

THE ROLE OF EDUCATION AND CULTURE IN THE DEVELOPMENT OF YOUTH ENTREPRENEURSHIP IN EUROPEAN UNION

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Abstract:

European Commission in its Entrepreneurship 2020 Action Plan stress importance of entrepreneurship for economic growth, job creation and achieving objectives of EU2020 strategy. Many indicators show that level of entrepreneurial activity in European Union especially among youth is much lower than in China or USA. The article compares selected Global Entrepreneurship Monitor data with other sources of research in order to present level of entrepreneurship activities in European Union. Basing on revised GEM model and examining various analyses of entrepreneurship intentions among young people the study objective is to identify the role of education and culture in the development of youth entrepreneurship in European Union, as well as educational and cultural barriers for such development. Identifying educational and cultural obstacles that negatively influence entrepreneurship aspirations, attitudes and activities may become useful as a base to develop future solutions especially in areas of education and training on how to increase youth entrepreneurship in European Union. The article can be useful in developing model describing cultural and educational barriers depending on development level.

Keywords: Entrepreneurship, education, culture, European Union, youth

1. INTRODUCTION

According to GEM 2012 report entrepreneurship is “any attempt at new business or new venture creation, such as self-employment, a new business organisation, or the expansion of an existing business, by an individual, a team of individuals, or an established business” (GEM Global Report 2012, p. 12). The positive role of entrepreneurs in economy is well known; they create value, new jobs, and are often associated with innovation. In the time of crisis and high youth unemployment role of entrepreneurs is especially important. Unfortunately it seems that entrepreneurship level in EU is in decrease, the trend is especially visible when it comes to youth entrepreneurship.

Measuring entrepreneurship and youth entrepreneurship is not an easy task. While many indicators do exist, they may not allow proper comparisons, or they may not show situation or reasons in regard to youth entrepreneurship in EU. Comparing selected states like Poland, Slovenia and Spain with EU averages can provide valuable information. Spain and Poland are often compared as similar countries in EU, but as they differ much in level of development it is necessary to add country that would share some of their characteristics. Slovenia is just like Poland, “new” country in EU with historical socialistic background, but level of economical development and being in eurozone makes it closer to Spain.

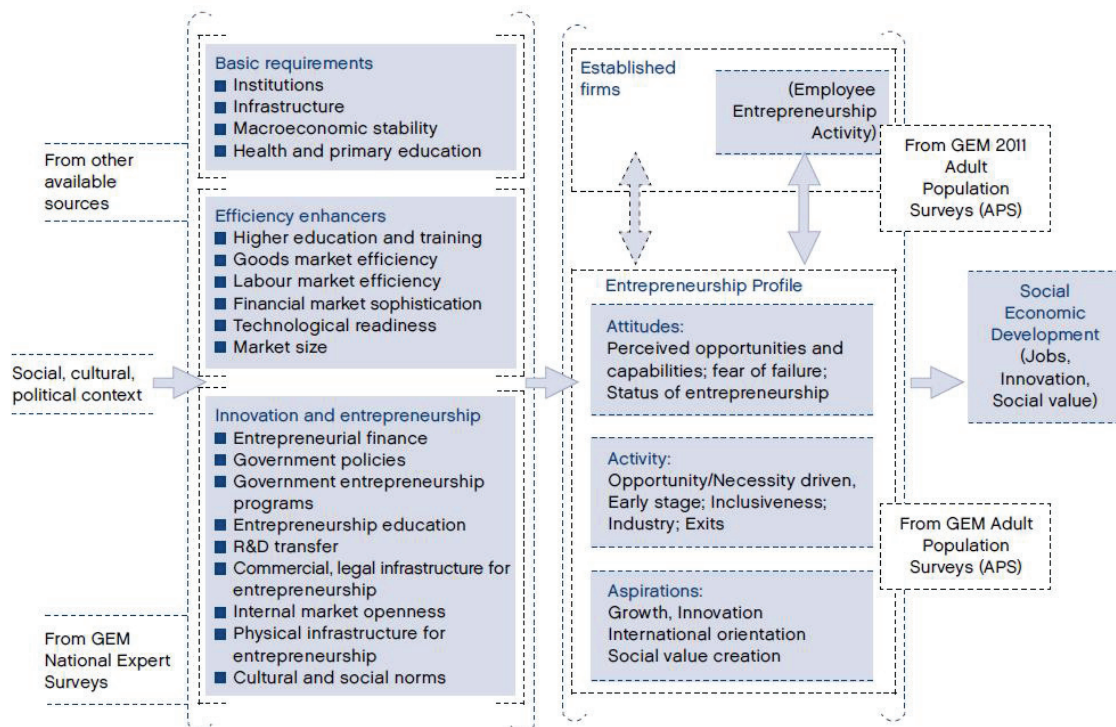
While searching for youth entrepreneurship levels in EU, and ways how to increase it, it is necessary to have closer look on role of education and culture, and barriers that exist in those fields for development of youth entrepreneurship in EU.

2. (YOUTH) ENTREPRENEURSHIP INDICATORS

2.1. The Revised Global Entrepreneurship Monitor Model

Global Entrepreneurship Monitor is biggest entrepreneurship research program initiated by Babson College and London Business School. Program includes worldwide research surveys collecting valuable data, and resulted in formulation of the GEM Model and later of the Revised GEM Model (Picture 1). GEM findings provide invaluable contribution to entrepreneurship measurement.

Picture 1: The Revised GEM Model



Source: GEM Global Report 2012, p. 15.

The Revised GEM Model includes Porter typology of phases of economic development (Porter, 2002). Depending on driving factor national economy can fall into category of factor driven economies, efficiency driven economies or most developed innovation driven economies. Phase of economic development creates different conditions for entrepreneurship and affects entrepreneur in numerous ways, making comparisons of entrepreneurship between countries that are in different economic phases even more difficult task. As it is observed in general in higher phases of economic development perceived entrepreneurship opportunities and capabilities decline, while fear of failure increase (GEM Global Report 2012, p. 7). The Revised GEM Model also makes distinction between necessity driven entrepreneurship and opportunity driven entrepreneurship (GEM Global Report 2012, p. 8). First type is related to lack of other sources of income and is characteristic to factor driven economies, while opportunity driven entrepreneurship which focuses on pursue of opportunities increase with economic development.

2.2. Entrepreneurship indicators

Although GEM conducts various measures of in order to present complex nature of entrepreneurship around world, in order to present most comparable results the most useful one will be Total Early-stage Entrepreneurial Activity (TEA) Index – presenting percentage of people aged from 18 to 64 years, that either started a new business or are owner-manager of business (up to 3,5 years old). TEA for Poland in 2012 equalled 9,4%, for Spain 5,7% and Slovenia 5,4%.

The Revised GEM Model identifies such categories as entrepreneurship aspirations, entrepreneurship attitudes, and entrepreneurship activity, each consisting of different measures. The category of entrepreneurial attitudes includes indicators of individual self-perceptions of attitudes on starting business, as well as societal impressions. Individual self-perceptions measures perceived opportunities and capabilities, fear of failure and entrepreneurial intentions. Perceived opportunities and capabilities of entrepreneurship activity present individuals believes if they are able to identify opportunity for starting business and if they belief that they have necessary skills and knowledge to do so. Alone those measures can provide minimal information on some barriers in education for entrepreneurship if many respondents feel that they lack necessary knowledge or skills to become entrepreneur. Research shows that with economic development levels of both perceived opportunities and perceived capabilities tend to decline. As markets become more saturated, competitive and knowledge demanding, necessary capabilities to become entrepreneur rise. Therefore it would occur in most developed economies (paradoxically often in the same providing best education), that educational barrier will result in the lowest levels of perceived opportunities. In case of Poland Spain and Slovenia perception of skills stays on similar level (adequately 54%; 50%; 51%), but perception of opportunities stays lower – 20% for both Poland and Slovenia, and only 14% for Spain. Another indicator – fear of failure measures percentage of population that perceives entrepreneurship opportunities, but fears to start business because of risk of failure. In general fear of failure increases in line with economic development, but others factors need to be taken into account, such as legislature, or socio-cultural perception of risk or failure. Fear of failure is important barrier to entrepreneurship, as it can prevent up to 61% (in case of Greece) of potential entrepreneurs. What's interesting fail of failure is similar in Poland and Spain – 43% and 42%, while only 27% in case of Slovenia. The Revised GEM Model uses entrepreneurial intentions indicator to present percentage of population aged 18-64 planning to open business in next three years. Entrepreneurial intentions tend to decline with economic development. Measuring entrepreneurial intentions can provide information on expected tendencies for future entrepreneurship levels, and although high level of entrepreneurial intentions would not always result in high TEA level, but it is not reasonable to expect entrepreneurship to flourish while level of entrepreneurship intentions remain low. Although Poland represents high fear of failure entrepreneurial intention equalled in 2012 21,6% nearly doubling Spanish 11,1%, higher than Slovenian 13,2% and staying in line with TEA differences.

Category of societal impressions on entrepreneurship groups consist of indicators measuring if entrepreneurship is perceived as good career choice, if successful entrepreneurs are given high status by society and positive media attention given to entrepreneurship. This group of indicators present general social perception of entrepreneurship, image of entrepreneur in culture, with special regard to media image of entrepreneur. High social status of entrepreneurs can inspire people to take up this career, but if social status of entrepreneurs is low in given society it can deter potential candidates creating cultural barrier for entrepreneurship. Positive media attention given to entrepreneurs, and social belief that entrepreneurship is good career choice also positively influence TEA levels. Lack of

positive media image, or general cultural beliefs that entrepreneurship is not a good career choice are other aspects of cultural barrier preventing entrepreneurship of young people, as they do not regard entrepreneurship interesting option for their careers. In EU states those indicators of social impressions on entrepreneurship tend to be relatively low on the average – with only 58% of respondents believing that entrepreneurship is a good career choice, 69% perceiving that entrepreneurs are given high status, and 50% thinking that media provide positive attention to entrepreneurs. Poland with 68% of respondents perceiving entrepreneurship as good career choice was over EU average, just like Spain with 64%, but in case of Slovenia only 53% thought so, results intriguing if compared to fact that 71% Slovenians agreed that entrepreneurs are given high status, 64% of Spanish responders, and only 57% of Polish agreed with this. When it comes to media positive attention results were 56% in case of Poland, 51% in case of Slovenia and 47% in Spain. It appears that in case of Poland positive media image does not increased social status of entrepreneur, but it is still desirable career choice which finds reflections in entrepreneurship intentions and TEA rates. Opposite applies to Slovenia, where high status of entrepreneur is not linked with entrepreneurship as good career choice, despite low fear of failure. Spain is under EU average on positive media image, but entrepreneurship is still perceived good career choice, with major problem being low perception of opportunities.

The Revised GEM Model provides much more information measuring such valuable data on entrepreneurial activity as ownership rate, male/ female TEA, necessity and opportunity entrepreneurship or informal investors rate. It also includes set of indicators to measure entrepreneurs growth aspirations.

Eurostat research in collaboration with OECD presented Entrepreneurship Indicators Programme (EIP), a programme which aim was to present set of measurable and comparable indicators of entrepreneurship. EIP presents sets of indicators measuring such categories as entrepreneurship determinants, entrepreneurial performance, and entrepreneurship impact. Entrepreneurial performance groups indicators for enterprise births, deaths, one and two year survival rates and job creation for different size enterprises. Entrepreneurial determinants category groups broad range of indicators on knowledge creation and diffusion, access to finance, entrepreneurial capabilities, regulatory framework, market conditions and entrepreneurial culture. Noteworthy when measuring entrepreneurial capabilities such indicators as population with tertiary education and population aged 18-64 with training in starting a business are used. Inside regulatory framework indicator named barriers to entrepreneurship, measures regulations constraining entrepreneurship. Entrepreneurial culture include both positive and negative image of entrepreneurship and entrepreneurs indicators, as well as preference for self-employment, and entrepreneurial perceptions indicators. EIP methodology does allow for both negative and positive image of entrepreneur to coexist in society, as people can perceive that entrepreneurs are job and wealth creators, and that they exploit others work, and are selfish at the same time. Therefore cultural perception of entrepreneur in EIP methodology is more complex, and cultural barrier for entrepreneurship can be created by lack of positive image of entrepreneurs, their strong negative image, or cultural preferences for employment instead of self-employment. European Commission puts special attention to this self employment preference indicator. Unfortunately the share of people preferring self-employment to being an employee is decreasing in EU from 45% average to 37% during last five years, which is alarmingly low compared to China 56% and USA 51% (Entrepreneurship 2020 Action Plan, p. 4).

2.3. Youth entrepreneurship

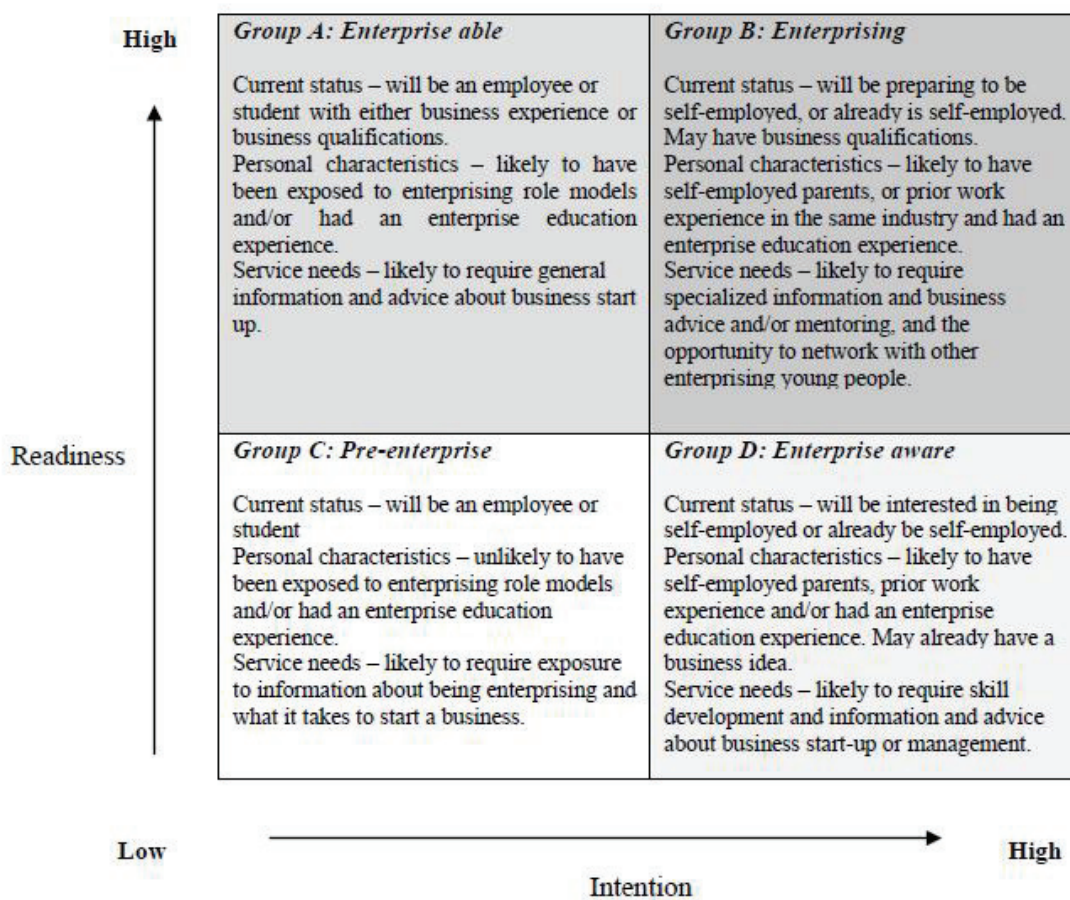
While describing youth entrepreneurship one of the most troublesome aspects is identifying what exactly term “youth” means. Numerous researches suggest different age categories for youth, and they are followed by sets of different definitions coined by national agencies and international organisations. UN defines youth as people aged 15 to 24 years, but it’s flexible when it comes to its agencies. European Commission avoids clear youth definition, but in practice population aged 15 to 29/30 years is most often understood as youth. African Youth Charter defines youth as every person between ages of 15 and 35 years. As it seems definition of “youth” is strongly related to social perception of age, and in historical process perception of youth had prolonged in spectacular manner in line with increasing number of years spend on education.

In case of GEM research lowest used age category is 18 to 24 years old, followed by 25 to 35 years old. For EU region TEA in age category 18 to 24 years old estimates around 6,5% and for age

category 25 to 35 years old it's around 11%, reaching highest level of all age categories in EU. For comparison the same categories in USA scored 10% and 19% respectively (GEM Global Report 2012, p. 29). Youth Business International targets and surveys young people from 18 to 35 years old, and International Labour Organization does research on entrepreneurship of youth aged 15 to 34 years old. In addition ILO categorizes youth entrepreneurship in three stages depending on age. Pre-entrepreneurs aged 15 to 19 that are in process of formation, budding entrepreneurs aged 20 to 25, and more experienced emergent entrepreneurs that are aged 26 to 29. Unfortunately many entrepreneurship studies do not include special categories for youth, and those who do use different age categories, making comparisons difficult task.

Potential of youth entrepreneurship in EU due to long time of education can go unnoticed in research if measurement is based on intention to open business in certain time. This potential of youth entrepreneurs can be diagnosed more carefully with the help of diagnostic readiness-intention framework developed by Lewis and Massey (Lewis, Massey, 2003) (Picture2).

Picture 2: Diagnostic framework for young entrepreneurs



Source: Stimulating Youth Entrepreneurship: Barriers and incentives to enterprise start-ups by young people, 2006, p. 11.

Framework presents four different groups of potential youth entrepreneurs, warring by readiness and intention to start business. Vertical readiness axis is representing owning necessary skills and knowledge to start a business and horizontal intention axis represents individual will to do so. On the process of encouraging youth entrepreneurship it must be identified if young people needs more skills, will or both. Barriers would prevent individual movement on those axis from low to high. Educational barriers would make it unable for individual to gain necessary knowledge and skill, while cultural barriers would prevent them from desiring to be entrepreneur no matter of skills.

3. EDUCATION AND CULTURE AS ENTREPRENEURSHIP BARRIERS IN EU

In the Revised GEM Model education and culture affects entrepreneurship on many levels. Primary education falls into category of basic requirements for entrepreneurship, therefore provision of primary education is a way increasing entrepreneurship in factor-driven economies, and absolute necessity for entrepreneurship in case of countries in later development stages. Provision of higher education and training in the Revised GEM Model is classified in the category of efficiency enhancers. Efficiency enhancers including higher education and training play crucial role of increasing entrepreneurship in economies that are efficiency driven. In case of factor-driven economies provision of primary education is more important than higher education or training as in those economies extraction of natural resources and agriculture play much more significant role than industry or services.

In the Revised GEM Model entrepreneurship is also influenced on individual level by the nine entrepreneurship framework conditions. Two significant categories of those framework conditions are cultural and social norms and entrepreneurship education. Entrepreneurship framework conditions play most important role in innovation-driven economies, providing that necessary basic requirements and efficiency enhancers are present. Innovation-driven economies are characterized by growing importance of service sector, as well as high level of knowledge needed to survive on the market. As economy goes through development phases from factor-driven through efficiency-driven to innovation driven, need for education rises and accumulates from primary, higher education and training to specialised entrepreneurship education. Although accessibility of forms of education characteristic to higher developmental phases will positively influence entrepreneurship as they are efficiency enhancers or framework conditions in the Revised GEM Model, but more important and visible will be effect of meeting necessary criteria for certain economic phase. Lack of proper access to education can be a barrier for entrepreneurship. For factor-driven economies such barrier would be lack of primary education, but as primary education is basic requirement for entrepreneurship this barrier can potentially appear also in economies that are in later developmental phases. For efficiency-driven economies educational barrier for entrepreneurship should be interpreted as lack of proper access to higher education and trainings, and in case of innovation-driven this educational barrier would be lack of entrepreneurship education, or other mentioned forms of education.

Cultural and social norms as one of entrepreneurship framework conditions in the Revised GEM Model can influence entrepreneurship positively or in negative manner. In case of negative influence of culture and social norms on entrepreneurship, or even lack of positive influence they can create barriers to entrepreneurship growth. Those barriers created by cultural and social norms would matter especially in case of innovation-driven economies. This can be related to findings that in case of factor-driven economies necessity-driven motives of entrepreneurship tend to be higher than in more developed economies. When economies go to more developed phases the role of opportunity-motivated entrepreneurs increases, and as entrepreneurship becomes more a matter of choice in such economies rather than necessity it is influenced by social and cultural norms and limitations in stronger manner. Barriers to entrepreneurship created by cultural and social norms tend to have weaker influence when entrepreneurship is motivated by necessity, and this situation is more common to appear in factor-driven economies.

Taking in account the positive effects of entrepreneurship on economic development and necessary time needed for education it is recommended for governments that strive for economic development and progress to invest in advance in education, in order to avoid the future potential barriers on next phase of economic development. As lack of primary education is barrier for entrepreneurship in case of factor-driven economies, if authorities plan to develop into efficiency-driven economies, they should in advance invest also in higher education and trainings to avoid barriers caused by lack of higher education in this more developed future phase. The same rule apply to economies developing from efficiency-driven to innovation-driven phase, but in this case to avoid new barriers for entrepreneurship not only entrepreneurship education should be introduced, but also certain steps toward decreasing arising barriers created by cultural and social norms.

In 19 from 22 researched countries in UE GEM experts rated primary and secondary education amongst most negative entrepreneurial framework conditions (GEM Global Report 2012, p. 39). Not sufficient level or lack of primary and secondary school entrepreneurship education and training in those countries is perceived as one of the most important barriers for entrepreneurship. In case of Sweden, Slovakia and Estonia this educational barrier is also enhanced by strong negative influence of framework conditions of poor postschool entrepreneurship education and training. Not even single of researched EU countries scored most positive valued entrepreneurial framework condition in

category of primary and secondary education nor in postschool entrepreneurship education and training. This research shows dire need of proper entrepreneurial education in all EU.

The research by experts on cultural and social norms framework conditions for entrepreneurship in EU does not provide so one-sided results. In case of Austria, Belgium, France and Germany cultural and social norms were classified among most negative entrepreneurial conditions, while in Latvia and Poland as most positive. What is noteworthy is fact that Austria, Belgium, France and Germany were qualified as innovation-driven economies, while Poland and Latvia as factor driven, and cultural and social norms influence on entrepreneurship is stronger in case of more developed economies, the same witch appear in EU to have more problems with this framework conditions.

Youth Business International also identifies some educational and cultural barriers for youth entrepreneurship. Identifying most likely binding constraints in innovation driven economies entrepreneurship education at primary and secondary level, and entrepreneurship education post-secondary level as well as cultural support were listed next to market size, finance, commercial and legal infrastructure. (Youth entrepreneurship a contexts frameworks, p. 15). Taking in account that in case of EU common market provides potential entrepreneurs with huge possibilities, and finance commercial and legal infrastructure is often well developed that rises position of cultural and educational barriers in EU.

European Commission points that main issue in educational barrier may be fact that education that is in place does not provide proper preparation for entrepreneur career (Entrepreneurship 2020 Action Plan, p. 4). As access to primary and secondary education is in general not an issue in EU, the problem may be with quality of education, and especially lack of entrepreneurial components on all levels. EC points also that young people lack role models of successful entrepreneurs, as they are not celebrated as job and wealth creators. As the result entrepreneur career not only lacks positive image, and is not desirable choice for young people, but additionally young people are not aware that they can become successful entrepreneurs themselves.

4. CONCLUSIONS

Apparently measuring entrepreneurship in general is not an easy task, and measuring youth entrepreneurship is especially complicated. Existence of broad range of indicators gives detailed information on various aspects, but clouds general image. Fact that youth lacks general definition, and depending on perspective can contain different ages does not make research easier. In general it is possible to observe, that in line with economic development necessity driven entrepreneurship gives place to opportunity driven entrepreneurship. The more developed the economy the higher need for education and training, and cultural influence on decision to start business is getting more important. Young people need both skills and knowledge and will to become entrepreneurs, many possible barriers can arise in education or culture resulting in decreasing youth entrepreneurship. Most important educational barrier in EU is not the lack of primary or secondary education in general, but lack of entrepreneurship education and trainings on all levels. Cultural barriers play more important role in most developed EU countries resulting in low perception of entrepreneurship as desired career by young people. One of most important identified factors could be lack of successful entrepreneurs role models. It is possible to expect further average EU youth entrepreneurship drop, as less developed countries will ascend, and meet the same educational and cultural barriers that most developed UE countries struggle now. To allow entrepreneurship growth in EU it is necessary to introduce high-quality entrepreneurship and general education in EU to meet growing demand of markets for knowledge, and increase attractiveness of entrepreneurship career to young people.

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