

# Chapter 17

## Synergic Individual Entrepreneurial Orientation of University Students: A New Measurement Model

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### ABSTRACT

*While innovation is the sharp implement of entrepreneurs, knowledge is the critical element of the innovation system. The collaboration and synergy between the participants of these innovation systems are vital as they become a “laboratory for knowledge based economic development.” On the other side, entrepreneurship has been widely recognized as the engine of job creation and economic prosperity. Albania as a developing country facing high unemployment rates promotes among young adults the continuous development of entrepreneurial activities, which can partially provide a solution to the increasing unemployment. The purpose of this research is to assess a new measurement model of specific entrepreneurial orientation which would contribute to increasing the university students’ intention of becoming entrepreneurs. The study demonstrated that increasing the collaboration of students with industry and governmental institutions in supporting their innovative ideas will increase their intention towards entrepreneurship.*

### INTRODUCTION

Many studies have confirmed that entrepreneurship is an engine of economic growth in developed and especially in developing countries. Fostering entrepreneurship has become a topic of the highest priority in public policy (Lüthje & Franke, 2003) since it has come up with advancements in the entrepreneurship process. The research conducted in many different countries have resulted in a positive relationship between entrepreneurial orientation (EO) and company performance. In other analyses, EO construct has been used on an individual level to measure its influence on entrepreneurial intention (EI). Understanding

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EO at the personal level is very important and would be valuable to future business owners, to business incubators and to potential investors who are considering supporting business proposals (Bolton & Lane, 2012). For this reason, studying individual entrepreneurial orientation (IEO) of university students and measuring the impact it has on their intention of becoming entrepreneurs would be of importance.

Albania is a post-communist country located in South Eastern Europe, in Balkans. Its open market and private property experience started in the 1990s after the communism collapse. INSTAT (2017a) reports that 160,679 enterprises were active at the end of the year 2016, 98.9% of which were small and medium enterprises (SMEs) contributing by 51.7% to the total country employment. Schwab (2016), in the Global Competitiveness Report for 2016-2017, classifies Albania as an efficiency-driven economy, which needs to invest in business sophistication and innovation to become an innovation-driven one. As Acs, Szerb, & Lloyd (2017) emphasize, the Global Entrepreneurship Index (GEI) presents a sophisticated measure of the national-level entrepreneurship ecosystem that reflects the multifaceted nature of entrepreneurship. The GEI ranks Albania 83<sup>rd</sup> out of 137 countries in its last report, where the country's most active area is "startup skills," and weakest one is "risk acceptance." The report shows that even though Albanian people have the necessary skills to start a business based on their own perceptions and availability of tertiary education, their main barrier towards entrepreneurship the institutional instability that adds additional risk to starting a business. An individual score is higher than the institutional one. Entrepreneurial qualities of the people in the ecosystem score 57%, while the quality of the institutions that support entrepreneurship score 38%.

As the other developing countries, Albania is facing high unemployment rates. According to INSTAT (2017b), in the first quarter of 2017, the unemployment rate was 14.2%, so orienting students towards entrepreneurship would provide employment solutions as well as employment opportunities for the graduates. Economies need to enable people to start a business when it is necessary; but they also need to encourage those attracted by the opportunity to venture into entrepreneurship, even when they have other work options (Kelley, Bosma, & Amoros, 2011). Business college students and graduates often see the founding of a company as an attractive alternative to wage or salary employment (Lüthje & Franke, 2003).

In particular, entrepreneurship education has been considered one of the key instruments to increase the entrepreneurial attitudes of both potential and nascent entrepreneurs (Liñán et al., 2011). Henderson & Robertson (1999) classify different education and programs for entrepreneurs as programs for a small business start-up; continuing (adult) small business education, and small business education. According to Fayolle & Gailly (2015) study results, entrepreneurship education programs have positive effects only when previous entrepreneurial exposure has been weak or inexistent on the students. Similar results have also been found in earlier studies of Peterman & Kennedy (2003), Fayolle et al. (2007) and Cooper & Lucas (2007). In Albania, there exist a few programs for small business start-ups with the aim to promote entrepreneurship and increase young generations awareness. In higher education, the focus is on general business administration and business management programs.

Higher education is facing unprecedented challenges in the definition of its purpose, role, organization, and scope of society and the economy (OECD, 2012). Epoka University is an international higher education institution located in Tirana, the capital of Albania. All institutional strategies of the University are built on the "Education, Research and Contribution to Society" triangle. Epoka offers education in three study cycles. The language of instruction is English, and it comprises three faculties: the Faculty of Architecture and Engineering; the Faculty of Economics and Administrative Sciences; and the Faculty of Law and Social Sciences (Epoka University, 2018a). Epoka University has "an overall reported employ-

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