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ORIGINAL SCIENTIFIC ARTICLE
Received: September 15, 2014
Accepted: November 02, 2014

YOUTH UNEMPLOYMENT AND ENTREPRENEURSHIP

Abstract

The paper deals with the problem of youth unemployment and entrepreneurship as a way out of unemployment. The battle against youth unemployment is a top European priority, since the youth unemployment rate is more than twice as high as the adult one, because the chances for a young unemployed person of finding a job are low, because their jobs tend to be less stable, because there are significant skills mismatches on the labor market. Entrepreneurship is a powerful driver of economic growth and job creation; it makes economies more competitive and innovative. The motivation for entrepreneurial career is different with different age cohorts. Youth represent a group with the highest entrepreneurial potential. In the empirical study, we analyze entrepreneurial tendencies among Slovene students of business schools and with factor analysis approach we try to define underlying entrepreneurial tendency dimensions as the literature suggests that entrepreneurial characteristics play an important role in influencing the individual's decision to become entrepreneurs. We defined four such entrepreneurial tendency dimensions: need for independence and achievement, problem solving, planning, and dealing with uncertain situations. However, the need for independence and achievement and problem solving are the strongest drivers of entrepreneurial tendency. The results of the study can be of help to policymakers when updating labor market policy measures in connection with the educational policy.

Key words: youth unemployment, entrepreneurship, competitiveness, self-employment, entrepreneurial characteristics.

JEL Classification: J21, J23, C38, L26

НЕЗАПОСЛЕНОСТ МЛАДИХ И ПРЕДУЗЕТНИШТВО

Апстракт

Рад се бави проблемом незапослености младих и предузетништвом као излазом из незапослености. Борба против незапослености младих се налази у врху европских приоритета, јер је стопа незапослености младих више него двоструко већа у односу на стопу незапослености одраслих, будући да су шансе за младе незапослене особе да нађу посао ниске. Послови младих су мање стабилни, јер постоји значајна неусклађеност вештина на тржишту рада. Предузетништво је моћан покретач економског раста и отварања нових радних места, чини привреду конкурентнијим и иновативним. Мотивација за предузетничку каријеру се разликује у различитим старосним групама. Омладина представља групу са највећим предузетничким потенцијалом. У емпиријском истраживању анализирамо предузетничке склоности

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словеначких студената пословних школа и приступом факторске анализе покушавамо да дефинишемо димензије предузетничких склоности, с обзиром да литература сугерише да предузетничке карактеристике играју важну улогу у доношењу одлука појединаца да постану предузетници. Дефинисали смо четири предузетничке карактеристике: потреба за независношћу и достигнућа, решавање проблема, планирање и сналажење у неизвесним ситуацијама. Међутим, потреба за независношћу и достигнућа и решавања проблема су најјачи покретачи предузетничке склоности. Резултати студије могу бити од помоћи креаторима политике приликом иновирања мера политике тржишта рада у вези са образовном политиком.

Кључне речи: *незапосленост младих, предузетништво, конкурентност, самозапошљавање, предузетничке карактеристике.*

Introduction

Since 2008 the EU has suffered the effects of the most severe economic crisis: for the first time in Europe there are over 23 million unemployed and in the majority of Member States small and medium sized enterprises have not yet been able to bounce back to their pre-crisis levels. The Europe 2020 strategy responded to this by setting out the foundations for future growth and competitiveness that will be smart, sustainable and inclusive, and which will address principal societal challenges. One of the greatest challenges is how to fight against the rising unemployment rates – especially youth unemployment. Youth unemployment is usually more sensitive to fluctuations in the business cycle compared to the unemployment of older people. According to data by Eurostat, the unemployment rate for people under the age of 25 is 23% (EU28). With regard to the data, and considering the European Union weakened by the economic crisis, the top priority of the European Union is a battle against the unemployment of young people under the age of 25. Why is this important issue to be addressed? Because the youth unemployment rate is more than twice as high as the adult one, because the chances for a young unemployed person of finding a job are low, because their jobs tend to be less stable, because there are significant skills mismatches on the labor market.

In tackling youth unemployment an important role is played by entrepreneurship, which is also seen as one of the aspects of improving the competitiveness of the European economies. Entrepreneurship is a powerful driver of economic growth and job creation: it creates new companies and jobs, opens up new markets and nurtures new skills and capabilities. Entrepreneurship makes economies more competitive and innovative and is crucial in achieving the objectives of several European sectorial policies. Commercializing new ideas, improve productivity and creates wealth. Without the jobs from new firms, average net employment growth would be negative. New companies, especially small and medium sized enterprises represent the most important source of new employment. Given the significant number of young unemployed people, the entrepreneurship as a route out of unemployment should be promoted. Investing in entrepreneurship education/training/courses is one of the highest return investments Europe can make to support growth and business creation. Whether or not they go on to found businesses or social enterprises, young people who benefit from entrepreneurial learning, develop business knowledge and essential skills and attitudes, including creativity, initiative, tenacity, co-working, teamwork, understanding of risk and a sense of responsibility.

This is the entrepreneurial mindset that helps entrepreneurs transform ideas into action and also significantly increases employability. In addition, entrepreneurial learning should be based on practical experiential learning approaches and experience of real-world entrepreneurs, whether on local, regional, national or multinational level. Higher education institutions should not just deliver knowledge, but should be an active player in real-world partnerships that enables to address the entrepreneurship skills of various sectors and therefore contribute to overcome the mismatches between labor supply and labor demand.

Starting up own business is not an easy thing to do, especially not for young person, who is facing lack of work experience, lack of skills and lack of financial resources when entering the labor market for the first time. The European Union supports different actions which aim to ease the transition from school to labor market and to promote entrepreneurship. In this paper, we focus especially on labor market policy interventions which are generally targeted at providing assistance to the unemployed and other groups of people who face particular difficulties to enter the labor market. Within this intervention there are few business development support schemes which are targeted to unemployed youth specifically. Youth unemployed is a specific group in the labor market and as such it is a group with the greatest entrepreneurial potential and should rely on close cooperation between employment services, business support and finance providers. The aim is to help youth unemployed make an effective transition into self-employment, increase the sustainability of their businesses and to provide support in a way of providing additional resources. Because different types of labor market policy interventions work different to different target groups, there is also an open question about the effectiveness of such interventions and contribution towards improving the competitiveness of the national economies.

In order to establish business environment that will be supportive towards new business ideas and will promote the development of entrepreneurship, there are several entrepreneurial determinants (OECD, 2013) that has to be fulfilled: regulatory framework, market conditions, access to finance, creation and diffusion of knowledge, entrepreneurial capabilities, and entrepreneurship culture. According to OECD (2014) the overall barriers to entrepreneurship have significantly been reduced over the last ten years across OECD countries. In countries where there are low burdens of starting up a new business, there are higher percentages of opportunity entrepreneurs. Despite the barriers that young people are facing when starting a business and they are facing these barriers with different intensity than their adult counterparts, there are some types of business models that young people usually use (EC, 2012): the most common is a self-employment model which is also promoted via labor market policy interventions, part time self-employment, interesting among young people is also cooperatives model. An obstacle preventing from turning ideas into projects is also connected with the possessing “right” characteristics to become an entrepreneur, which in turn also reflects a tendency towards entrepreneurship (see for example Zian et al., 2010; Fini et al., 2009). In the empirical part of the paper we will analyze the tendency towards entrepreneurship among young people. On top of that, we will try to identify the underlying dimensions (factors) of entrepreneurial characteristics. With further statistical analysis, we will try to define which of identified dimensions have the highest predictive power in explaining the decision of starting a business.

The paper is structured as follows: after a brief introduction, we present a short statistical overview of youth unemployment and motivation for self-employment. We continue with the promotion of entrepreneurship through labor market policy interventions and continue with entrepreneurship and entrepreneurial characteristics. This is followed by empirical application and at the end we conclude.

Youth unemployment and motivation for self-employment

In May 2014, 5.187 million young persons (under 25) were unemployed in the EU28, of whom 3.356 million were in the euro area. Compared with May 2013, youth unemployment decreased by 464 000 in the EU28 and by 205 000 in the euro area. In May 2014, the youth unemployment rate was 22.2% in the EU28 and 23.3% in the euro area, compared with 23.6% and 23.9% respectively in May 2013. On May 2014, the lowest rates were observed in Germany (7.8%), Austria (8.9%) and the Netherlands (10.8%), and the highest in Greece (57.7% in March 2014), Spain (54.0%) and Croatia (48.7% in the first quarter of 2014) (Eurostat, 2014).

In meeting the challenge of youth unemployment entrepreneurship can play an important role. Despite the fact that they are facing lack of work experience, lack of skills and lack of financial resources when entering labor market for the first time, young represent an important group with the the greatest entrepreneurial potential. According to the Eurobarometer survey (EC, 2010) 52,4% of young aged 15-24 would choose to be self-employed compared to 43,7% who would choose to be employed rather than self-employed. The percentage of the age cohort of 40-54 is somehow quite the opposite: 50,4% would choose to be employed, whereas 45,5% would choose to be self-employed. The highest scored reason of preferring to be an employee rather than self-employed is because of the regular, fixed income (versus irregular, variable income): 33% of the age cohort of 15-24 and 45% of the age cohort of 40-54. The second reason is stability of employment: 31,9% for the age cohort of 15-24 and 35,8% for the age cohort of 40-54. On the other hand, 66,1% of young aged 15-24 would prefer to be self-employed rather than an employee because of personal independence/self-fulfillment/interesting tasks, the second ranked reason is freedom to choose the place and time of working (34,4%), whereas the third ranked reason is better income prospects (22,8%). The results of the survey suggest that younger cohorts in the population may offer the most potential for entrepreneurship. On top of that, the age cohort 15-24 agreed most strongly that entrepreneurs are job creators. Wang et al. (2012) in their study examine the effects of multiple individual and environmental factors on self-employment motivation in China, Mexico and the USA. The individual factors may include, for example, autonomy, proactiveness, locus of control, innovativeness, risk taking. The set of environmental factors consist of such institutional and social components as legal and government support for small businesses, informal institutions, social norms for self-employment, social networks. Results of the Wang et al. (2012) study indicate that the USA has the individual and environmental factors most favorable to self-employment; Mexico has the highest level of motivation for self-employment; independence and risk taking are the best predictors of motivation for self-employment in all three countries; the predictive capability of independence, risk taking and social networks appears similar for China and the USA; and the predictive capability of informal institutions, government support and legal support appears similar for China and Mexico. The study of Wang et al. (2012) suggests that the cultural dimensions (for example, individualism versus collectivism) have to be taken into account when explaining the motivation for self-employment. Cultural research suggests that social behaviors of collectivism are more likely to be driven by social norms, duties, obligations than individualists, while the social behavior of individualists is more likely to be driven by personal beliefs, values and attitudes. It is also very important whether the social and institutional environment favours self-employment. If environment exerts fewer constraints over individuals, then it is expected that business behaviors are more likely to be determined by personal traits rather than by environmental factors (Hofstede, 2001; House et al., 2004). This suggests the importance

of cultural dimensions also for the European countries when explaining motivation for self-employment.

What is more, economic policy can be of help in stimulating entrepreneurship activity with simplifying administrative procedures and regulations, especially regarding business start-up and registration. Not only this, but also other policy measures have been developed through Small Business Act (EC, 2008) which are directed to stimulate entrepreneurship and help entrepreneurs overcome the barriers they face. We shortly discuss the aims of policy measures specifically directed at youth (EC, 2008):

Develop entrepreneurship skills: entrepreneurship skills programs aim to tackle the barrier of lack of entrepreneurial knowledge, skills and attitudes and lack of prior work and entrepreneurship experience. Young people gain skills and competencies such as opportunity recognition, business planning, running a business and also soft skills such as sense of initiative, creativity, autonomy, and teamwork. These skills and competencies should help young people become more aware of self-employment as a career option.

Provide information, advice, coaching and mentoring: supporting business during and after start-up with so called soft support is important because it complements what students have learned about entrepreneurship in school and helps fill the gaps unaddressed by the school system.

Provide financial support: while the most significant barrier to business startups and especially severe for youth is the lack of initial capital and difficulties in obtaining finance from private lenders, the important policy measure is to provide financial support which is seen in various finance programmes.

Develop infrastructure for entrepreneurship: this policy measure helps develop networks, skills, business incubators. It is important because it provides mutual learning opportunities, business contacts.

Promotion of entrepreneurship through labor market policy interventions

Since the youth unemployment rate in the EU is more than twice as high as the adult one (23% compared to 9%, respectively), one of the top priorities in the EU is to fight against the raising youth unemployment rate. The EU is working to reduce youth unemployment and to increase youth employment rate in line with the wider EU2020 strategy, target of achieving 75% employment rate for the working age population (20-64 years). According to the EU2020 strategy, there is also a clear goal to support entrepreneurship in Europe in order to reach competitive Europe and growth that will be smart, sustainable and inclusive. One of the way Europe has set up to reach that goal is labor market policy interventions that we will discuss in the paper. Labor market policy interventions are generally targeted at providing assistance to the unemployed and other groups of people who face particular difficulties to enter the labor market. In most EU member states the primary target group is people who are registered as unemployed by national public employment services or who are currently employed but at risk of involuntary job loss due to difficult economic circumstances for their employer – a situation that is particularly relevant during the current inconsistent recovery from the financial and economic crisis (Eurostat 2013). According to Eurostat (2013) labor market policy interventions are classified into three main types:

- Labor market policy services refer to labor market interventions where the main activity of participants is job-search related and where participation does not usually result in a change in labor market status.

- Labor market policy measures refer to labor market interventions where the main activity of participants is not job-search related and where participation usually results in a change of labor market status. In other words, a person who is unemployed typically ceases to be considered as such when participating in an LMP measure because they are temporarily in training or work and therefore not both actively seeking and immediately available for work. According to the type of action, labor market policy measures can be further broken down into training, job rotation and job sharing, employment incentives, supported employment and rehabilitation, direct job creation and start-up incentives.
- Labor market policy supports refer to interventions that provide financial assistance, directly or indirectly, to individuals for labor market reasons, or which compensate individuals for disadvantage caused by labor market circumstances. According to the type of action, labor market policy supports can be further broken down into out of work income maintenance and support and early retirement.

Decomposition of labor market policy expenditures is consistent with three main types of intervention: services, measures (active interventions) and supports (passive interventions). The vast majority (63.2 %) of expenditure on labor market policy interventions in 2010 across the EU financed labor market policy supports, while just over a quarter (25.6 %) was devoted to labor market policy measures and the remaining one ninth (11.3 %) was spent on labor market policy services. The question regarding labor market policy expenditures is dealing with the effective use of such resources. In the literature we can find numerous studies which try to estimate the effectiveness of labor market policy, mostly active labor market policies (active interventions).

Across the EU-27, an average of 2.2 % of gross domestic product was spent on labor market policy interventions in 2010. The relative weight of labor market policy expenditure in GDP rose between 2008 and 2009 in response to the increased number of unemployed persons across the EU-27. This increase in spending could be largely attributed to the effects of the financial and economic crisis on European labor markets and a rise in the level of expenditure for unemployment benefits. Between 2009 and 2010 the increased level of labor market policy expenditure was maintained, but not extended, despite the number of unemployed persons increasing by a further 7.7% between 2009 and 2010 (Eurostat 2013). Within the EU member states, the highest relative level of expenditure on labor market policy interventions in 2010 was reported in Ireland and Spain (both 3.9 % of GDP), followed by Belgium and Denmark – the only other EU member states spend more than 3.0 % of their GDP on such interventions. At the other end of the scale, nine member states spent less than 1 % of GDP on these interventions: Slovakia, Greece, Cyprus, Lithuania, the Czech Republic, the United Kingdom, Romania, Bulgaria and Malta (see figure 1).

Figure 1: Total labor market policy expenditures as a percentage of GDP Source of data: Eurostat

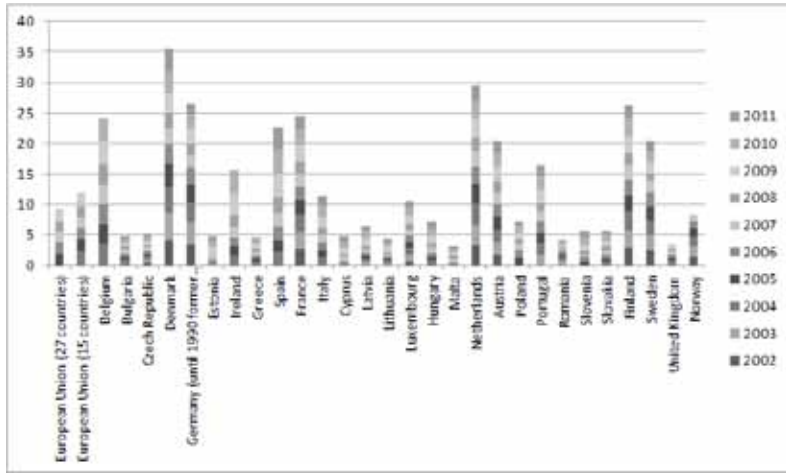
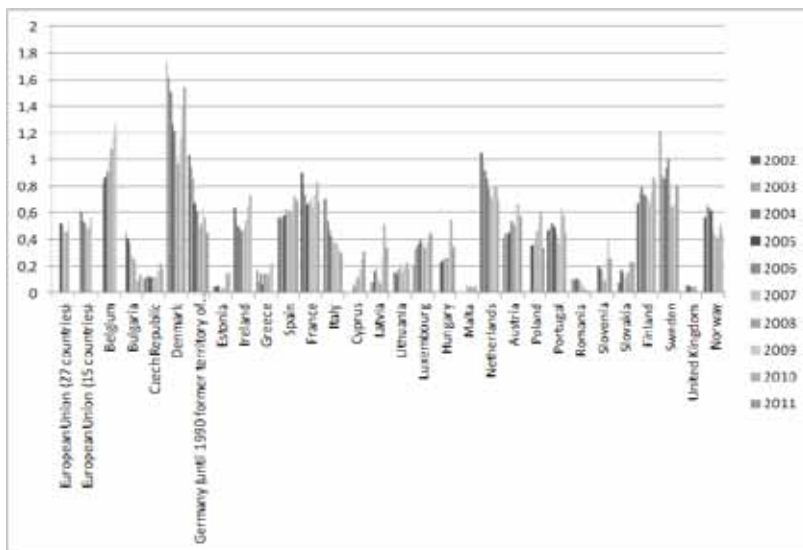


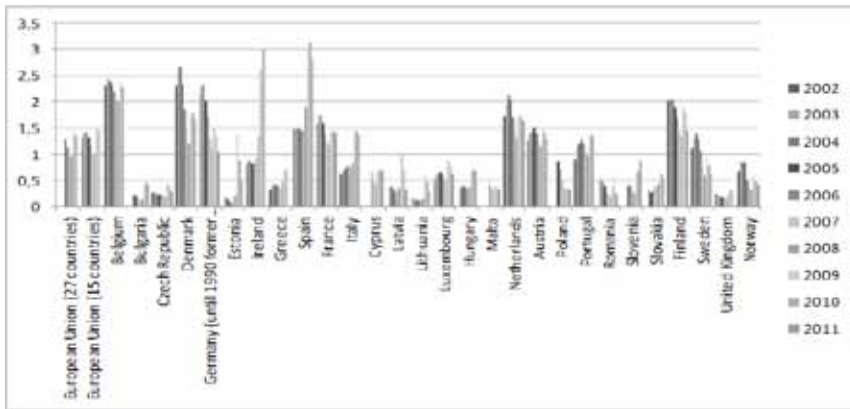
Figure 2: Total labor market policy expenditures for measures as a percentage of GDP



Source of data: Eurostat

Relative to GDP, Spain spent the most on labor market policy supports (3.1 %) with Belgium and Ireland the only other countries to spend more than 2 %. Denmark and Belgium had the highest relative expenditure on labor market policy measures (1.4% and 1.3 % of GDP respectively), while Sweden (0.5 % of GDP), the Netherlands, Denmark and Germany (all 0.4 % of GDP) reported the highest relative expenditure on labor market policy services see figure 2 and 3).

Figure 3: Total labor market policy expenditures for supports as a percentage of GDP

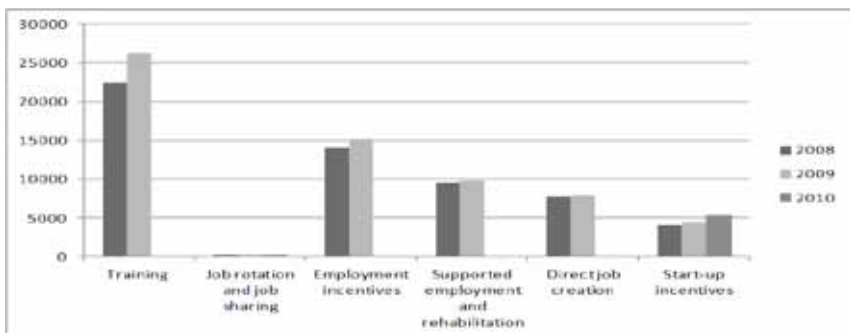


Source of data: Eurostat

The vast majority (62.9 %) of expenditure on labor market policy interventions in 2010 across the EU financed labor market policy supports, while just over a quarter (25.7 %) of the total expenditure on labor market policy interventions was devoted to labor market policy measures and the remaining one ninth (11.4%) was spent on labor market policy services. The level of expenditure and the breakdown of both expenditure and participants between the different types of labor market policy intervention varied considerably between EU member states, reflecting the diverse characteristics and problems within national labor markets, as well as the different policies of respective governments (Eurostat 2013).

Labor market policy measures mostly support the transition from unemployment or inactivity into employment, either by improving employability through training or work experience; by providing incentives for employers to take on people from selected target groups; or by encouraging individuals to become self-employed. The largest part of this expenditure went on a training (39.1 %), just over a quarter (25.1 %) on employment incentives, while 14.2 % was accounted for by supporting employment and rehabilitation (measures that promote the labor market integration of people with reduced working capacity) and 13.4 % by direct job creation (which covers the provision of temporary jobs that are additional to normal market supply) (see figure 4).

Figure 4: Labor market policy expenditures for measures (in million EUR)



Source of data: Eurostat

Entrepreneurship and entrepreneurial characteristics

Entrepreneurship plays important role in achieving economic development. It will require identification of individuals in all spheres of life with entrepreneurial characteristics and with the intention of starting a business either immediately or in the future (Izedonmi and Okafor, 2008). The results of some recent studies show that entrepreneurial characteristics play an important role in influencing the individual's decision to become entrepreneurs (see for example Zian et al., 2010; Fini et al., 2009; Ferreira et al., 2012). Different studies (see for example Burgelman, 1983; Kanter, 2004, Kuratko et al., 2004, 2005; Mitchelmore and Rowley, 2010; Man et al., 2008; Welter and Smallbone, 2011; Zampetakis and Moustakis, 2007; Lau et al., 2012; Hannu, 2000) have identified different above mentioned characteristics, such as:

Innovativeness: developing new or improved products or services; may involve radical or discontinuous change, improvement and redevelopment of existing products or processes, or the introduction of novel products or production methods based on new technology.

Risk taking: measuring and taking risks for the sake of profits; to take bold actions such as venturing units unknown new market or committing a large portion of resources to ventures with uncertain outcomes; preference is for moderately higher risks rather than extremely high risks.

Networking: developing personal relationships in which others willingly defer to one's wishes; networks include all internal and external, as well as formal and informal relationships that share information, experiences and resources and/or provide social-emotional support; networks represent a sources of power that facilitates the acquisition of physical and monetary resources and advice, information and reassurance.

Integration: being involved in all aspects of the organization; requires seeing things in a broader perspective, analyzing things in the abstract and putting seemingly unrelated elements together in a meaningful way; may involve creating a new order by selecting and fitting unrelated potential parts into a new pattern.

Opportunism: recognizing and exploiting opportunities to develop new products and processes, improve existing operations, and/or develop new marketing approaches; may discover mundane opportunities that enhance efficiency and quality; evaluation of opportunities involves balancing inadequate commitment of resources and the potential for return.

Non-system bound orientation: being unconstrained by rules, regulations and structures of existing organizational systems; to be able to take advantage of opportunities; may require manipulating of bypassing the system; such freedom must be justified from the perspective of organizational benefit.

Change orientation: responding to environmental changes in a proactive or reactive manner; proactive approach involves taking the initiative to shape the environment to one's own advantage, reactive approach involves responding to changes rather than exploiting and initiating change.

Flexibility in control: having the ability to adopt flexible planning systems and take varying degrees of control as appropriate to take advantage of emerging opportunities; facilitates changing strategic plans in response to highly complex and ever-changing environmental threats and opportunities.

Informality: preferring simple systems and informal structures; characterized in terms of being autonomous, resistant towards conformity and having a low need for support; allows for free crossing of organizational boundaries to promote a more open, cooperative atmosphere that is conducive to flexible decision-making processes, open communication and simplified work processes.

Result orientation: focusing on results; making decisions and solving problems intuitively to foster commitment to action; may become so immersed in work details that they are involved everywhere; ignoring corporate politics and individual egos, and violating bureaucratic procedures; similar to intense competitiveness, time urgency, preference of immediate action over planning.

Empirical application

In the empirical part of the paper we will analyze the tendency towards entrepreneurship among young people. On top of that, we will try to identify the underlying dimensions (factors) of entrepreneurial characteristics. With further statistical analysis, we will try to define which of identified dimensions have the highest predictive power in explaining the decision of starting a business.

We adopted a quantitative approach in terms of data collection and the method used was based on a survey. A survey was distributed to Slovene students of business schools. The main part of the survey consisted of 30 attributes of individuals' tendency towards entrepreneurship, which measured respondents' importance of each attribute on a five-point Likert scale. Respondents' tendency towards entrepreneurship was categorized as a dummy variable where one indicates a positive tendency towards entrepreneurial career and zero negative tendencies towards an entrepreneurial career. Among valid surveys, there were 33,3% of males and 66,7% of females. 50% of respondents were under the age of 23, whereas the average age of a respondent was 26. More than a half of the respondents had a higher education degree. The majority of respondents would choose an entrepreneurial career (88,9%) if there would be no other employment option, whereas only 11,1% of respondents would not decide for entrepreneurial career and would probably apply for the status of the unemployed person at the Employment Office. Further on we tested the hypothesis that the decision for an entrepreneurial career in case of no other employment options correlates with the entrepreneurial activity in the respondents' family. The significance level was 0,772 showing that based on a sample data there is no correlation between the decision for entrepreneurial career and entrepreneurial activity in the respondents' family.

We first used factor analysis to identify the underlying dimensions (factors) of the 30 attributes of individuals' tendency towards entrepreneurship. The main objectives of using factor analysis are:

- to create a smaller set of correlated attributes into dimensions or factors from the existing attributes that explain the most variance among the attributes and
- to apply the derived dimensions for subsequent analysis: to further calculate the strongest drivers or predictors of entrepreneurial career decision.

Principal component factor analysis with varimax rotation was first used to identify the underlying dimensions of the 30 attributes of individuals' tendency towards entrepreneurship. Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was calculated to examine the appropriateness of factor analysis. In our case KMO was 0,75, indicating that factor analysis is appropriate. The decision whether to include an attribute into a dimension was based on several principles, including attribute loadings equal to or above 0,50; eigenvalues equal to or above 1,0; and the decision also included the recommendation that factors extracted should account for at least 60% of the variance (see for example Field, 2009; Iacobucci, 2013). As a result, a four-factor solution which categorized the 30 attributes of individuals' tendency towards entrepreneurship and explained 79,81% of the variance, was identified. We also tested the reliability and

validity. We tested reliability using Cronbach's Alpha, where the Cronbach's Alpha coefficient was higher than 0,70 in all cases and indicating that the measurement scale tested is reliable. We tested the validity with convergent validity and used Pearson's correlation coefficients. The correlation coefficients within each dimension are all very high and statistically significant which indicates the existence of convergent validity. Table 1 shows the results of four dimensions derived from factor analysis labelled as Need for independence and achievement (F1), Problem solving (F2), Planning (F3) and Dealing with uncertain situations (F4).

Table 1: Results of factor analysis – identification of underlying entrepreneurial tendency dimensions

Attributes	Factor loading			
	F1	F2	F3	F4
<i>Need for independence and achievement</i>				
Q1 - do you like to decide on your own?	0,77			
Q2 - are you fond of relying on your own?	0,67			
Q21 - are you in a position to determine which capabilities and knowledge do you need for success?	0,73			
Q22 - do you possess that capability and knowledge?	0,71			
Q24 - can you confront with the risk of failure?	0,62			
Q30 - are you able to distinguish between "must do" and "it will be nice to do"?	0,53			
<i>Problem solving</i>				
Q3 - are you fond of competition and do you respect the competition?		0,84		
Q13 - are you good at solving complex problems?		0,56		
<i>Planning</i>				
Q7 - do you make plans regularly?			0,88	
Q8 - are you willing to listen advices?			0,71	
Q9 - do you prepare regularly timetables of your activities?			0,86	
Q10 - do you work according to your timetables?			0,75	
<i>Dealing with uncertain situations</i>				
Q4 - are you self-initiative?				0,68
Q12 - do you manage good in unpleasant circumstances?				0,52
Q14 - do you cope with undefined situations?				0,5
Q26 - are you capable of following your goals in spite of other distressful elements?				0,63
<i>Eigenvalue</i>				
Eigenvalue	14,6	2,53	3,91	2,91
<i>% of variance</i>				
% of variance	48,65	8,43	13	9,71
<i>Cronbach's Alpha</i>				
Cronbach's Alpha	0,85	0,7	0,85	0,84

Source: own calculations.

We further calculated the strongest drivers or predictors of entrepreneurial career decision. We begin with a regression model in which we try to predict entrepreneurial career decision as a function of identified underlying entrepreneurial tendency dimensions. To avoid possible multicollinearity we verified measurement pattern via factor analysis and computed five means so as to have one score on each of the dependent and independent variables. According to the sample data the highest regression coefficients are with problem solving and the need for independence and achievement. These two underlying entrepreneurial tendency dimensions have the highest predictive power in deciding for an entrepreneurial career. Unfortunately, the calculated regression coefficients are not statistically significantly different from zero.

Conclusion

The literature demonstrates that individuals' entrepreneurial tendency is influenced by several characteristics. One of the characteristic is strong commitment and determination. The entrepreneur has to invest a lot of time in his business, also his resources, emotional affiliation, engagement, lifestyle also change. Successful entrepreneurs are in a constant search for opportunities, they have to respond quickly, they have to deal with risk, uncertain situations. Another important entrepreneurial characteristics are innovativeness, leadership, flexibility, problem solving. The results of the survey revealed four underlying entrepreneurial tendency dimensions, namely need for independence and achievement, problem solving, planning, and dealing with uncertain situations. However, the study could not provide evidence that these four identified dimensions have a significant effect on the entrepreneurial career decision, although the highest regression coefficients are with need for independence and achievement and problem solving. This is somehow in conflict with the idea that, for example, individuals with higher need for independence have higher tendency to start up a new business, especially if we take into consideration that Slovene culture is individualistic one.

The results also revealed that the intention to start up a new business is among Slovene students very high. This result could suggest that Slovene young people first think of what they can do for themselves instead of what can government do for themselves (very much coherent with think small first initiative). It reflects, self-initiative and proactiveness when facing with the problem of being unemployed. This is probably the result of overall negative public opinion on the work of Slovene government as well as labor market policy interventions which are not working in a manner as they should. For example, a self-employment subsidy is obviously not reaching the goals since after the two year period for which the subsidy stands for the vast majority of newly self-employed terminates their businesses. Policymakers should therefore have the goal to change labor market policy interventions in a comprehensive way to reach the specific target group (for example, unemployed youth) and provide new programs according to the labor market needs and provide measures that would follow individual before, during and after the certain program. This could also be done by hand with the educational policy. Entrepreneurial teaching/training/courses should become part of teaching curriculum also based on presentations of real-world entrepreneurs. This would suggest a growing interest for entrepreneurial career and consequently the greater job creation and improved competitiveness of the national economy.

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