

# Parents' Influence on Entrepreneurial Intention

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## Abstract

This study aims to determine the impact of parents on entrepreneurial intentions of young people. Enterprises are considered a fundamental tool for the economic growth especially in developing countries like Albania. Enterprises are an important source for generating employment, wealth creation and poverty alleviation. Young people have the energy and the ideas to generate new enterprises and to have a positive impact on the economic growth of a country. In Albanian culture, family plays a crucial role in the life of young people this is why we aim to understand the family influence on young people entrepreneurial intentions. The population used for the study are young people aging from 18-30 years old, Albanian nationality, living in different countries.

The purpose of this study is to analyse family influence on young people entrepreneurial intentions, differences of this influence based on gender, and also the intention of young people to follow parents career path. The statistical analysis used was SPSS version 22. The data analysis techniques used descriptive statistics, multiple regression, and correlation and so on. From the research results that family impacts entrepreneurial intention in young people but this happens based also on the other factors considered for the purpose of this study.

**Keywords :** entrepreneurship, parents influence, entrepreneurial intention,

## Introduction

In today's economy SME account for 90% of firms and they employ nearly 63% of the workforce in the world (Munro:2013). Based on the importance of entrepreneurship and the fact that nowadays they are considered as an option of job creation we have investigated the market to understand what the entrepreneurial intentions of young people in Albania are. For the purpose of this study we have distributed 170 questionnaires, from which 150 were taken in consideration because the rest does not fit the target group. The target group of the study were young people of the age 18 to 30 years old. Through the data analysis we have investigated the impact of family in young people career and entrepreneurial intention. The study will start analysing research on entrepreneurship and entrepreneurial intention, then methodology, data analysis, and finally conclusions and recommendations. For the study purpose we should mention that there are some limitations. One of them is the fact that in statistics about

Albania was impossible to find data that connect new businesses in the market with the age of the owners. This makes it difficult to compare the previous entrepreneurs created from young people.

## Literature review

There are many papers, books and studies focused on entrepreneurship that explain its importance for the economy and for the entrepreneur it self. For the purpose of this study we will analyse some important definition which will help the reader to better understand the study. We will continue with the definition of SMEs, entrepreneurial intention, which are the basic concepts for our study.

## SME Definition

Defining micro and small enterprises is not easy. In its work Obobsky (1992) cites a study of the International Labour Organization, which identifies over 50 definitions in 75 countries with considerable

differences in terminology. Berisha and Pula (2015) cite Carter and Jones-Evans (2006) according to which the first attempt to have a SME definition was made in 1971 by Bolton Report. Latter on Baumbach (1983) defines SMEs in terms of employment, asset values and sales. Small enterprises, are companies that are dynamical, innovative and assess opportunities at the right time (Erken, 1990). According to Rebecca and Benjamin (2009) entrepreneurship is a creative process of organization, enterprise management and assuming the risk involved in venture, where a person discovers, evaluates, and exploits opportunities, quite the same definition is given by Darren and Conrad (2009). Based on various definitions for the purpose of this study we will define SMEs *“As economic enterprises that require less capital, have the facility to make quick decisions, push toward innovation and need a low level of expenses for its management and can produce at low costs”*.

Economic literatures contain various definitions with major differences on small and medium enterprises. (Berisha and Pula:2015) have published a critical review on the small and medium enterprises definition. According to their study there is no unique, universally accepted definition for small and medium enterprises. Considering the importance of small and medium enterprises on the economy European Union has standardized the definition of micro, small and medium enterprises<sup>1</sup>.

The importance of SME definition for policymakers lies in estimating the categories of businesses and their contribution to employment, Gross Domestic Product and in other macroeconomic indicators, to guide efforts, policies, to development strategies and support programs for small and medium enterprises. In Albania the definition of small and medium enterprises is based on the employees number and the revenue.

In their study Cania, Korsita and Nexhipi (2018) explain the role of SME in economic development and also show the differences

<sup>1</sup> The EU starts the attempt to standardize the small medium enterprises definition in 1992, and in 1996 all countries start to have quite the same defining for SME

between EU definition on small and medium enterprises and Albanian Definition.

Enterprises	No of employees	Annual Turnover	Balance sheet total
Medium sized	– 50-249 employees	Up to € 50.000.000	Up to € 43.000.000
Small sized	– 10-49 employees	Up to € 10.000.000	Up to € 10.000.000
Micro sized	– 1-9 employees	Up to € 2.000.000	Up to € 2.000.000

Source: European Commission Recommendation (May, 2003)

According to the Albanian Law (no.8957, date 17.10.2002, article 4, for small and medium enterprises, changed)the definition of small and medium enterprises which is classified as follows: - 1–9 employees (micro), - 10–49 employees (small), and - 50–249 employees (medium). Also, the classification of enterprises in Albania was based at turnover. Micro, small and medium enterprises includes those entities which employ fewer than 250 employees and have an annual turnover that does not exceed 8 million Albanian lek. The Small and medium enterprises for the Albanian is as shown in the table below:

Enterprises	No of employees	Annual Turnover
Medium sized	– 50-249 employees	50.000.001 – 250.000.000
Small sized	– 10-49 employees	ALL 10.000.001 -
Micro sized	– 1-9 employees	50.000.000 ALL
		Up to 10.000.000 ALL

Source: Law No.8957, date 17.10.2002

### Entrepreneurial intention

Entrepreneurship is a career option. This is why the current political interest is focused in small firm sector, it is believed that small and new firms will solve problems of unemployment and economic development.

This is why today's economy, universities, governments and also European Union recommendations push young people, but not only, toward entrepreneurship. All this parties try to increase entrepreneurial intention in individuals. Entrepreneurial intention can be defined as a state of mind that leads human attention toward initiating a new business idea and consider entrepreneurship as a career. According to McClelland (1961) measures of entrepreneurial practices are variables such as personality, attitudes, demography and behaviour. McClelland developed the need for achievement theory which shows that need for achievement is a psychological factor that influences entrepreneurial behaviour, this individuals that posses a a strong need for achievement can set challenging goals, and can solve problems on their own. Considering these findings many researchers such as Aiginger & Tichy, 1991; Davidsson, 1995a; 1995b; Davidsson, Lindmark & Olofsson, 1995, etc. considered entrepreneurial intention as form of job creations.

Individuals with high need for achievement have a strong desire to be successful and will contribute in entrepreneurial activities (Tong, Tong & Loy, 2011). From the result of Tong et al. (2011), need for achievement is the strongest predictor of entrepreneurial intentions. Individuals engaged in entrepreneurship are thought to have a high locus of control<sup>2</sup>(Bönte & Jarosch, 2011) and are highly motivated in improving work efficiency (Göksel & Aydintan, 2011). According to Mueller & Thomas (2000) research people with high locus of control have the ability to take risks. Littunen (2000) as mentioned in the study of Taramisi Sama-Ae (2009) showed that personality characteristics are important factors that create success in the doing business. Due to the strong support from past research, researchers adopt the variables and investigate on the study.

### Methodology

For the purpose of this study were distributed proximally 340 questionnaires from which 300

<sup>2</sup> Locus of control is a psychological characteristic that is related to the ability of individuals to control the events in life. There are two forms of locus of control: internal and external (Rotter, 1990).

were completed from individuals aged between 18- 30, which are the focus group of this study.

To determine the sample size we have used **Yamane's Formula**. According to the calculations, considering the number of young people in Albania, we had to distribute 280 questionnaires in order for this study to represent the entrepreneurial intentions of young Albanian people living inside and outside the country.

$$n = \frac{N}{1 + N(e)^2}$$

Where:

- e = precision level
- N = population size.

Every individual had to complete a questionnaire which includes personal characteristics,, family impact on young people life, family professions, individuals entrepreneurial intentions and factors impacting this intention.

For the purpose of data analysis we have used linear regression, because this method allows us to summarize and study relationships between continuous (quantitative) variables.

We have also used frequency method for organizing raw data in a compact form by displaying a series of scores in ascending or descending order, together with their frequencies—the number of times each score occurs in the respective data set.

Correlation analysis is used to determine the factors impacting youngsters entrepreneurial intensions and to understand the relationship between two entities. In other words, we have analysed how two variables move in relation to one another. In order to quantitavily analyse the relationship between multiple variables we have used cross tabulation method.

### Data analysis

As we mentioned in the previous section, for the purpose of this study we collected 300 valuable questionnaires from individuals aged from 18 to 30 years old. Based on the descriptive statistics, as also

shown in table 3, we notice that part of this study were 59.9 % females and 38.8 % males. Young People living in Albania represent 82.2 % of the study sample. Where 65.1 % live with their family, 22.2 % cohabit in a relationship, a small group which is represented from 9.9 % of the respondents live with their friends and only 3.3% of them live with cousins. In order to understand the entrepreneurial intention we asked respondents if they were employed, and we found that 76.3% of them have at least a job experience. We also asked about the respondent's

perception on family influences in their decisions and based on their answers we notice that 57.9% accepts the family influence on their professional and entrepreneurial intentions. We notice from the answers that the difference between accepting or not family influence on career decision is quite small. 85.5% of young people participating in this study consider starting an entrepreneurship. This answer gives us the chance to investigate in factors pushing young people toward entrepreneurship.

**Table 3: Respondents Data**

Gender	Female	59.9 %
	Male	38.8 %
Residence of respondents	Albania	82.2 %
	Other Countries	17.8 %
Respondents live with	Family	65.1 %
	Friends	9.2 %
	Cousins	3.3 %
	Cohabitate	22.2 %
Job experience	Yes	76.3 %
	No	22.4 %
Entrepreneurial intention	Yes	85.5%
	No	13.2%
Family influence on personal choices	Yes	40.8 %
	No	57.9 %

**Source: Authors field research**

The purpose of this study is to analyze and investigate if family influences young people entrepreneurial intention. For this reason we have used correlation analysis between family influence on entrepreneurial intentions and young people desire to have an enterprise. From table 4 we see that there is a

strong relation between these two variables. Based on the data analysis the relationship is statistically significant because  $p=0.000$ , the relationship is moderately positive because  $p$  value is between 0.1 and 0.5.

**Table 5.** Correlation analysis on family influence on entrepreneurial intention

		Family influences you to have a private enterprise	Have you ever considered having a private enterprise
Family influences you to have a private enterprise	Pearson Correlation	1	.422**
	Sig. (2-tailed)		.000
	N	300	300
Have you ever considered having a private enterprise	Pearson Correlation	.422**	1
	Sig. (2-tailed)	.000	
	N	300	300

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Source: Authors data analysis**

We asked young people if they trust their business ideas and if they think they would be successful in the market. From the descriptive statistics we see that most of the respondents trust their ideas and believe in their abilities, but when we run correlation analysis we notice that  $r=0.589$  and Sig. (2-tailed) =0 .000,so we may say that the relationship is not very strong.

We run the same analysis asking the respondents if they would start an enterprise even if their family would not agree from the analysis we notice that the relationship

between variables is statistically important but it is a weak relationship because  $r=0.263$  and Sig. (2-tailed) =0 .000. In such conditions we decided to rerun the correlation analysis by using a control variable. The results of our partial correlation analysis by using the place where people live as a control variable shows that there is a positive relationship between variables by changing the correlation value from 0.263 to 0.268. Even though the change is slight, we may say that the place where people live, inside or outside Albania, is a factor that influences the family influence in young people entrepreneurial intentions.

**Tabela 6. Partial correlation analysis**

Control Variables			Would you start an enterprise without your parents approval	Have you ever considered having a private enterprise
Where do you live?	Would you start an enterprise without your parents approval	Correlation	1.000	.268
		Significance (2-tailed)	.	.000
		df	0	293
	Have you ever considered having a private enterprise	Correlation	.268	1.000
		Significance (2-tailed)	.000	.
		df	293	0

**Source: Authors data analysis**

From the results of our study we notice that family plays an important role in young people entrepreneurial intentions. Based on the data collected we run also cross tabulation analysis to see which of the parents influences more young generation toward entrepreneurial

intention. cross tabulation groups variables to understand the correlation between different variables. It also shows how correlations change from one variable grouping to another.

**Tabela 7. Parent that encourages more entrepreneurial intentions**

		Which parent encourages you to have a private enterprise?			Total
		Mother	Father	My parents do not agree on me having a private enterp.	
Family influences you to have a private enterprise	Mother	90	106	2	198
	Father	28	20	54	102
Total		118	126	56	300

**Source: Authors data analysis**

As we notice from table nr.7 fathers are the ones that influence and encourage more young people toward creating entrepreneurial intentions and having their own business.

Lately the focus of the market indicates that woman are very powerful in business creation, this is why governments have a special focus on increasing and

supporting women enterprises. This is why a part of this study will analyze the influence of family in encouraging women in their entrepreneurial intentions. By using crosstabs analysis as shown in table 8 we can notice that 50.7% of females participating in this study show entrepreneurial intentions.

**Table 8.** Crosstabs that analyze entrepreneurial intentions based on gender

Gender	Female	Have you ever considered having a private enterprise		Total
		Yes	No	
	Count	152	30	182
	% of Total	50.7%	10.0%	60.7%

**Source: Authors data analysis**

To better understand their entrepreneurial intentions and their self confidence in creating a business we used cross tabulation to check their self-confidence in creating a business and

also to see if they would open a business even without the family support. We notice from the analysis that self confidence in having a private business scores high.

**Table 9.** Crosstabs that analyze female self confidence in their entrepreneurial abilities

Question	Yes	No
Do you believe in your business ideas	54.1%	6.1%
Would you start an enterprise without your parents approval	73.6%	7.4%
Does family influence your entrepreneurial intentions	64.0%	2.0%

**Source: Authors data analysis**

Parents play an important role in young people decisions on career. This is why we have analyzed the relationship between parents profession and young people professional

choice. From the data analysis we notice that 56.7% of young people living with their family consider opening a private enterprise.

**Table 10.** Crosstabs that analyzes relationship between entrepreneurial intentions and young people cohabitation

		Have you ever considered having a private enterprise		Total	
		Yes	No		
You live with:	Family	Count	170	28	198
		% of Total	56.7%	9.3%	66.0%
	Friends	Count	24	4	28
		% of Total	8.0%	1.3%	9.3%
	Cousins	Count	8	0	8
		% of Total	2.7%	0.0%	2.7%
	Cohabitate in a relationship	Count	26	4	30
		% of Total	19.5%	2.6%	22.0%
Total		Count	260	40	300

% of Total	86.7%	13.3%	100.0%
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**Source: Authors data analysis**

In the further analysis we notice that young people are more influenced from father profession, and in the case when father is an employee in the private sector he influences more the entrepreneurial intention of our

sample. From table 10 we notice that fathers working in private enterprises encourage their children to have their own enterprises by increasing self confidence in young people.

**Table 10. Father influence in entrepreneurial intention**

Father profession	1	2	3	4	5	6	7	8
Have you ever considered having a private enterprise	16.0%	13.3%	32.7%	1.3%	5.3%	6.0%	6.7%	5.3%
Do you believe in your business ideas	16.9%	13.5%	35.8%	1.4%	5.4%	7.4%	6.1%	6.1%
Do you believe you can have a successful enterprise	16.9%	13.5%	33.1%	1.4%	4.1%	6.8%	4.1%	4.7%

**Source: Authors data analysis**

\*1 – Entrepreneur, 2- Public administration employee, 3. Private business employee, 4- Doctor, 5- Soldier, 6 – Teacher, 7 – Agriculture, 8 - Unemployed

conclusion that young people of aged between 18 to 30 years old which believe in their entrepreneurial skills have considered starting an enterprise.

To conclude our work we made a linear regression which brings us to the **Table 11. Linear regression**

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.412	1	6.412	66.894	<b>.000<sup>b</sup></b>
	Residual	28.182	294	.096		
	Total	34.595	295			

a. Dependent Variable: Have you ever considered having a private enterprise

b. Predictors: (Constant),: Do you think you can run a successful enterprise?

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.666	.060		11.069	.000
	Do you think you can run a successful enterprise?	.406	.050	.431	8.179	.000

a. Have you ever considered having a private enterprise

**Source: Authors data analysis**

As we can see from Anova, test F shows that this model is significant. From the table we notice that our independent variable impacts the dependent one (t-test=8.179). in this conditions we can write the equation:  
 $y = 0.66 + 0.406X$

where x- denotes Do you think you can run a successful enterprise?(showing self-confidence)  
 While y -Have you ever considered having a private enterprise



## Conclusions

The aim of this study is to determine the impact of parents on entrepreneurial intentions of young people. Young people have the energy and the ideas to generate new enterprises and to have a positive impact on the economic growth of a country. In Albanian culture, family plays a crucial role in the life of young people this is why we aim to understand the family influence on young people entrepreneurial intentions. The sample used for the study are young people aging from 18-30 years old, Albanian nationality, living in different countries. For the purpose of this study were collected 300 valuable questionnaires which were analysed through SPSS.

For the purpose of this study we analysed three elements:

- 1- family influence on young people entrepreneurial intentions,
- 2- differences of this influence based on gender,
- 3- Intention of young people to follow parents career path.

Data analysis shows that Albanian family has a high impact on influencing young people entrepreneurial intentions. Parents are part of young people choices, starting from the education, career and also entrepreneurial intentions. During the study we considered also gender differences but we were mostly focused in female entrepreneurial intentions. We came to the conclusion that females are self-confident and score high in entrepreneurial intentions. As parents have a high influence on the young people choices we also analysed if young people may follow parents career path. We see from the data analysis that a considerable number of young people would follow their parents career path, mostly fathers career steps. 33% of individuals that participated in this study admit that their father is an employee in private enterprises they would consider having a private enterprise. This may come because parents see how private enterprises function, notice the benefits of having a private enterprise and push their children to have entrepreneurial intentions.

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