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## **ROLE MODELS' EFFECT ON STUDENTS ENTREPRENEURIAL INTENTION**

### **Abstract:**

Entrepreneurship is affecting economic growth worldwide. In a time of economical crises the creation of new ventures would be an ideal solution. Understanding entrepreneurship's importance and positive contribution to the economy of a country, it is significant studies to be undertaken in order to boost the development of entrepreneurship. Thus, in focus must be factors that alter students' behavior and their career decision to become entrepreneurs. Many highlight that role model consist to be among the most important factors that alter entrepreneurial intention.

This study aims to analyze the family role in the decision of students to follow entrepreneurial career path and the influence it has on the intent of the Albanian youth entrepreneurs. The purpose is to assess the role of the family in determining the preference of students to become entrepreneurs. To observe this relation we have studied the case of 434 Albanian students majored in business across the country. The findings suggest that students who have been exposed to entrepreneurial role of families show high intention to become entrepreneurs compared with those who lack this role model. A positive correlation between students exposed to entrepreneurial model within the family and their entrepreneurial intent exists. As a result many suggestions for the education system and policy makers in Albania are proposed.

Suggestions drive the attention to education. They reinforce that education can expose students to entrepreneurial role models. It has a very important impact not only to provide students with the skills and knowledge needed for entrepreneurship but also to create confidence and implement new business models. The challenge of education system is that it can influence entrepreneurial intent to young students. As for in terms of role models where such a model is missing in the family, education can provide it successfully.

### **Keywords:**

Entrepreneurship, young entrepreneurs, role model, family, Albanian students, education.

**JEL Classification:** M20, A00, I25

## Introduction

Unemployment of the population and especially among youth consist to be a challenge problem in the nowadays Albania. In terms of the labor market there are many issues, similarly as in the economies of all countries that are 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 youths (aged 15-29 years, where 25% of the population participate in this group) 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.<sup>1</sup>

Urgently, there is a need for a solution. To resolve the situation, best alternative is developing entrepreneurship. It creates employment opportunities for the young people as well as increases economic growth of the country. At this moment there is only one question that needs to be answered. How? Everything starts with entrepreneurship and thus it is universities' challenge to promote innovative spirit and encourage self-employment as a career path.

During last three years researchers in Albania have put their efforts to analyze and find factors that will affect the creation of the entrepreneurial intention among students and to come with recommendations for the educational policies and university's curricula. One important factor among the many possible determinants of entrepreneurial intention that needs to be considered is role model, especially the role of the family in developing entrepreneurial intention and motivate young people to choose entrepreneurship as a career path.

The purpose of this study is to assess the influence of role models in determining the preference of students to become entrepreneurs. To observe this relation the case of 424 Albanian students in business majors across the country have been analyzed through this paper. Due to the strong family concept in the Albanian culture the existence of a high correlation between family role model and entrepreneurship intention is suggested. This paper aims to analyze exactly the family's influence on the intent of the Albanian youth entrepreneurs.

## Literature Review

Historically economists have supported the idea that entrepreneurship and entrepreneurs are responsible for economic development. Studying the entrepreneur is to study the

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<sup>1</sup> "Youth Employment and Migration" Report, Country Brief Albania, ILO, MDG Achievement Fund

central figure in modern economic development and the central figure in the field of economy (Cole, 1959).

According to the French businessman and banker Cantillon (1755) government should play a passive role and entrepreneurs should be the active central figures that motivate the entire economic system. Cantillon 's model became the inspiration for the "invisible hand of Adam Smith" because it demonstrated that the personal interest of entrepreneurs would regulate the economy better than if the holder of the property will take all decisions.

It is the duty of policy makers, researchers and academics to recognize and support entrepreneurship because of the positive contribution to the economy and people's lives. Study on the motivation of entrepreneurs is a method that tries to understand more about the roots of entrepreneurial behavior than the personality profile of entrepreneurs. 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 choosing self-employment when 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).

The decisions of individuals to engage in a particular activity in many cases are influenced by behavior and opinions of others, actions taken by them or examples they provide (Ajzen 1991). In the same way individuals are influenced to choose working experience and specifically the decision to be involved in entrepreneurship. Many entrepreneurs when questioned claimed that the decision to start and develop their business is influenced by others-role models. Others are often entrepreneurs and in most cases family members. These people serve as role models. A role model is a person who creates an example that is replicated by others and may stimulate or inspire other individuals to undertake certain career decisions and achieve certain goals in life. Parents and other family members often play a significant role to young entrepreneurs (Kennedy, J. et al , 2003).

Family in the Albanian society still plays a key role as a potential model to inspire young people to pursue certain career path. Albanian family has offered practical support and advice to young generation traditionally. According to researcher Kaser (2012) in last decades, kinship ties have been adapted to the new challenges in Albania. They seem to be weaker than at the beginning of the 20th century. However, kinship networks function in reformulated ways nowadays. Extended kinship relations still constitute the basis for informal transactions and the solution of economic and everyday problems in a society, which is fragmentarily organized.

Traditionally, students in Albania are trained to be job seekers and not job creators. According to Lami and Mile (2013), there are many cases where universities only offer knowledge. There is lack of specialized information to channel knowledge in accordance with the needs dictated by the market. Stimulating interest for creating new ventures has not been the main focus of Albanian universities. This consists to be a problem and asks for attention.

## **Methodology**

The study aims to analyze the family role in the decision of students to follow entrepreneurial career path and the influence it has on the intent of the Albanian youth entrepreneurs. This study is part of a large research work, including 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 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. 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.

## **Study Results**

The total number of valued observations in the study is 424. During this phase all respondents were studying in university programs, undergraduate or graduate levels, majored in business or related studies. Out of all respondents 64.3% (n=273) of participants are females and the average age of participants is 23.

The findings of the study show that 69.8% (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.

Table 1: Sample characteristics

	Value	Frequency (percentage)
Gender	Female	273 (64.3%)
	Male	150 (35.7%)
Age	18-20	39 (9.2%)
	21-23	332 (78.5%)
	24+	53 (12.3%)
Study program	Business Administration	193 (45.7%)
	Finance	157 (37.1%)
	Other	74 (17.2%)
Role model with positive experience	Yes	355 (83.9%)
	No	69 (16.1%)
Intention to become an entrepreneur	Yes	296 (69.8%)
	No	128 (30.2%)

Participants in the questionnaire were mostly during their last year of studies, thus the need to decide about the career path that they will follow was urgent. For this purpose, the questionnaire contained in purpose some questions that would retrieve their perception about entrepreneurship as a possible career alternative. Table 2 summarizes the results coming from the respondents. These results make it obvious that Albanian youths represented by this sample perceive entrepreneurship as an attractive career path. Their professional attraction towards becoming an entrepreneur is easily considered as highly positive.

Table 2: Professional attraction towards entrepreneurship

	Percentage
Being an entrepreneur implies more advantages than disadvantages to me	72.2%
A career as entrepreneur is attractive for me	77.8%
If I had the opportunity and resources, I'd like to start a firm	82.6%
Being an entrepreneur would entail great satisfactions for me	74.7%
Among various options, I'd rather be an entrepreneur	72.7%

Considering the entrepreneurial intent, the study shows that 7 among 10 students declare to have the intention to become an entrepreneur. This value is very attractive for a researcher to deeply study the phenomenon of entrepreneurial intention in this sample and diagnose the situation on a large scale with conclusions for Albanian youths in general. According to a group of questions that the questionnaire contained and Table 3 summarizes, the entrepreneurial intention exists and in the middle run this students are ready to become entrepreneurs and create their own and new ventures.

Table 3: Entrepreneurial intention

	Percentage
I'm ready to make anything to be an entrepreneur	56.7%
My professional goal is becoming an entrepreneur	60.8%
I will make every effort to start and run my own firm	66.9%
I'm determined to create a firm in the future	68.4%
I have very seriously thought in starting a firm	66.3%
<b>I've got the firm intention to start a firm some day</b>	<b>69.1%</b>

For the question "I've got the firm intention to start a firm someday" the results being 69.1% is quite valued showing that they want and are willing to start a firm in the upcoming years. This is due to the need for experience, confirmation of their knowledge and skills, and the inspiration from the role models in action. This is also confirmed from the statement "I am determined to create a firm in the future" which is strongly supported by respondents (68.4%). "Make anything", "my professional goal", "make every effort", "seriously thought" are statements powerfully supported about the intention to become an entrepreneur as it is shown in the table above.

Besides the general analysis about the entrepreneurial intention found to exist among these students, the purpose of this study is to evaluate the influence that role model and especially family has into the creation of this intention. There are two possibilities and for the purpose of this study these two possibilities represent the two hypotheses.

H1: Students close to role models and entrepreneurial experiences have stronger entrepreneurial intention than those without.

H0: Students close to role models and entrepreneurial experiences have not stronger entrepreneurial intention than those without.

In order to test the hypothesis the Chi-square test of independence and Phi Coefficient along with a cross tabulation analysis are used as presented below.

Table 4: Cross tabulation analysis: relation between "intent" and "knowing an entrepreneur"

		"Knowing an entrepreneur"		Total
		yes	no	
"Intent"	yes	249 (70.1%)	47 (69.1%)	296
	no	106 (29.9%)	22 (30.9%)	128
Total		355 (100.0%)	69 (100.0%)	424

Paying attention to the information that the cross tabulation analysis contains, it is obvious that students declaring to have the intention to become entrepreneurs consist to be dominant in numbers on both groups: the one close to role models, and those without exposition to any entrepreneurial experience ( 249 compare to 106, and 47 compare to 21). The ones declaring to have entrepreneurial intention and knowing an entrepreneur are 249 representing 70.1% of all those knowing an entrepreneur. In addition, the value is very small for those having entrepreneurial intent and lacking role model, exactly only 17.4% of all those having positive intention.

Table 5: Chi-Square test of independence and Phi coefficient

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.857	1	0.21
Phi Coefficient	0.265		0.21
N of valid cases	424		

Trying to test the hypothesis, the Pearson Chi-square test of independence and Phi Coefficient are used and their values prove the initial belief written since the beginning of this paper. A value equal to 5.857 of the Chi-square with a p-value of 0.21 and with one degree of freedom supports the H1 hypothesis that there is a stronger entrepreneurial intention when there is exposition to role models. As a result, the null hypothesis is rejected. The correlation between our variables according to the value of Phi Coefficient is considered to be moderate.

Again, the statistical analysis represented above supports that students being close to role models or entrepreneurial experiences have stronger entrepreneurial intention, Thus, role models are influential into the creation of entrepreneurial intention.

## Conclusion

The findings of this study suggest that the entrepreneurial role model has a positive influence on the decisions of the students related their career choices. Students being exposed to the entrepreneurial model in the family and not only have a stronger entrepreneurial intention compared to those students that have lack such exposition. Such conclusions are supported from the empirical evidences used in this paper. In addition, other studies have been also conducted trying to see the relation between entrepreneurial role models and the creation of entrepreneurial intention such as that of Holienka et al, 2013 representing the case of Slovakia and the conclusions consist to be similar.

Thus, the correlation exists and moreover it is positive. Family as an inspirational entrepreneurial role model has an impact on the creation of entrepreneurial intention. It inspires the model, offers practical support for the youths, exposes them to real experiences, shows the benefits of such a career choice, and increases the confidence to this new generation to undertake the creation of new ventures. This way, entrepreneurs within the family help the creation of new young entrepreneurs.

However, entrepreneurs within the family are not the only possible role models. Others such as successful active entrepreneurs can be the same influential. When the exposition to entrepreneurial activities from the family is missing, education can and must fill this gap. Even though the correlation between role models and the intention to become entrepreneur is found to be a moderate one, education still must be altered and expose students to successful entrepreneurial role models. Why? Because such models may result to be inspirational to the students, may increase their confidence, may teach them real life experiences, and all in all may help them develop the intention to become entrepreneurs. Education must systematically practice this in order the impact to be multiplied.

Education has a very important impact not only to provide students with the skills and knowledge needed for entrepreneurship, but also to create confidence and implement new business models. Through the intervention of education school can be a practical lab for implementing business ideas. It can be a place where all young people can develop their talents. This way, education may help young people to develop the entrepreneurial intention. As for role models, when such a model is missing in the family, education can provide it successfully.

To conclude, all the findings of this study show that there is a positive correlation between role models and entrepreneurial intention, meaning being close to role models or entrepreneurial experiences influence a stronger entrepreneurial intention. This conclusion must take attention from policy makers. An economy in need for entrepreneurs in order to overcome the actual crisis and high levels of unemployment must consider seriously this results and intervene to the education system to systematically expose students to successful entrepreneur role models.



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