

Factors Affecting Students' Intentions to Start a Business: Case Study Serbia

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Abstract: The aim of this study was to analyze students' intentions toward entrepreneurial activities and their desire to start their own business. This research was conducted between October 2021 and April 2022 at Technical faculty in Bor (University of Belgrade) as a part of international project (INTERGEN). Methods used in this research are independent t-test and linear regression analysis, with stepwise procedure. The obtained results have shown that there are no large differences between intentions of male and female students to start a business. Also, the results of regression analysis have shown that those students who perceive a support from their family and friends are more likely to engage in business venture.

Keywords: *students, entrepreneurial intentions, family support*

1 Introduction

Entrepreneurship begins when a person decides to start a business. Then, the person is exposed to certain factors that encourage him or her to establish an entrepreneurial intention. Attitude, subjective norms, and self-efficacy predict intention, whereas intention predicts behavior [1].

Entrepreneurial intentions, according to Sperber and Linder [2], are formed based on perception of support combined with the effort that the entrepreneur is ready and able to execute. Higher levels of support reduce the amount of effort required to achieve the desired result, whereas a lack of support demands more personal effort. The individuals' social environment is a significant predictor of entrepreneurial intention [3], particularly among young people [4]. Reference people's positive attitudes toward starting a business are likely to influence an individual's personal attitude toward entrepreneurship [5]. The majority of studies identify close family, friends, colleagues, and mates as reference people in a person's life [6].

The role of the family in encouraging people to undertake entrepreneurial activities is the subject of research in a relatively small number of studies. One of the reasons for this is the lack of integration of different scientific disciplines in entrepreneurship studies [7]. Nevertheless, one can observe growing literature on the importance of families [3, 8, 9] and on the impact of social support [10-12] in entrepreneurship advancement. Previous studies have proven the significant

influence of the family in supporting young people in starting entrepreneurial businesses. The significant role of the family stems from the inexperience of young people in performing entrepreneurial activities, lack of knowledge about entrepreneurship, and a small number of acquaintances from the business world [13]. Also, the reasons are a lack of capital and difficulties in obtaining financial support as loans and credits for starting a business [14]. Family members frequently bring resources to the business, such as time, labor recommendations, knowledge, information, or emotional support [15]. That is why it can be said that the support of the family is important both emotionally and materially. In addition to emotional and financial support, social capital, i.e. the network of acquaintances and family members' relations to the immediate environment, is emphasized. Acquaintances can provide guarantees when obtaining a loan and improve a relationship of trust with suppliers, customers, and business partners [16]. In a comprehensive study by Edelman et al. [8], the importance of the family was considered from the social support point of view of a representative sample of 12,399 university students from 19 countries. The results indicated that family cohesiveness in the entrepreneurial process is very complex and takes place in several directions.

Personality is also one of the essential characteristics that influence entrepreneurial intentions [17]. Personal characteristics are vital for entrepreneurship, according to Adgüzel et al. [18], since to be an entrepreneur, an individual's personal attributes must be fit for entrepreneurial activity. The lack of certain personal attributes impacts one's willingness and intention to become an entrepreneur [19].

In a study of university students, Arasteh et al. [20] found that when university students are given the opportunity to be entrepreneurial, their entrepreneurial characteristics emerge. Even though opportunity, support, and incentives all play a role in developing entrepreneurship, starting a business is a psychological phenomenon. Given this, some authors define entrepreneurship as a combination of personal characteristics such as risk-taking, the desire for achievement and excellence, self-confidence, creativity, trust, stress tolerance, independence, innovativeness, and proactive personality [21].

Young people are expected to have an open mind, be knowledgeable, flexible, innovative, and creative. The fact that young people have the confidence to take chances, want to make money by making a fast introduction to life, and want to show themselves within their environment are reasons why entrepreneurship can be a viable career option [22]. In selecting entrepreneurship as a career choice, there is also the desire to own a business and have complete control over your destiny, regardless of others' opinions [23]. Also, among university students, those who are interested in entrepreneurship are typically young people who wish to continue working in the family firm [24].

Based on all these facts the aim of this study was to determine what are the main factors that drive students' intention to become entrepreneurs.

2 Methodology

The research was conducted from October 2021 until April 2022 within the framework of the INTERGEN II project. The project was initiated and coordinated by the University of Russe, Bulgaria, and also included partners from Russia, Romania, Albania, Poland, Uzbekistan, Iran and Serbia. One of the objective of this Project was to determine the factors which can significantly help to explain the students' intention to engage in any entrepreneurial activity. In each partner country, a project coordinator was assigned and he/she was responsible for collecting students' responses from the home university. This paper presents the results of research conducted at the University of Belgrade, Technical faculty in Bor (Serbia).

Sample included only those students who attended Entrepreneurship courses during that or previous academic years and who were willing to participate in survey. A total of 104 students were contacted online to answer the questionnaire and all questionnaires were properly completed. The sample size was based on the availability of students during classes, which could be one of the limitations of the present study.

For the purpose of the INTERGEN II project, a special questionnaire was developed. The questionnaire consists of 49 questions, but in this study only 18 research questions were used, which were found the most relevant according to literature review. For the assessment of the answers, the Likert five-point scale was used, where 5 means „I completely agree“, and 1 means „I completely disagree“.

The research was focused on the following variables:

1. Student intentions towards entrepreneurship: do students want to start their own business? What are the factors affectiong their intention? Do they feel support from their family and friends? How do their personal characteristics affect their intention to start a business?
2. Demographic variables: gender, level of study, family business background.

The research included students of both genders, different ages and different family business background. The demographic characteristics of the sample are shown in Table 1: they were mostly young women, bachelor students, without a family business background.

Table 1. Socio-demographic characteristics of the sample

	N	%
Gender		
Male	30	71.2
Female	74	28.8
Level of study		
Bachelor student	92	88.5
Bachelor degree	2	1.9
Master student	10	9.6
Family background		
Yes	12	11.5
Temporary suspended	2	1.9
No	90	86.5

3 Results and discussion

In order to test the null hypothesis which says that there is no significant differences between entrepreneurial intentions of female and male students, the t-test for independent groups was used and the results are presented in Table 2.

Table 2. The differences between male and female students' responses

Female	Question	Male
4.04	I would like to have my own business	3.77
4.35	I am convinced that my family would support me by all means*.	4.27
3.76	In order to start something I need the support from my relatives and best friends.	3.30
3.59	I can convince my parents to give me some seed capital for my business.	3.17
3.23	I am ready to start my own business even without the support of relatives and friends	3.37
3.61	I may say that I am satisfied by my lifestyle.	3.50
3.85	I may say that I am a happy person.	3.77
4.40	My priority is to achieve important goals.	4.37
2.22	Most of the time I feel sorrow.	2.03

3.28	I would prefer to have intergenerational family business relations (INTERGEN), rather than totally independent business.	3.73
4.13	I have good appreciation and good support of the people around me.	4.13
3.46	I feel anxiety when I think about my future.	2.90
3.28	I have clear purpose and direction for my future.	3.67
3.73	When I have a problem I share it with my relatives and friends.	3.43
3.16	I would like to have intergenerational business with my parents*	3.30
3.26	I would involve my parents in my business as employees.*	3.00
3.38	I prefer to promote our family business instead to add a new business	3.77
4.07	I think all the time about the problems I have to solve*	3.57

*level of significance $p < 0.05$

Based on the results (Table 2) it can be concluded that students in general (both male and female) are ready and interested to start their own business. Very high average values of their responses show that their entrepreneurial intentions are very high. One of the reason could be that they think that their family would support them in that venture (4.35 and 4.27, for female and male students respectively), which is very encouraging fact. Female students are more sure that they could convinced their parents to invest in their business, then their male colleagues. Most of the time the respondents feel happy and satisfied with their life, but female students actually do not have so clear purpose for their future, like male students do.

The regression analysis was performed in order to outline the predictors of students' intention to start their own business. For this purpose, stepwise procedure was used. Although it has often been criticized, stepwise regression has become popular with Big Data because it is a very efficient way of choosing a relatively small number of explanatory variables from a large list of possibilities. [25].

The stepwise model accounting 40 % of the variance in the intention of students to start their own business (adjusted R square 0.378; $p < .000$; CI=95) with the predictors is listed in Table 3.

Table 3. Regression model

Model	Beta	Sig.
(Constant)		0.141
I am ready to start my own business even without the support of relatives and friends	0.340	0.000
When I have a problem I share it with my relatives and friends.	0.226	0.008
I would like to have intergenerational business with my parents	0.594	0.000
I would involve my parents in my business as employees.	0.201	0.039
I prefer to promote our family business instead to add a new business	-0.300	0.002
I think all the time about the problems I have to solve.	0.196	0.023

Dependent Variable: I would like to have my own business

According to results presented in Table 3, the intention to start independent business is predicted by the idea that students are ready to do that even without any support. However, among other predictors are those which promote family relations in business. Also interesting is that the decision to start their own business is predicted by some personal emotions. The results have shown that those students who are more occupied with their problems and who are thinking all the time how to solve daily problems are more likely to engage in entrepreneurial activities and take their destiny into their own hands. The intention to continue family business is negatively related to idea to start independent business, which has a very logical explanation. Those who are committed to continue family business are not interested to start a new venture. But, unfortunately number of students with family business background (both active and temporarily suspended) is very low, only 13.4%.

Similar results have been obtained in other studies. In their work, Turulja et al. [26] reported that informal support, by which they consider close family, friends and partners, is a strong predictor of students' entrepreneurial intentions. Papulova and Papul [27] conducted the survey among university students in Slovakia and they found out that 51% of respondents are ready to include their family members in business. However, the results obtained in China [28] have shown that entrepreneurial intentions of university students are not directly affected by family members. According to this research, their parents and relatives who have successful business experiences have a limited influence on their entrepreneurial intention development.

One additional question What are your expectations for the next five years was trying to uncover what is the future of the business after the pandemic according to students' opinion. They had possibility to choose multiple answers. The results are presented in Table 4.

Table 4. What are your expectations for the next five years?

Response	Frequency
The business and the social life will be normalized in accordance to the period before COVID-19.	31
The business and the social life will be under different restrictions.	30
I can't answer this question.	21
I feel nothing will be the same.	26
I feel everything will be mainly online.	33

The results have shown (Table 4) that students' opinion are split. One third of them thinks that everything will be normalized after covid-19, but one third thinks that everything will remain online, even after pandemic. Some of the answers were contradictory, which only shows that this epidemiological situation is still confusing for most people and that it is hard to predict future.

In this study, the focus was on the factors that affect students' intentions to start their own business. Based on these results it was easy to conclude that young people are actually prepared and interested to deal with entrepreneurial activities, but when they enter the labor market they face with very serious problems and unsupportive environment which make them to change their decisions. That is why it is important, beside adequate education system, to ensure supportive economic environment which will stimulate youth entrepreneurship.

Of course, there are some limitations of the current study. First limitation is reflected in a very small sample size, which is due to very low number of students during classes. Second, only a limited number of variables were studied, which stepwise procedure marked as statistically significant. Third, this study was related to one country and to students of one faculty' department, so the conclusions can't be generalized. But, as a part of a big international research, this results will contribute a lot to compare the situation at different universities and countries.

Conclusions

Serbia does not have a long history of entrepreneurship. The reason for that lies in the dimensions of its national culture like collectivism, very high uncertainty avoidance, femininity values, which are not oriented toward risk taking as essential part of entrepreneurship. However, a good educational system could improve this situation. It is necessary to create an education environment that will encourage students to gain confidence in their competencies and skills and to be able to deal with uncertain situation. Besides, it is necessary to educate parents in order to develop a positive attitude when it comes to youth entrepreneurship, because a lot of parents in Serbia think that it is the best for their children to work in state companies and they are not supportive at all when it comes to business ventures.

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