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Graduates' Entrepreneurship: Investigating Self-employment of University Graduates

Abstract

This work examines recent self employment patterns of a Greek university graduates by analyzing the results and drawing conclusions from the conduct of a large institutional survey. As research tool a structured questionnaire was used for telephone interviews carried out with students from 20 departments and 5 faculties. In this paper we report on the analysis of the responses of 197 self-employed graduates¹.

The main research findings indicate that the majority of self-employed graduates are satisfied with their professional career, self-employed women are fewer than self-employed men and some specialties demonstrate significantly higher self-employment than others. Also graduates with lower degree mark seem to be more involved in entrepreneurship.

Keywords: Self-employment, entrepreneurship, university graduates

1. Introduction

Nowadays there is a noticeable recognition of the relationship between entrepreneurship and economic growth. Additionally, increasing self-employment rates tend to bring greater subsequent decreases in unemployment rates.

The Lisbon objectives (2000), of evolving Europe to “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth” opened a new era for entrepreneurship in Europe. The Green Paper on entrepreneurship in Europe (2003) confirms that the development of entrepreneurship has important benefits economically (contributing to job creation and growth and being crucial to competitiveness) and socially (unlocking personal potential, promoting societal interests and contributing to personal fulfillment and achievement of social objectives). The

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Action Plan of the European Union (2004) that followed focuses on ways of boosting entrepreneurship by the following five strategic policy areas:

- fuelling entrepreneurial mindsets;
- encouraging more people to become entrepreneurs;
- gearing entrepreneurs for growth and competitiveness;
- improving the flow of finance;
- creating a more SME-friendly regulatory and administrative framework.

The Action Plan has activated the recent promotion of a more entrepreneurial culture and the creation of a supportive environment for SMEs by a plethora of initiatives supported by the European Union.

As a result many educational institutions promote entrepreneurship, through personal advice services and in their study programmes aiming to increase the likelihood of graduates' start-up and self-employment. Entrepreneurship has proved to be a considerable alternative for young university graduates.

Scholars of entrepreneurship in a variety of disciplines agree that age, work status, education, income and perceptions are significant socioeconomic factors in a person's decision to start business. Our findings reveal similar results, proving additionally that the (male) gender and postgraduate studies abroad play a significant positive role towards entrepreneurial activities. They also indicate that the majority of the self-employed graduates are satisfied with their professional career, self-employed women are fewer than self-employed men and some professions demonstrated significantly higher self-employment than other. Also graduates with lower degree mark seem to be more involved in entrepreneurship.

2. The survey: Research methodology

A large institutional survey regarding graduates' entrepreneurship was carried out at the Alexander Technological Educational Institution of Thessaloniki (ATEI-Th), Greece. A structured questionnaire specially designed for survey purpose was used in order to

examine the main entrepreneurial issues of an unbiased, randomly selected large sample (representing nearly 30% of the total population) of recent graduates of five consecutive years. As far as the research methodology is concerned the use of telephone interviews was selected as the most efficient tool of collecting the required information. This paper reports on the analysis of the responses of 197 self-employed graduates.

The main parameters examined through descriptive and analytical statistical elaboration, with the use of the statistical package SPSS, are the type of enterprise, the number of employees, the sources of initial finance, as well as the satisfaction from self-employment. Finally the impact of factors, such as gender, place of residence, marital status, and type of secondary education, degree grades and postgraduate studies is thoroughly examined with the use of appropriate statistical tests.

3. Views on entrepreneurship in Greece

In 2005 in Greece, almost 17% of the active population between the ages 18 to 64 (more than 1.1 million individuals) was involved in some kind of entrepreneurial activity (GEM, 2005). In total 10.5% were Established Entrepreneurs (full or partial owners of a venture active for more than 42 months) and 6.5% was involved in early-stage entrepreneurial activity. In addition 5.2% of the population was in the process of starting a new business venture (ascent Entrepreneurs). In 2006 almost 39% of early stage entrepreneurs were under the age of 34, while in 2005 they represented only 31% (GEM, 2006; 2005).

Figure 1 below presents the results for Greece, EU25 and USA regarding preferences of citizens regarding entrepreneurship vs. being an employee for the years 2000 – 2007.

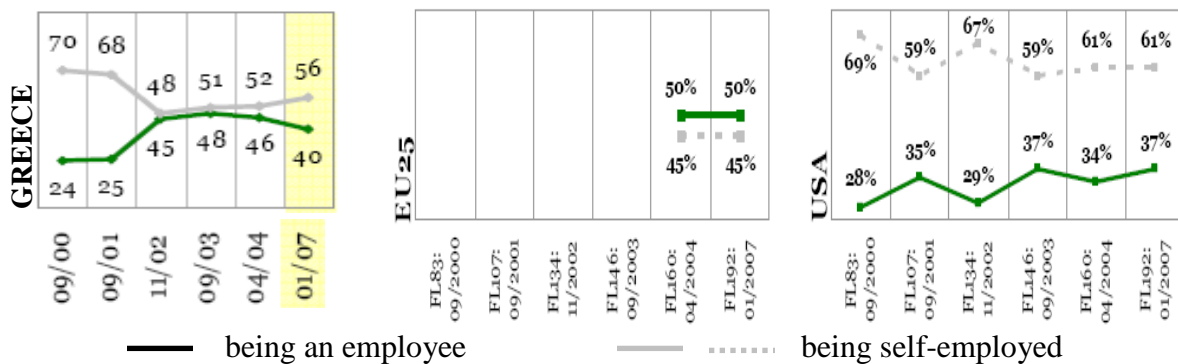


Figure 1: The choice of status: self-employed or employee, 2000-2007

For 01/2007 in total 20.674 people was interviewed by telephone (Eurobarometer, 2007). Figure 1 also shows that the level of people who want to be self-employed in Greece (56%) is higher than the level of EU25 (45%) and near to the level of the USA (61%). In Europe, the reasons for self-employment are reported to be personal independence (66%), free choice of place and time of working (30%), followed by better income prospects (21%). In Greece the ranking is personal independence (63%), better income prospects (25%) and free choice of work place and time (16%). More men than women cite the prospect of higher earnings as a reason for becoming self-employed (23% and 18% respectively). Men are also more likely to mention personal independence. Women are more likely than men to opt for self-employment because of the freedom to choose the place and time of work, or because they have a member of family or a friend who is also self-employed.

The most widespread notion in Greece about entrepreneurs is that they are job creators (87%). The second most common opinion about entrepreneurs is seen as the basis of wealth creation benefiting the wider public (72%). They also think that entrepreneurs think only about their own wallet (68%) and that they exploit other people's work. In total 36% of the respondents in Greece consider self-employment to be feasible within next five years. The reasons why the rest of the respondents consider self-employment not being feasible are lack of finances (25%), lack of business ideas and/or opportunities (7%), lack of skills (4%), administrative burden (3%) and other reasons (67%).

4. Findings of the institutional survey

The analysis of 1541 valid questionnaires regarding the professional status of graduates is presented in table 1.

Table 1: Graduates' professional status

	Frequency	Percentage (%)
Employed	1108	71.9
Self-employed	197	12.8
Unemployed	129	8.4
Inactive	107	6.9

It can be noticed that 12.8% of the graduates are self-employed. A further analysis of the self-employed graduates has shown that 34.7% occupy employees whereas 65.3% do not.

Table 2 shows the type of enterprise created by the graduates.

Table 2: Type of graduates' enterprises

	Frequency	Percentage (%)
Enterprise started from scratch after graduation	110	56.7
Family enterprise	72	37.1
Other case	12	6.2
Total	194	100.0

The majority of the graduates' entrepreneurship concentrates on spin-offs 56.7%. Family enterprises count for 37.1%.

Table 3 shows the distribution of self-employment regarding to the department of graduation. The table is sorted in descending order according the percentage of self-employed graduates.

Table 3: Degree of self-employment per department

Department	Self-employment percentage (%)
Nutrition and dietetics	41.8%
Civil infrastructure engineering	35.2%
Physiotherapy	26.2%
Aesthetics and cosmetology	25.5%
Plant industry	21.0%
Automation	18.2%
Accounting	13.8%
Food technology	12.0%
Tourist industry	12.0%
Vehicle engineering	11.9%
Electronics	9.5%
Marketing	9.3%
Farm management	5.9%
Animal production	5.7%
Informatics	5.4%
Medical laboratory	5.0%
Library science	4.0%
Childhood care and education	3.8%
Midwifery	2.0%
Nursing	1.7%
Total	12.8%

Nutrition and dietetics, civil infrastructure engineering, physiotherapy and aesthetics and cosmetology are the departments with graduates' self-employment rates well over 25%. On the other hand less than 5% of library science, childhood care and education, midwifery and nursing graduates turn to entrepreneurial activities. It is obvious that the department has a statistically significant effect on self-employment.

Table 4 shows the main sources of financial support of enterprise..

Table 4: Financial support of enterprise

	Frequency	Percentage (%)
Assistance from family funds	111	56.3
Backing from bank loan	33	16.8
Programmes supporting entrepreneurship	29	14.7
Support from other sources	29	14.7

Regarding the financial support for enterprise establishment the analysis (presented in table 4) shows that the family assistance is the most frequent source of finance (over 55%). The remaining cases have been nearly equally financed through bank loans, programs supporting entrepreneurial activities and other sources.

In table 5 we present the graduates' satisfaction of their choice to self-employment.

Table 5: Satisfaction of self-employment

	Frequency	Percentage (%)
Dissatisfied	12	6.2
Somewhat satisfied	14	7.2
Adequately satisfied	107	55.2
Very satisfied	61	31.4
Total	194	100.0

The vast majority of self-employed graduates (86.6%) are adequately or very satisfied about their professional status. Dissatisfaction rate is very low; just over 6%.

The statistical analysis (with the extensive use of X^2 and Cramer's tests) has proven that gender, department of studies and degree grade are statistically significant factors for graduates' self-employment. Also significant differences exist in the self-employment rates of men and women. Actually this phenomenon has been noticed in all countries.

Overall, fewer women than men, are starting their own business. Nevertheless, the number of women is increasing steadily and women who are well-educated, confident about their skills, have higher levels of household income and jobs are more likely to be entrepreneurs than their less affluent counterparts (Allen et. al, 2006).

Additionally our findings reveal that postgraduate studies abroad play a significant positive role towards entrepreneurial activities and that graduates with lower degree grades tend to be more involved in entrepreneurship. The findings also indicate that the majority of the self-employed graduates are satisfied with their professional career.

5. Conclusions

This work dealt with university graduates' entrepreneurial issues focusing on the investigation of Alexander Technological Educational Institution graduates' self-employment activities. The main results and conclusions of the study are based on a large institutional survey addressing through telephone interviews more than 1500 graduates. A structured questionnaire was designed for this purpose. Nearly two hundred valid questionnaires from self-employed graduates were collected and analyzed.

According to the Eurobarometer (2007) people in Greece they prefer to a high degree to be self-employed because of personal independence, better income prospects and free choice of work place and time. More men than women cite the prospect of higher earnings and personal independence as a reason for becoming self-employed. For women the freedom to choose the place and time of work seem to be more important. The most important reason not to opt for self-employment is lack of finances. Entrepreneurs are considered to be job creators. In total 36% of the respondents in Greece consider self-employment to be feasible within the next five years.

The institutional survey conducted at ATEI-Th show that about 13% of graduates are presently self-employed. This can be compared to GEM values for Greece, which show that 17% of the active population between the ages 18 and 64 are involved in some kind of entrepreneurial activity (GEM, 2005). A little more than one third of the graduate

entrepreneurs occupy employees. The majority of these entrepreneurs have used family funds for financing their company's establishment. Self-employed graduates seem also to be very satisfied with their professional career.

The detection of statistically significant factors towards entrepreneurship has revealed that the most important ones are the gender (the percentage of self-employed men are double than the one of women), the degree grade and - most importantly - the specialty (department of studies) which corresponds to self-employment rates between 1.7% and 41.8%.

Further work

Further work will replicate the survey with an extended questionnaire aiming to capture time trends, more detailed enterprise analysis and inclusion of additional factors, such as influences from personal advice services and from the attendance of university courses on entrepreneurial issues.

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