions among the youngsters indicated in the recent quantitative studies. The findings of the survey research of representative sample of young population in Macedonia show two indications: 60 % of the young individuals do not want to work in the business sector, and 25% consider themselves prepared to start their own business (Topuzovska Latkovic, M. et al., 2013). The results of another study of the Macedonian youth reveal that only 17.3 % wish to run their own business (Jakimovski, J et al., 2015). Such findings are not optimistic and those indicate downward trend of the entrepreneurial intentions in the young individuals.

The second reason is the fact that the previous quantitative research on the young individuals' preferences regarding the kind and sector of employment does not sufficiently disclose the reasons why the public sector is more attractive for the young individuals, and why engagement in the entrepreneurial activity is not the desired option.

The goal of this paper is to investigate the antecedents, i.e., the factors that determine the entrepreneurial intentions in the Macedonian young population<sup>16</sup>. This study applies the Entrepreneurial Intention Model of F. Liñán (2005). This model relies on the Ajzen's Theory of Planned Behavior (Ajzen, 2002), according to which person's intention to perform particular behavior is determined by three antecedents: attitudes towards the behavior, subjective norms, and perceived behavioral control.

This paper is composed of five sections. Following the introduction, the second section presents the Entrepreneurial Intention Model and provides brief review of the previous research. The third section describes the research methodology followed by the research findings. We conclude the last section by discussing the results and their implications for theory and practice.

#### THEORETICAL BACKGROUND AND RECENT FINDINGS

Intention to become an entrepreneur is the best predictor of the current behavior directed to creation a venture. This research applies the Entrepreneurial Intention Model of Francisco Liñan which is accepted as the most appropriate to study intention to start a new venture (Liñan and Chen, 2006) and assumes that the intention to become entrepreneur is determined by certain complex and often inter-related factors, among which are the individual and social attitudes (Liñan, 2005). The model is based on the Theory of Planned Behavior (TPB) of Ajzen (2002), which suggests that human acting is driven by: a) normative beliefs which result in social pressure and subjective norms; b) behavioral beliefs which produce attitudes for behavior, and c) control beliefs which create perceived behavioral control. TPB shows high consistency in the prediction of entrepreneurial intentions which is confirmed in the empirical research (Moriano et al., 2011; Krueger et al., 2000; Autio et al., 2001).

According to Liñán, individual actions and behavior are determined by behavioral intentions which are as stronger as the attitudes toward a particular behavior, the subjective norms and perception of the behavior control are more favorable. In that sense the person would make its decision on starting its own business based on three basic elements which are considered to be explanatory variables of the entrepreneurial intention (2005:3):

- Perceived social norms for such career opportunity (subjective norms).
- Personal preferences or, how attractive for the person is the option to become an entrepreneur (personal attitudes toward entrepreneurial behavior).
- Personal perception of the feasibility to become an entrepreneur, i.e., perception of how easy/difficult is to fulfill the behavior of interest (perception of self-efficacy and capacity for fulfilling entrepreneurial behavior perceived behavioral control).

Testing the Entrepreneurial Intention Model on a two-country sample suggests strong empirical confirmation of its relevancy (Liñán and Chen, 2006).

On the other hand, research of the relation between the entrepreneurial intentions and behavior also consider other, contingent factors. Green suggests that different micro and macro determinants affect the decision on self-employment (Greene, 2013). Some empirical studies list several factors which influence the intentions (Eurofound, 2015). At micro level: 1) older rather than younger individuals, especially male, are more likely to elect to be self-employed; 2) those who have completed higher education are more likely to decide on self-employment; 3) previous working experience and, accordingly, previous professional background are important factors, and 4) there are strong evidence that the children of self-employed parents follow the example of their parents. At macro level: 1) decision on self-employment is influenced by the social and regional surrounding, as well as the macro-economic cycle, and 2) cultural and social attitudes play significant role.

Research in Macedonia shows similar results. A quantitative study conducted on a sample of 516 undergraduate students, shows strong support of TPB and the Entrepreneurial Intention Model. Namely, personal attitudes and perceived behavioral control both exert strong impact on entrepreneurial intentions. Regarding subjective norms, results confirm statistically significant correlation, but the impact on intentions is not very strong (Debarliev et al, 2015).

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#### RESEARCH METHODOLOGY

Main objective of this research is to provide thorough insights and to investigate the nature of the entrepreneurial intentions through examination of the factors which determine these intentions. Regarding the epistemological framework of this paper, we should emphasize that it is aimed to understanding the social conditions and activities through analyzing and interpreting the statements / responses of the interviewees, that is, the collected database. The key research question is:

"What are the reasons why the young population prefers employment in the public sector and avoids entrepreneurship as a career goal, that is, why the entrepreneurial intention in the young individuals is low?"

For the needs of this paper, a cross-sectional research design is prepared (Bryman, 2012: 59), because collection of empirical evidence is performed in precisely determined time interval (September 10-20, 2016) and proved a kind of "picture" of the social life of the researched population (Newman, 2014: 44). However, we should also take into account the longitudinal dimension which is primarily incorporated through the rich secondary database from already realized research.

The primary data is obtained through qualitative methodology, i.e., by using in-depth interviews. In-depth interviews are semi-structured. Semi-structured interview is a method of data collecting which "refers to a situation where the interviewer has series of questions which in the *interview guide* are given in general form..." (Bryman, 2012: 473). Interviewees complete interviews electronically (through e-mail) and send back to the interviewers.

The sample is purposive, stratified and it is composed of 30 respondents, young people of 15-29 years of age, from the Republic of Macedonia. The stratification of the sample is made by sex, place of living (municipality), age, degree of education, working status and ethnicity.

It means that, totally 30 interviews are made, for which prior verbal informative consent is obtained. The anonymity of all interviewed persons is guaranteed. The analysis of the qualitative database is focused on interpretations, experiences and perceptions of the interviewed young people in relation with the topics defined in the key research question. In addition, the authors of the paper, at their discretion, synthesize part of the questions and present them as synthetic indicators while other "points" of the responses of the interviewees they present as quotations which are part of the findings and conclusive insights.

#### **RESULTS**

#### CULTURAL AND SOCIAL NORMS TOWARD ENTREPRENEURSHIP BEHAVIOR

Perceived cultural and social norms show the social evaluation and the social pressure over the person to practice or not entrepreneurial behavior. More precisely, it refers to the perception of the person how the people from his/her closer and wider surrounding estimate the decision to be entrepreneur. Such normative beliefs contain expectations of the others; shape the motivation of the person to harmonize it with such expectations, and install subjective norms which determine the entrepreneurial intention. The responses of the respondents originating from a family which runs entrepreneurial business show that there is contradiction in the perception of the attitudes from the wider surrounding, and the closer one, the family surrounding. Most frequently, the perception of the former is negative, and the perception of the later is positive.

Moreover, positive evaluation of the decision to become entrepreneur by the closer surrounding is linked to the positive perception of the role of the entrepreneurs and the benefit entrepreneurship brings to the development of the economy and social welfare. Evident is the specificity of the attitudes of the respondents who originate from families running their own ventures. Although, the wider surrounding prefers employment in the public administration, the closer surrounding where there is family tradition of entrepreneurial business supports the entrepreneurial activity. One respondent employed in a family business said: "Entrepreneurship is welcomed in my family and it has been welcomed for 150 years. Many people are critically tuned, and rightfully hold that the establishment of their own venture nowadays is risky. It is due to the oligopoly, absence of stability in the economy, and the legislation system... However, entrepreneurship and urge for private ownership can be found in each of us. As such, these are the pillar of a healthy society, produce value-added goods, and they play a role in prevention against monopoly."

Young entrepreneurs hold that the wider surrounding negatively views on their entrepreneurial venture. One of them stated that "...the reaction of the people around me was that I was insane when I decided to quit excellent job in order to establish my own company". One female entrepreneur says "there were also skeptics around me whose disbelief ranged from negative comments to open contradiction to my idea".

According to the statements of a respondent, the negative cultural and social attitude toward the entrepreneurship "is due to the mental matrix in Macedonia". Moreover, as typical attitude is underlined the negative attitude of the surrounding derived from the mistrust in the state institutions, unstable social situation in Macedonia and the risk of "business failure". There is also an opinion that the economy is overburdened by "unfair competition and politically determined businesses".

Contrary to the above mentioned, it is noticeable that a part of the young unemployed persons has negative attitude regarding the role of the entrepreneurs and their economic goals aimed "first of all, to personal enrichment". Another opined that "In our country, most often there is exploitation of the labor and the workers are not sufficiently paid and they work in conditions which are below any possible level".

#### PERSONAL ATTITUDES TOWARD ENTREPRENEURSHIP BEHAVIOR

The attitudes toward entrepreneurship behavior are determined by the personal evaluation of being entrepreneur. It can be expressed as a feeling, but also as a consideration of the estimation regarding the benefits. Personal beliefs about the possible outcomes of entrepreneurship behavior result in attitudes which favor or do not favor professional attractiveness of the entrepreneurship. The most important aspect which came out of the analysis of the narratives is that entrepreneurship behavior is driven by striving for independence in the professional occupation, and first of all, it is strongly motivated by the desire for profit. Typical example is the following statement of a female student: "To be self-employed is attractive to me. In that case you are your own boss, you are not subordinate, you run the business by yourself and you'll do your best to take what you have built to the peak. You know that what you make efforts for will be on your account and you will have your own benefit later".

Research provided evidence on some other aspects of the personal desirability of creating new venture. The attractiveness of the option to be self-employed is triggered by the desire for successful fulfilling professional and business goals. This is indicated by the statement like "It is attractive to be self-employed, because of becoming independent and because of control and responsibility regarding everything you make and do. The idea that you create by yourself and manage the processes in your own company also provides personal satisfaction if there is success." Such attitudes are not linked to the age or the working status of the young individuals and these are detected in different individual respondents: secondary school student, student, graduated unemployed, and employed. Moreover, it is evident that the attitudes as personal dispositions affect the positive or negative responds to particular circumstances, persons or institutions. A female graduated student indicates that her personal desirability of creating new venture emerges from her negative attitude regarding being employed in large corporation and her preferences for freedom of action and expression.

Concerning young entrepreneurs, the narratives are dominated by favorable assessments of the entrepreneurship behavior which is in relation with the beliefs of various outcomes and evaluative considerations as a higher working efficiency and effectiveness, independence, creativity, freedom in working and financial autonomy.

In terms of financial independence and financial success, the engagement in entrepreneurial activity should not be seen as an immediate way for gaining enormous profit. A young entrepreneur has realistic point of view and offers the following suggestion "We live in an era when being entrepreneur is cool and trendy, but the truth is that it is the most difficult thing you will make in your life. Except in case you run illegal business and you do not pay the employees. If you establish a company for making millions, you should not do it. Millions cannot be earned so fast in legal way. "

Unlike the previous findings, it was noticed in the respondents that the negative assessment of the benefits and disbelief in success as entrepreneur is in correlation with the poor entrepreneurial climate in the country which is strongly influenced by the politics. "It is not attractive to start a business because we live in a society in which the major companies have created some kind of monopoly wherein new business is very hard to succeed ... unfortunately, the negative politic climate has an important role therein". This confirms that various exogenous factors can influence attitudes and behavioral intentions to become an entrepreneur.

Finally, we should mention that the low professional attractiveness of entrepreneurship is linked to the absence of personal affinities for such type of employment or, feeling of "fear of failure".

#### PERSONAL PERCEPTION OF FEASIBILITY TO BECOME AN ENTREPRENEUR

The entrepreneurship capacity of the person is investigated through the personal perception of the possibility or ability to become an entrepreneur. Such perception is influenced by the belief regarding to which degree particular internal factors can prevent or facilitate the entrepreneurship behavior. The experience of a young female

entrepreneur shows that besides the professional attractiveness, important factor is personal engagement and readiness for hard work.

The perceived behavioral control or, personal perception of the possibility to be entrepreneur in a statement of the female student is named as "special way of behavior". Such behavior includes self-confidence, responsibility, persistence and capability for managing the processes.

Positive control beliefs which create a feeling of capacity for fulfillment of the entrepreneurship behavior are represented through positive perception of one's own abilities and strong self-confidence. Following statements are characteristic: "I believe in my capacities for running entrepreneurship business. It is not difficult for me to control the processes in the company", and "I believe in myself, I would be good entrepreneur who will be proven in due time. I possess high degree of self-confidence that I will succeed... I am ready to put efforts in development of my company in order to become successful in the business".

From the narratives of the respondents it was also spotted the need of the young individuals for entrepreneurial education and experience which are necessary for evaluation of the possibility of entrepreneurship behavior and one's own entrepreneurship capacity. One respondent employed in a family business with his parents said that "... one is not born capable, one becomes capable. Entrepreneurship is interesting as a professional determination, but it requires sacrifice to shape and make the project successful... I think that the processes control the entrepreneur in the first 10-15 years, after that it slowly goes vice versa".

#### DISCUSSION AND CONCLUSIONS

Research outcomes disclosed a number of important patterns which were repeated in the interviews and are related to the antecedents of the entrepreneurship intentions.

Respondents whose parents run entrepreneurship business have positive perception of the cultural and social norms of their closer surrounding. Such social norms create micro environment which supports entrepreneurship behavior of the individual. More precisely, under the influence of the closer family, the young individuals develop subjective norms which favor their personal entrepreneurial intentions. In the families were the entrepreneurial activity is a generator of fundamental incomes for living, and even more when parents are successful in their business venture, in the young members of the family that situation becomes desired pattern of behavior which suggests that the entrepreneurship can be transferred through generations (Green, 2013), parents, as role model, influence the entrepreneurship affinity of their children (Niittykangas and Tervo, 2005; Colombier and Masclet, 2008).

Findings suggest that positive perception of the cultural and social attitudes regarding the entrepreneurial behavior is linked to the positive perception of the significance of the entrepreneurship and its role in creating social welfare.

Negative social attitudes for starting own business are often accompanied by negative opinion on the entrepreneurs as an economic actors and unfavorable economic and political conditions in the country. This is, probably, a result of: bad examples of employers and their companies; insufficient emphasis on good examples of successful entrepreneurs; unfair competition; and, finally, corruption which young entrepreneurs consider being a serious barrier in managing one's own business (Zabijakin Chatleska et al., 2016). When the image of the entrepreneurs in the society is bad, then young individuals are not motivated to start entrepreneurial venture. Positive social attitudes are important step for creation friendly business surrounding, which in turn will positively influence the intention of the young individuals for self-employment (Bergmann, 2009). Although it is difficult to separate the influence of the institutions from the influence of the culture and social norms, institutions through promotion of public policies have important role in shaping the entrepreneurial climate.

The professional attractiveness of the entrepreneurship is based on the belief that it provides independence in the professional occupation, personal financial and professional success. On the other hand, it is not desired option because it is linked to absence of affinity to such kind of work, high personal responsibility or fear of failure.

Decision to become entrepreneur is also determined by the perception of the degree of possibility of entrepreneurship as a career. The respondents express their sense for capacity of entrepreneurship behavior through: strong self-confidence, perception of high personal abilities, responsibility, and persistence, capability to manage the processes, devotion and readiness for hard work.

Applying qualitative method through in-depth analysis of particular individual and unique characteristics and circumstances which determine the entrepreneurial intentions, this study gives contribution to the further development of the theory of entrepreneurial intentions in the young individuals, as well as practical implications for the public policy makers.

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