

ENTREPRENEURSHIP AMONG GRADUATES: REALITY AND PROSPECTS IN TERTIARY EDUCATION

Anastasios Vasiliadis, University of Aegean
Thomas Poullos, TEI of Larissa

ABSTRACT

During the past decade, entrepreneurship has become a commonly taught issue in universities all over the world. More specifically, the question addressed is whether graduates are seriously interested in establishing their own businesses. The present article focuses on a study of the entrepreneurial activities of the Higher Educational Institute graduates in Greece. Five issues were investigated:

- *the relationship of one's studies with the economic activity of his/her business,*
- *the usefulness of knowledge/skills attained during the course of studies ,*
- *the span of time between graduation and the start up of the enterprise,*
- *the source(s) of financing used to startup a business*
- *the degree of satisfaction with one's career and the financial performance of his/her business.*

A random proportional stratified sampling of 249 graduates -from two different years- was selected. Preliminary findings are presented in this paper showing the current situation in the areas mentioned above. The conclusions can be used both in the evaluation of the current system concerning entrepreneurship as well as in the formation of new strategies in the entrepreneurship in tertiary education.

Key Words: Entrepreneurship, Tertiary Education, Intentions

Entrepreneurship as a research field attracts the interest of many researchers because it is a tool of development for many economies in the world. The investigation of the factors that leads particular people to become entrepreneurs instead of others has been a question of many researches. So, many researchers have tried to understand the reasons leading those people to entrepreneurship. Toward that direction theories (Ajzen, 1991) and models (Shapero & Sokol, 1982; Krueger & Brazeal, 1994; Linan, 2005) were developed, and focused on the intentions that make people undertake entrepreneurship action, because the intentions are the best predictor factor for the future behavior of a person, such as the foundation of an enterprise (Ajzen, 1991; Krueger, 2005). So it is supported, that by formulating fundamental theories for the entrepreneurial intentions, we can explain a basic peace of the field of entrepreneurship.

Of course there are some factors that contribute to the prediction of the entrepreneurial intentions such as the attitude and the degree of desirability toward that behavior and the level of the feasibility (Krueger, 2005). As other factors defining the intentions of entrepreneurship are mentioned such as propensity to action, personal convictions and other "demographic" variables such as gender, age, educational level and economic environment (Davidsson, 1995).

The study of entrepreneurship among graduates of tertiary education is a research field that attracts the interest of many researchers worldwide (Bevan et al., 1989; Roberts, 1995; Blackburn, 1997; La Valle et al., 1997; Gibb, 1997). These researches focus on the relation between education and entrepreneurship and also on the degree that education can influence the decision of the students

– graduates to start their own entrepreneurial activity. In recent years the interest towards youth entrepreneurship has been increased as it is an important alternative of professional occupation, especially for the graduates of the tertiary education (Brenner et al., 1991; Hart and Harrison, 1992; Fleming, 1994; Kolvereid, 1996). But despite all these, there are few research efforts that focused on the relationship between the entrepreneurial activity of the graduates and the degree of necessary supplies, with which education provides to young, to establish and run their own business and the graduates' opinion about the usefulness of knowledge gained during their studies, is quite interesting. Moreover it is important to study the interval time that intervenes between graduation and companies' start up process and of course in relation with the financial resources that they use for the establishment. Finally our knowledge about the degree of satisfaction among graduates from their entrepreneurial activity is quite limited.

RESEARCH AIM AND QUESTIONS

The aim of the present article is to take a deeper look to the graduates' opinion about the relationship between the tertiary education and their entrepreneurial activity, so the research questions are:

- What is the opinion of the entrepreneur graduates about relationship between their studies and business activity?
- What is the usefulness of the knowledge and skills that the graduates gained during their study period?
- What is the mean time between graduation and entrepreneurial activity start up?
- Which are the funding sources for the enterprise start up?
- What is the degree of satisfaction with the total enterprise development process and profits?

The investigation of the graduates' opinion for the relationship between education and entrepreneurship is a very important issue since it can be a very important source of feedback for the educational systems worldwide targeting to their readjustment.

Following the present article we will display the international literature about the researched subject, the research question that the methodological model will follow, and finally we will present the results of the research and the conclusions.

LITERATURE REVIEW

The start up of the entrepreneurial activity does not take place all of a sudden because the intention preexists to the person who wants to start an enterprise. So, we could support that the entrepreneurial intentions concern the inclination of a person to start an entrepreneurial activity in the future, because the intentions are a step backwards the action (Davidsson, 1995). Other researchers have tried to connect the intention of a person to become entrepreneur with the education level.

All over the world there is a growing interest in the professional choice of the students and graduates, especially in the entrepreneurship (Kolvereid, 1996). The orientation and behaviour of the tertiary education graduates are influenced by a few personal and environmental factors (Lüthje and Franke, 2003). But the empirical research showed that entrepreneurship education creates a positive image for the entrepreneurs and contributes to the choice of entrepreneurship as a professional alternative by graduates and Autio et al. (1997) pointed out the positive effect to the perceptions of students in this choice. Other research projects have proved the importance of the social status of the entrepreneurship (Begley et al., 1997) and the relationship between the

entrepreneurial intention and the number of management courses they have attended (Chen et al., 1998).

A research that was conducted to a sample of 5375 UK students and 10 universities showed that 9,7% of their graduates become entrepreneurs during a period of five (5) years since their graduation. This is a very high rate of entrepreneurial activity if we consider the span of the professional choices that the students can have and that they have a propensity to the dependent employment status (Rosa, 2003). Some of the researchers maintain that the survival rate of the companies established by graduates is higher than the average and in any case higher than the companies established by non-graduates (Storey, 1994). In addition, other studies as regards to the entrepreneurship, demonstrates that the companies established by graduates perform better, compared to the average of the rest of the companies with similar size. (Daly, 1991; CSBRC, 1992). A study among graduates from English universities shows that they generally establish private or micro enterprises, which are based on their knowledge and skills. In addition, the study supports a high correlation between the studied subject and the activities of the established business. Finally, we should not ignore the unemployment factor since a weak correlation ($r=0,35$) has been observed between unemployment and the establishment of new enterprises by the Observatory of European Small-Medium Enterprises. This is probably valid because unemployment induces self-employment and entrepreneurship. (Observatory of European SMEs, 2002). The aim of this paper is to focus on graduates' opinion about entrepreneurship in relation to their studies. In conclusion, we analyze the methodological framework anchoring to which research has been conducted.

RESEARCH METHODOLOGY FRAMEWORK

In order to study the research hypothesis we chose the quantitative approach (Bird et al., 1999) with the use of a constructive questionnaire consisted of eighteen (18) questions, which gather information about the graduates' professional status, their professional path and their subject of activity, the way of raising funds for their company, the relevance level between the subject of their business and their studies, and their satisfaction with managing of their enterprise.

Research population was the total number of graduates of the academic years 1996/1997 and 2000/2001 from every academic department of Technological Education Institute of Larissa and the sample was 250 graduates, men and women. Regarding the sampling method, the method of random quotas was used in order to cover as much as representative sample of the examined population. The quotas of the sample were constructed according to the Department and gender of the graduates. This construction represents the same percentage of the total population, with regard to both the Department and the gender. The sample was decided to be more than 10% in order to be representative. The gathering of the primary data was accomplished with phone interviews, which did not exceed the ten minutes duration. In order to increase the validity and the reliability of the research (Choen & Manion, 1994), a pilot research took place.

RESEARCH RESULTS

- **Professional situation and employment movement**

After the research data processing, it is aroused that the graduates of tertiary education appear to be owners of a private company or to be self-employed, with or without personnel in a percentage of 14,6%. The rest of them are employees (66,4%), unemployed (18,6%) or students (0,4%). Comparing these results with them of GEM it is clear that the percentage is particularly high, as the average in Greece is 5,8% while internationally it is 5,54% (GEM, 2005).

Employee	66,4 %
Unemployed	18,6 %
Employer – Self Employed	14,6 %
Other	0,4 %

With regard to the question, of how long they have been working since their graduation, regardless of their work position, 92% of them answered that they have been employed for more than three years, 5% for less than one year, while 3% of the responders said that they have working for less than three years. Afterwards, the graduates were asked about the number of the working positions they have changed since their graduation and it came out that the answers vary. 41% answered that their today's work is the only one they ever had, while 16% of the total answered that they have changed work place once and 19% stated that they have already worked on two different jobs. A percentage of 11% of the sample responded that they have changed three jobs and 14% more than three.

Until 1 year	5,4%
Until 3 years	2,7%
More than 3 years	91,9%

Non	40,5%
One	16,2%
Two	19,0%
Three	10,8%
More than three	13,5%

- **Economic Aid**

In order to establish their own company, the majority of graduates invested their own funds (53%), while their family supported financially 23% of them. It is noticeable the fact that only 13% of the total answered that they had subsidy from European Community's or national investment programs for promoting the entrepreneurship, or were supported from any other financial institution or banking funds.

Family funding	22,5%
Bank loan	12,5%
National of European projects	12,5%
Own funding	52,5%

- **Studies and entrepreneurship correlation**

Correlating the studied subject with entrepreneurial activity, 43% of the respondents point out positive relation. On the contrary, 44% report that there is a low correlation or there is no correlation at all between subjects of studies with entrepreneur activity. At this point we have to notice that big differences were observed between the academic background of the graduates and the nature of businesses they have started up and this is an issue for further investigation.

Very much	43,2%
A lot	0,0%
Enough	10,8%
A few	21,6%
Not at all	21,6%
Don't Know	2,8%

- **The use of studies in the enterprise operation**

Table 6 below indicates the relation between studies and work. More specifically, it is analysed the opinion of graduates about the knowledge and skills that have been obtained during the undergraduate studies and how these could be useful to the entrepreneurship. It is observed that 24% of the respondents agreed on the usefulness of knowledge during studies to the enterprise operation. On the other hand, 51% of the respondents had the opposite opinion.

Very much	24,3%
A lot	0,0%
Enough	24,3%
A few	27,1%
Not at all	24,3%

- **Enterprise progress satisfaction**

Till now, 46% of the graduate entrepreneurs have been satisfied from the whole picture of their own businesses, but when the question is focused on earnings, this percentage reduces to 40%. Respectively, 14% of the graduates are not pleased with the progress of their own business, while 22% are not happy with their financial performance.

Satisfaction Degree	Enterprise development	Profits
Very much	24,3%	24,3%
A lot	21,6%	16,2%
Enough	40,6%	37,9%
A few	13,5%	18,9%
Not at all	0,0%	2,7%

CONCLUSIONS

This study investigates higher education graduates' opinions on possible relations between entrepreneurship and studies. To find a job as a graduate is a very import issue for every economy while entrepreneurship is seen as a key force for successful economic growth in the next decade.

Particularly, entrepreneurship courses should be provided in all departments of universities, but nowadays, qualified graduates unfortunately can not use the knowledge that they gain in university into their enterprises. However, the results of this study, support that university graduates' start up their own businesses and this can be explained by the high percentage of entrepreneurship among Greeks related to the average of European ones (GEM, 2005). Furthermore, Greek graduates of higher education institutes set up their own businesses without following career as employed.

As it seems from Global Entrepreneurship Monitor (2005) and from our research, graduates startup a business based on family resources or on their own funding and they don't use banking loans or community funding. Moreover, with regard to the affinity of object of study of the entrepreneurial activity, it appears that the answers of graduates are not homogeneous, while they are differentiated, depending on the faculty of graduation. But when the question comes to the usefulness of studies to their enterprise, the answer is negative. Concerning the last research question, the graduate entrepreneur is satisfied with the progress of his/her enterprise and the positive attitude is in pace with the high expectations of young entrepreneurs in Greece and worldwide (GEM, 2005).

Consequently, the graduates of higher education worldwide are associated with high rates of self employment and this leads us to the conclusion that education could positively assist toward this direction. However, it is important to investigate further the same data worldwide since most researches taken place on a local level have limited value. In other words graduate entrepreneurship in tertiary education should be approached in a more holistic way (Keeble and Walker, 1994). Moreover, it is significant to use other research methods with qualitative approaches because this could help us to better realize the obstacles of the graduate's entrepreneurship.

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