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ABSTRACT

Encouragement of entrepreneurship, while being a viable method of addressing unemployment concerns, would contradict the usual educational establishment's initiatives of many industrialized nations, such as the School-to-Work Opportunities Act in the United States, which focus on creating an employee mentality. This paper discusses the ways in which young people face some obstacles to entrepreneurship, as well as some advantages. It also presents studies of successful entrepreneurs that show the following: they often come from families that are not autocratic; they were not particularly close to their parents; they are particularly intellectually open; and they are somewhat inclined to take risks. These findings, used in a culturally sensitive context, could be used to develop programs to increase the number of persons who see themselves as potential entrepreneurs. Some projects are targeting at-risk children for entrepreneurial nurturing. (25 references) (KC)

Facilitating the School-to-Work Transition through Entrepreneurship: A Feasibility Analysis

Facilitating the School-to-Work Transition Through Entrepeneurship: A Feasibility Analysis[1]

Fred W. Vondracek & Eva Schmitt-Rodermund

The current gloom in many European countries regarding the employment prospects of young people appears to be well-justified by unemployment rates that are at post-war highs and often exceed 20 percent. The situation is clearly bad, and if it persists, will threaten the career development of a whole generation of young people. Naturally, there are efforts, both by government and business and industry, to alleviate the problem of unemployment, especially for young people. In Germany, for example, there is lively debate about the relative merit of university education versus apprenticeships in trades and crafts. Current views, often represented in the popular press, appear to center around creating more apprenticeship places and steering young people away from university study which is viewed as having produced an oversupply of university educated individuals who cannot find employment. Discussion of the relative merit of apprenticeships and university education may miss the point. What may be salient, however, is the observation by Gary Rabbior, executive director of the Canadian Foundation for Economic Education, that most educational systems are largely oriented to the **employee mentality**, and that as a result, students do not give much thought to **entrepeneurship** as a career option (Bernstein, 1985). A further example of the indiscriminate fostering of this employee mentality is represented in the United States by the School-to-Work Opportunites Act (U.S. Department of Education, 1994).

The merit of entrepeneurship cannot be disputed: 80 percent of new jobs created in the United States are attributed to entrepeneurship (Shane, 1996), and while other countries may report somewhat lower rates, the evidence is clear: The creation of start-up companies through entrepeneurship offers the best means for job creation, and therefore for the

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reduction of unemployment. This link between unemployment and entrepeneurial activity has been impressively documented in a multinational study that showed a direct, positive relationship between the rate of unemployment and the rate of entrepeneurship (Bögenhold & Staber, 1990). In other words, when unemployment is high, individuals seem to experience an extra "push" toward entrepeneurial activity which, in turn, has longer-term consequences of reducing unemployment. If further evidence for the viability of entrepeneurship for future job creation is needed, one can just look at the most recent wave of mega mergers that have made already huge multinational corporations even bigger, more dominant, and more efficient. All too often, this is translated into the loss of thousands of jobs for workers who, only a few years ago, felt supremely secure regarding their employment because they worked for highly profitable, growing (in terms of sales & profits, but not employment) companies. Clearly, the globalization of the economy has just begun, and challenges to the security of employed workers will continue to increase, making entrepeneurial activities in all corners of the world more likely (Sterns & Hills, 1996).

There are a number of obvious objections to the proposition that entrepeneurship may be a way to avoid unemployment, particularly for young people. Jennifer Kushnell, the 25 year-old president of the Young Entrepeneurs Network, enumerates them: "You're too young", "Wait until you graduate", "Why don't you get a **real** job?", "You don't have enough experience, anyway". She counters these objections by discussing a number of actual **advantages** of young entrepeneurs, as well as ways to overcome the **disadvantages** of being young. Specifically, she points to the fact that young people often have a feeling of invulnerability, because of lack of exposure to previous failure experiences. Moreover, she emphasizes that young people tend to have far fewer responsibilities (family, children, property, debts) than others. Their physical and emotional strength may be at its peak, and often young entrepeneurs have the advantage of untapped resources, including older, more experienced people who may be eager to help them (Kushnell, 1997). Empirical support for these assertions comes from a survey of attitudes toward entrepeneurial activity, which found that age was strongly and negatively related to all entrepeneurial attitudes, particularly the willingness to take financial risks (Jackson & Rodkey, 1990). On the other hand, Shane

(1996) cites a number of studies that show that entrepeneurial activities increase with age, particularly because of the need to build up both human and financial capital before launching a business.

The question of financial resources is particularly important because it is raised as a major potential barrier to young entrepeneurship. Often, this is discussed in relation to "start-up capital" or access to "venture capital." The fact is, however, that many of the most successful businesses were started without the benefit of available financial resources. More often, family and friends provide modest financial and moral support that turns out to be quite adequate, eliminating the need to approach banks and investors in the very early phases of company life. For example, it is now well known that Steve Wozniak and Steve Jobs co-founded Apple Computer out of a garage when they were in their twenties; Michael Dell started Dell Computer out of his college dormitory room; Frank Carney started Pizza Hut out of a small shack on his college campus; 17 year-old Fred Deluca started Subway Sandwich with a modest, single location (Kushell, 1997). Although it would be easy to also document cases where a lack of resources was critical in the failure of a new company, the above demonstrates that "having money" is not a prerequisite for being a successful entrepeneur.

What, then, is required for successful entrepeneurship, especially among the young and inexperienced, who are choosing entrepeneurship as their means to negotiate the transition from school to work? Generally, the entrepeneurship literature, in spite of disagreements about such basic things as the definition of entrepeneurship, agrees on two broad classes of factors that determine success or failure in entrepeneurship: Individual characteristics and contextual affordances. Among the most frequently cited personality characteristics of entrepeneurs are a high need for achievement (e.g., McClelland, 1961; Miner, Smith, & Bracker, 1994), willingness to assume risks (e.g., Begley & Boyd, 1987), and creativity/innovation (e.g., Buttner & Gryskiewicz, 1993; Goldsmith & Kerr, 1991). There is a subgroup of researchers, however, who believe that entrepeneurs are not significantly different from non-entrepeneurs, except in the fact that they particularly effectively respond to environmental circumstances in which they find themselves (Aronson, 1991). Among the contextual factors that are often cited as influencing entrepeneurial

behavior are socio-political systems that, at the very least, do not interfere with entrepeneurial activities (Frese, 1995), or even social and cultural supports that explicitly encourage entrepeneurs and thus become "seedbeds" for economically self-renewing communities and organizations (Krueger & Brazeal, 1994; Shapero, 1981).

Overall findings from the empirical research literature are only suggestive of steps that could be taken to encourage more young people to pursue entrepeneurship as a means of avoiding unemployment or underemployment. Although public calls for understanding and encouraging entrepeneurs have been issued periodically (e.g., Yarzebinski, 1992), they usually focus on entrepeneurs who have reached the average age of company founders, which is between 30 and 35 years, and they do not address students who are about to complete their schooling and begin their occupational careers. Moreover, only the smallest minority of late adolescents or young adults would seriously offer "entrepeneur" as their choice of an occupation. If entrepeneurship is to be considered a viable outcome of the transition from school to work, something will need to be changed. Some findings from an ongoing study of entrepeneurs in former East Germany will be used to identify a potential intervention to make entrepeneurship a more viable option for successfully negotiating the transition from school to work, albeit in a non-conventional way.

Some Findings from the Jena Study of Entrepeneurs

Looking at current entrepeneurs, i.e., looking backward, can help to identify **potential** entrepeneurs, something that is considered to be absolutely essential in fostering the development of entrepeneurs (Krueger & Brazeal, 1994). Because we were particularly interested in exploring ways of fostering entrepeneurial development in Thuringia, a region of formerly Communist East Germany, we examined characteristics of current entrepeneurs in that area. Frese (1995) has shown that cultural factors and socialization at work, as well as early socialization (Frese, Kring, Soose, & Zempel, 1996) have resulted in less personal initiative and self-efficacy among people in East Germany when compared with their peers in West Germany. The findings of Frese and his colleagues suggest that it is important to understand cultural and regional differences among current entrepeneurs before potential entrepeneurs can be identified. The Jena study of entrepeneurs (Schmitt-Rodermund &

Silbereisen, 1998) examined personality characteristics and family background variables of successful entrepeneurs. One of the assumptions of the study was that through the collection of retrospective data from successful entrepeneurs, parenting and family process variables could be identified that differentiated the successful entrepeneurs from others. We decided to take this assumption one step further by proposing that these family factors could then be linked to future successful entrepeneurship. Clearly, if successful, this would create the means for identifying families that would be more likely than others to contain children who in the future would become successful entrepeneurs. A second assumption of the Jena study was that personality characteristics could be identified that could be an additional means of identifying potential young entrepeneurs. Although the Jena study, by virtue of its focus on successful, already established entrepeneurs did not study the young school finishers who are of particular interest for our purpose, we know that personality characteristics are quite stable over many years (e.g., Costa & McCrae, 1995; Schneewind & Ruppert, 1997). Thus, the personality characteristics of successful entrepeneurs in their 30's or 40's could be assumed to be the same as those of considerably younger **potential** successful entrepreneurs.

In short, the findings of the Jena study offer cautious support for our position. Successful entrepeneurs reported that their family was **not autocratic**, and that they were **not particularly close** to their parents. Presumably, these parenting behaviors and characteristics facilitate the kind of independence and willingness to take charge of one's affairs that is necessary for successful entrepeneurial initiative. It was also found that successful entrepeneurs were particularly **intellectually open**, and were somewhat **inclined to take risks**.

Facilitating Entrepeneurial Development

In a noted article on entrepeneurship, Shapero (1981) argued that the key to the long-term resilience of an economy was to increase the number of individuals who see themselves as potential entrepeneurs. Findings such as those from the Jena project could be used to develop programs for the early identification of entrepeneurial talent, i.e., young people who have the personality characteristics and family background that make entrepeneurial success more likely. As noted earlier, however, a large, potential pool of entrepeneurial talent is

underutilized and underidentified because of (largely unwarranted) prejudicial attitudes against young entrepeneurs. Moreover, many of these attitudes are communicated to young individuals in a variety of overt, as well as covert, messages that may well have the effect of greatly reducing the number of young people who seriously consider entrepeneurship as their initial vocational choice (Jackson & Rodkey, 1994). There is reason to believe, however, that this problem can be addressed successfully. Bernstein (1985, p. 187) quotes the manager of one of Canada's Youth Enterprise programs as stating that "you have to show students that it's a lot of work, but that they can do it. Entrepeneurs are made, not born."

When should children begin to be exposed to entrepeneurship training, and when are entrepeneurship models effective in encouraging young people to consider themselves to be **potential** entrepeneurs? There is little research available to answer this question. In the one extensive study of children's socialization to work, Goldstein and Oldham (1979) showed that children, as early as first grade, understand some of the basic realities of economics and work, and that this basic knowledge quickly expands, so that by 5th grade, most children have a fairly realistic understanding. Moreover, by the time children reach the 6th grade, they can give plausible reasons for choosing a given occupation (Trice, Hughes, Odom, Woods, & McClellan, 1995). At about that time, the young teenagers are exposed to structural influences concerned with social group membership and cultural inheritance, on the one hand, and various developmental changes, on the other, which combine to shape their identities and careers (Banks, Bates, Breakwell, Bynner, Emler, Jamieson, & Roberts, 1992). By then, however, important antecedents of future entrepeneurial behaviors may already be in place, or such future behavior may already be unlikely. Consequently, in order to maximize the pool of potential entrepeneurs, programs to facilitate entrepeneurial development should probably be applied to children as soon as they enter the secondary school system.

At this point, only North America (the US and Canada), and perhaps Great Britain have made any significant efforts in this direction. Most of these efforts are private rather than public, and many are (not surprisingly) entrepeneurial in nature. Kushnell (1997) lists a number of these programs in a resource guide that is an appendix to her book on young

entrepeneurship. For example, the Cities in Schools program, located in Alexandria, Virginia, offers an entrepeneurial training program for Kindergarten through 12th graders on a nationwide basis; Junior Achievement offers ist programs to educate and inspire students to value free enterprise to Kindergarten through 12th grade students nationwide and in 100 foreign countries; the Kauffman Foundation of Kansas City teaches entrepeneurship to children from Kindergarten through 8th grade, partly through an innovative Mother and Daughter Entrepeneurship Teams Program. Finally, the Education Cooperative of Wellesley, Massachusetts offers school to work initiatives and special needs classes for children as young as 3 years!

A particularly interesting and noteworthy approach to entrepeneurial development is pursued by a number of organizations that focus entrepeneurial preparation especially on **at risk** children, i.e., children who would ordinarily be least likely to become successful entrepeneurs and at the same time most likely to be unsuccessful occupationally and to get into trouble. For example, the Entrepeneurial Development Institute of Washington offers entrepeneurial training in 18 US cities to 7-21 year-old **at risk** children and adolescents. The One to One of Greater Boston works with **at risk** youth, aged 12-23 through their entrepeneur program.

Conclusion

There are multiple avenues that can be pursued in facilitating entrepeneurship. Clearly, the creation of an economic climate and legal framework that supports entrepeneurial activities is very important. Regional and cultural differences must be understood and taken into consideration in the design of any program designed to facilitate entrepeneurial development. The kind of in-depth knowledge about current entrepeneurs, their characteristics, and their special concerns that is being assembled by the Entrepeneurship Project at the University of Jena represents that kind of essential background information. Culturally sensitive intervention programs can then be designed to increase the pool of potential entrepeneurs, especially of young people who do not "from the start" have an employee mentality and completely rule out the possibility of becoming an entrepeneur. If this is to work as intended, research on childhood socialization, and

experience with actual intervention programs in the United States and in Canada, offer persuasive evidence that exposure to entrepeneurial models and to entrepeneurial thinking and action should occur quite early, preferrably from early childhood on.

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