



## **Constructive Cultural Blocks of Entrepreneurship in the Republic of Macedonia (The Influence of Culture's Value on Entrepreneurship)**

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### **Abstract:**

*Conditions in the economic, political, legal, social and cultural system of a country are not independent from each other; on the contrary they are in constant mutual interaction. This interaction shapes the beliefs, norms and values in the country as cultural characteristics that define its national culture. Each country has its own culture, as a specific cultural model accepted by the people, and it is passed from generation to generation. The evolution of all these factors has a direct implication of the business within the country, region or the world.*

*According to Hofstade Geert, culture is the collective programming of opinion that distinguishes members of one group from another. Culture includes systems of values, and values are one of the constructive blocks of culture. Every person is "mind programmed" mostly during childhood, before adolescence. This stage of human life is known for its great capacity to absorb information from the environment: people and material environment. Today, the process of one's absorbing information throughout one's life is known as learning. This process as part of the social reality has influence on shaping a person, group and society at large.*

*This paper focuses on the value dimensions of entrepreneurial culture and discusses the impact of cultures' value systems on entrepreneurship. The main emphasis is on the impact of cultural*

*norms and customs, religion and education system on entrepreneurship. The education system in the Republic of Macedonia and its impact on entrepreneurial culture will be discussed in details, hence conducting survey to analyze the views and opinions of students-graduates. The aim of the paper is to show that different cultural values affect the level of entrepreneurial culture. Education is a value that can lead to a positive change, and indirectly can change the culture that will promote and support the entrepreneurial spirit and entrepreneurial culture.*

**Key words:** entrepreneurial culture, value systems, cultural norms, cultural customs, education system, Macedonia

## 1. Cultural norms and customs

A group of people who share a common set of values, beliefs and norms is said to be a society with its own culture. Values are abstract ideas about what the group believes to be good, right and desirable. They shape the culture by mutual interaction among people who share the same interests and goals. Values influence political and economic systems of society.

Norms are unwritten, informal rules or orders, which define a particular behavior in a given situation. Norms may be in the form of moral principles or folk customs. Moral principles are norms that result in serious penalties if broken. These include norms for condemnation of stealing, killing, lying, incest, cannibalism, the use of narcotics and alike. In many countries certain moral principles are embedded in legal legislation. Such moral principles influence on reducing the costs of doing business, which makes the situation suitable for entrepreneurial activities.

Folk customs define the way in which people are expected to behave and they include: appropriate dress code, good neighbourly communication, dining behaviour, appropriate behavior and alike. Violation of folk customs is not considered a serious precedent, but a personality trait such as being ill-mannered, rude or eccentric

## 2. Religion

Religion has a great influence on shaping the value system of a society. It affects behavior, business etiquette and the relationships between people. According to Rakite, "Religion determines the moral code and ethics, creates taboos, directly or indirectly prescribes the behavior of people and their work habits" (2006, 137). The relationship between society and religion is complex, but the most important implications are on shaping the attitude toward work and entrepreneurship and the extent to which religious ethics affects the costs of doing business in a country.

Ethics is a set of moral principles, values and beliefs that people use to direct and shape the behavior as well as to correct it. Although ethical principles lead to the development of values, beliefs and norms to prevent certain entrepreneurial activities or encouragements, they can change or even disappear with change in beliefs and values. Many of the world's ethical systems are the product of religion. However, there is one exception to this, namely Confucianism and Confucius ethics that influence behavior and shape culture, although these are not a religion.

Religion exists in different variants, from monotheistic to polytheistic. In monotheistic religions, the belief is based on one god, while polytheistic religions are based on the idea of the existence of multiple gods. Basic monotheistic religions are Christianity, Islam and Judaism, and basic polytheistic religions are Hinduism and Buddhism. In the Republic of Macedonia, and also in Europe and America, the monotheistic religion is dominant, while the polytheistic religion is dominant in Asian and African countries. Among the many religions that exist in the world, four are dominating based on the number of adherents: Christianity, Islam, Hinduism and Buddhism.

Worldwide, the number of adherents of Christianity is the largest, amounting to 1.7 billion people, or about 20% of the world's population. Christianity comes from Judaism, and it disperses through the centuries, but the major Christian religions are Orthodox, Catholic and Protestant. According to

Weber (1958, 35), the Protestant ethics emphasizes the importance of hard work, wealth creation for the glory of God and prudence or absenteeism from earthly pleasures. He argued that the Catholic promise of salvation in the next world did not encourage the same kind of work ethics. The emphasis on the individual religious freedom of the protestant religion as opposed to Catholicism is a positive impulse for individual economic and political freedoms and the development of individualism as a philosophy. This philosophy supports the market economy and entrepreneurship activities, and thus economic growth and development. Great Britain, Germany and the United States are the nations with a strong Protestant tradition.

Islam, with almost one billion followers, is the second largest religion in the world. It has its roots in Judaism and Christianity, and it began in the year 610 AD when the prophet Muhammad began to preach his doctrine. Islam requires unconditional acceptance of the uniqueness, power and authority of Allah, and throughout life people need to fulfil his will, hoping to be admitted into heaven. The economic implications of the Islam, according to the Koran, are directed towards free entrepreneurship and legitimate profit through trade and commerce (the Prophet Muhammad was a merchant). Property rights protection is also incorporated in Islam. Islam supports social justice, emphasizes the importance of compliance with the contractual obligations, keeping the word, abstinence from fraud and criticizes earning profits by exploiting other people.

Hinduism is a polytheistic religion, and it has approximately 750 million followers. It is the oldest religion in the world, and it occurred in India more than 4000 years ago. Hindus believe that the moral power in society requires the acceptance of certain responsibilities, they believe in reincarnation after death and karma. With the improvement of the soul in each subsequent life the individual can achieve nirvana, a state of complete spiritual perfection, upon which there is no need for reincarnation. They believe that the way to achieve nirvana is to have a harsh ascetic life with material and

physical deprivations, and dedication towards spiritual rather than material needs. Weber argues that the ascetic principles rooted in Hinduism do not encourage entrepreneurial activity in search of wealth creation. Hill Charles, for today's modern India, the cradle of Hinduism, says, "India is a very dynamic entrepreneurial society and millions of hard-working entrepreneurs build the economic backbone of India's rapidly growing economy" (Чарлс 2010, 104).

More than 200 million people in China, Korea and Japan still follow the ethnic system of Confucius. Confucianism occurred in the fifth century BC as a dogma about the importance of achieving personal salvation through right actions. Although Confucianism is not a religion, this ideology remains deeply planted in the culture of these countries, through the ethical system which sets the guidelines in the relations among people, and it is focused on high moral and ethical conduct as well as on loyalty to others. Economic success in China, Japan, South Korea and Taiwan is believed to be influenced by Confucianism ethics, thus reducing the cost of doing business in those countries. In this sense, values central to Confucianism are loyalty, reciprocal obligations, and honesty in the relationship with others. In this culture, loyalty is emphasized in value systems, and for this a "blessing" being expected. The concept of reciprocal obligations is also important, as it is used to create network connections - "guandzhivang", through which mutual obligations are maintained. Honesty in Confucianism is highly appreciated, and it has major economic implications. It is a guarantee that contractual obligations will not be violated, hence reducing the costs of doing business.

### **3. Educational system**

The educational system represents a part of the global social system, with a complex structure and numerous interactions among its elements and with its environment. As a complex system, it incorporates relationships and processes that are important for the country, such as: educational policy,

organization and structure of the system, content - program structure and alike. The existence of subsystems for formal, non-formal and informal education indicates the complexity of the education system.

The educational process as an education of the population in a country has a significant impact on the creation of cultural values, beliefs and norms and on building the national culture of the society. Keeping the pace with new technological and socioeconomic achievements requires not only primary-formal literacy of the population but also continued education for skilled people who will be competitive on the labour market. Schools usually teach basic facts about the social and political nature of society: respect of others, obedience to authority, honesty, neatness and accuracy, among others, are part of the "hidden curriculum" (Goodman 1991, 11) of schools. The evaluation system also teaches children the value of personal achievement and competition. Formal education plays a key role in the creation of values and norms in society that are transmitted by direct and indirect means, and it teaches individuals most of the linguistic, conceptual and mathematical skills that are necessary in a modern society. "Formal education substitutes the role of family in socialization of youth in values and norms of a society" (Чарлс 2010, 110).

In the contemporary economic analysis, the category of human capital as a factor of economic development is introduced. According to Dimitar Eftimovski, "Human capital is defined as a set of production skills, talent and knowledge of the individual" (ЕФТИМОВСКИ, 20), and its value can be evaluated by the value of goods and services.

Education is an activity through which human capital is acquired by the individual and society as a whole and it impacts the economic and human development. On the other hand, quality economic growth entails the creation of new jobs; if this is not achieved, then people are not able to develop their capabilities, which directly affects the quality of their lives. Measures to overcome this issue usually relate to "increased investment in human capital and development of labour-intensive industries" (ЕФТИМОВСКИ, 275). The first measure is

directed towards a rise in overall labour productivity, and the second measure towards a reallocation of human capital. Generally, it is believed that countries that invest more in education have higher rates of economic growth, since an *educated population is more productive*. "In 1960, Pakistanis and South Koreans were economically equal. However, only 30% of Pakistani children were enrolled in primary education, while in South Korea, this percentage was 94%. By the middle of the eighties the gross national product of Korea was three times higher than that of Pakistan" ("What Can the Rest..." 1996, 24).

### ***Educational system in the Republic of Macedonia***

The educational system in the Republic of Macedonia is in accordance with the national cultural values, with a tendency to meet the characteristics of the country's political and economic system, the needs of people and modern trends in this area. Values that are expected in the Republic of Macedonia, and are set out in the *National Programme for the Development of Education in Republic of Macedonia 2005-2015*, are described as "social, cultural, physical and intellectual well-being of the citizens [...] In this regard, (one has in view) the development of competent, creative, citizen-oriented and ethically developed human capital [...] in the spirit of modern civilization values, such as: knowledge, democracy, fairness, tolerance and humanity [...] Moreover, within the frames of set goals, one seeks to follow the basic principles underlying the development of education in Macedonia such as: quality, civil responsibility, connection with the labour market, economy, fairness, transparency and integrity" (*National Programme...* 2000).

The educational system is organized into subsystems of preschool education, primary, secondary, higher, lifelong learning and special education. Preschool education is an initial degree and a basis of the education system, where the activities are carried out in pre-schools, kindergartens, covering children from all backgrounds, social groups and age to 6 years old.

According to SSO<sup>1</sup>, in 2010, in the country there were 54 public institutions for care and education of children - kindergartens, which included 23,157 children of all ages, of which 21,825 children studied in the Macedonian language, 1,120 children in Albanian, 63 children in Turkish and 149 children in other languages.

According to SSO<sup>2</sup>, in 2010/11, there were 990 regular primary schools with 204,439 students which, compared to 2001/02, when there had been 244,740 students, is a decrease in the number of students, and this reduction is continuous over the past 10 years. According to the demographic trends, this is expected to continue.

The amount of students in terms of the total population of the same age from 7-14 years was 95.75% in 2000/01 and 91.41% in 2009/10. In secondary education in 2010/11, there were 111 regular high schools that included 94,155 students, which in comparison to 2001/02, when there were 95 schools and 92,554 students, is an increase in the number of students continuously over 10 years. The amount of students in terms of the total population of the same age from 15-18 years was 62.96% in 2000/01 and 69.78% in 2009/10. Secondary education is conducted in public and private secondary schools, where 40.4% of students study in secondary schools and 59.6% in vocational schools.

The secondary vocational education is organized as 3 and 4 years, with the participation of students 5.8% and 94.2% respectively. In the school year 2009/10, there were 6 post-secondary vocational schools and 2,102 students, while in higher education there were 101 colleges and 55,792 students. Overall, in the third-cycle education there were 57,894 students, of which 1,177 students (about 2%) were from other countries (Serbia, Montenegro, Croatia and other countries)<sup>3</sup>.

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<sup>1</sup> Announcement no. 2.1.11.01 of 24.02.2011, Skopje.

<sup>2</sup> SSO, Primary and secondary schools at the beginning of 2010/2011, 2.4.11.04.683, Skopje, July 2011.

<sup>3</sup> SSO, Enrolled students in academic 2009/2010, no. 2.4.11.11.694, Skopje, 2011.



At postgraduate studies level there were 3,227 students, of whom 104 students (3.2%) from other countries (Serbia and other countries)<sup>4</sup>. Adult education is regulated by law since 2008. In this subsystem, reform efforts are being made for its systematic and active improvement. For now, the activities undertaken in adult education are minimal<sup>5</sup>.

#### **4. Entrepreneurship in the education system in the Republic of Macedonia**

The educational system in the Republic of Macedonia recognizes that entrepreneurial education is a challenge. The educational programs are created in the context of connecting entrepreneurial training to small and medium-sized enterprises, employment and research and development. Entrepreneurial education is embodied in the National Strategy for the Development of Education 2005-2015, the Law on Secondary Education, the Law on Vocational Education and Training, the Law on Adult Education and other documents and acts.

Entrepreneurship education began to be implemented through pilot projects in primary, secondary and higher education. In 1997, Junior Achievement (JA)<sup>6</sup> program was introduced to primary school students from 7 to 14 years old in order to encourage entrepreneurial spirit among students in 43 primary schools or 13% of the total number of primary schools, of which 25 in Skopje. The number of active students is around 11,000 or 5% of students in primary education.

The World Bank Project and the Ministry of Education enabled capacity building of teachers in primary and secondary education through entrepreneurial education training. Within the Education Modernization Project, 336 teachers from 31 primary schools participated in classroom management

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<sup>4</sup> SSO, Enrolled students at postgraduate studies in 2009/2010, no. 2.4.11.11.694.

<sup>5</sup> Labour force survey – 2009, no. 2.4.10.04/651, July 2010, Skopje.

<sup>6</sup> Junior Achievement(JA): [www.jamacedonia.org.mk](http://www.jamacedonia.org.mk).

training, communications and the like. The project of the Government of the Republic of Macedonia, "Computer for Every Child", facilitated the development of entrepreneurship in order to improve information technology in the primary and secondary schools.

Entrepreneurship, under the Oslo Agenda for entrepreneurial learning<sup>7</sup> should be formally included in primary schools curriculum. This should incorporate introducing innovative methods of teacher training such as: inter-active methods, case studies, methods based on which teachers are involved in the real world of business, also more flexible teaching and learning arrangements in order to promote initiatives, creativity, innovation and risk taking.

In secondary and vocational education for students from 14-18 years additional programs for introduction to entrepreneurship are introduced: Junior Achievement in 42 secondary schools with custom-made curriculum, the implementation of CARDS programs, Vocational education program - VET1, VET2, VET3 and VET4 of FARE Program started in 1998 with an aim to restructure the educational system for entrepreneurial skills in society. These projects included 56 high schools across the state. Within these projects, training of teachers and staff at the Center for Vocational Education and Training (VET) has been carried out. The Centre aims to integrate entrepreneurship in the program documents of VET. Also, in the period from 2003-2004, the project GTZ-VET was implemented and aimed at restructuring the vocational education system by reforming the curriculum and the syllabi. Within the project of modernization of education, 261 teachers from 12 secondary schools selected classroom management training, communications and the like. SEA project included 71 schools where Career Centers were equipped with necessary computer and audio-video equipment, in which students received information about the labour market and opportunities for continuing their education.

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<sup>7</sup>[http://ec.europa.eu/enterprise/entrepreneurship/support\\_measures/training\\_education](http://ec.europa.eu/enterprise/entrepreneurship/support_measures/training_education)

As part of the project Strengthening Entrepreneurship, Competitiveness and Innovation (SECI) training was conducted for teachers who teach the subject entrepreneurship and business in high schools and art schools. British Council implemented the program "Business without Borders", which included students from 10 high schools and students from the Faculty of Mechanical Engineering, about 200 participants who followed the 7-day training and then created a business plan for their ideas.

USAID Activities in secondary education project, through established Career centers (50 schools) and school virtual or real companies (23 schools), aim to improve students' personal and professional competencies to enhance their employability. ECO NET Culture Contact project, from Austria, in cooperation with CSOO, supported training in entrepreneurship and business of teachers from economic, legal and commercial vocation schools, involved in virtual training companies.

Today, entrepreneurial learning is an integral part of the curriculum in the fourth year in: gymnasium and arts education; four-year vocational education, in all profiles in the third and fourth year; and vocational schools in economics, legal and commercial vocation, in each school year, as well as the subject school company as a form of practical education with 4 and 6 hours per week.

Entrepreneurship in higher education is taught as an elective. Postgraduate studies in entrepreneurship as a major is offered only by the Institute of Economics, in Skopje.

## **5. Survey**

A survey has been conducted in order to consider the impact of secondary education on students' value system in the Republic of Macedonia, in context of entrepreneurship.

The overall objective of the research is aimed at the identification of entrepreneurial culture among students in the final years of secondary gymnasium, art and vocational education.

The specific objectives are aimed at: identifying the impact of compulsory education on entrepreneurial culture among students; identifying the impact of value system of culture on entrepreneurship among students.

Methodology - The survey of entrepreneurial culture among students in their final years in high gymnasium, art and vocational education will reflect different levels of entrepreneurial cultural values among them.

The sample is composed of students in secondary gymnasium, art and vocational education. The survey was conducted on a sample of 536 students in their final years of secondary high school, art and vocational education. Out of 536 students, 62 students are in their final third year of VET (11.6%), and the remaining 474 students in the final fourth year of secondary gymnasium, art and vocational education (88.4%). According to sex, 267 are men and 269 are women. According to age, all respondents are in the group 15-24 years. The survey was conducted in 20 schools in different regions of the country in order to cover a wider territory. The survey was conducted in one class in each school, which included secondary gymnasium, art and vocational training in different vocations. The frequency in terms of vocation, schools, cities and number of participants - high school students in the Republic of Macedonia, is shown in Table 1.

Results of the survey- The survey was conducted in September and October 2011, using a questionnaire<sup>8</sup> developed for this purpose and containing 40 questions. The questionnaire was used to identify the entrepreneurial culture among students in the final years of secondary high school, art and vocational education.

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<sup>8</sup> Adapted according to: *European Commission, Entrepreneurship in the EU and beyond, A survey in the EU, EFTA countries, Croatia, Turkey, the US, Japan, South Korea and China*, Analytical report: Directorate-General for Enterprise and Industry, Brussels, 2009.

**Table 1. Surveyed participants according to vocation, school and city**

vocation	school	city	students
Health	Dr. Pance Karagozov	Skopje	31
Electrotechnical	Vlado Tasevski	Skopje	29
Forest and wood processing	Gorgi Dimitrov	Skopje	28
Economics, legal and trade	Arsenie Jovkov	Skopje	30
Traffic	Boro Petrusevski	Skopje	29
Gymnasium	Pance Arsovski	Skopje	27
Mechanical	8 September	Skopje	22
Construction and construction surveying	Zdravko Cvetkovski	Skopje	25
Textile and leather	Vanco Prke	Vinica	27
Mechanical	Mirko Mileski	Kicevo	26
Agriculture and Veterinary	Mosa Pijade	Tetovo	28
Health	Gostivar	Gostivar	28
Catering and tourism	Naum Naumovski Borce	Krusevo	26
Chemical and technological	Niko Nestor	Struga	25
Gymnasium	Dr.Ibrahimo Temo	Struga	26
Economics, legal and trade	Ljupco Santov	Kocani	26
Electrotechnical	Gorce Petrov	Kriva Palanka	27
Food	Ss. Cyril and Methodius	Negotino	26

Geological, mining and metallurgical,	Kosta Susinov	Radovis	27
Music	Sergej Mihajlov	Stip	23

The questions referring to entrepreneurial culture include the following sub-groups:

1. Self-employed vs. employed
2. Possibility to become self-employed
3. Image of the entrepreneur in society
4. What would you do if you inherited a substantial amount of money
5. Entrepreneurship and business activity
6. Business start-up, important factors
7. Business start-up, risk perceptions and barriers
8. Influence of education on entrepreneurship

Data analysis is quantitative and qualitative. The quantitative analysis is conducted based on data obtained from the survey. Qualitative analysis of the survey will be presented in each of the eight sets of questions.

**I. Self-employed vs. employed.** Of all the participants surveyed, 56.3% chose self-employment, of whom 54% were men. According to place of residence, the majority of participants (41.4%) who prefer self-employment are from city, according to the economic status of their parents; in most cases (44.4%) one of the parents is self-employed and the other is employed, according to the financial situation, the majority (46%) reported most comfortable / comfortable. Of all the Macedonians - participants surveyed, about 62.5% reported self-employment, of the Albanians 39.5%, Serbs 61.1%, Turks 68.4%, Romas 21.4%, Bosnians 72% and Vlachs 9%. Out of all Orthodox - participants surveyed, 62.4% reported self-employment, Muslim 43.1%, and Protestant 50%. All Catholic and Jew respondents opted for employee status.

As key reason for indicating self-employment, 42.5% of students emphasized personal independence, 59.6% of them

being women. About 19% of the students-participants selected higher income as most important reason for self-employment, and of these 53.9% were men. Participants of all nationalities prefer personal independence over higher earnings, except Vlachs and Roma who chose opposite. According to religion, all participants prefer personal independence over better earnings, with the exception of Catholics and Protestants.

As key reason for preferring employment, 43.8% of students-participants emphasized regular fixed incomes, of these 54% are men. About 15.8% of the students selected stability of employment as key reason for employment, 61.2% of them being women. Students of all nationalities and from every religion prefer to be employed due to regular income, except the Protestants who apart from the regular income prefer stability in employment as well.

**II. Possibility to become self-employed.** The possibility to become self-employed within the next 5 years was reported by 65.7% of students, of whom 53.7% were men and 46.4% women. According to the nationality of the students, positive attitude towards self-employment have: Macedonians 67.1%, Albanians 77.8%, Serbs 66.7%, Turks 52.6%, Bosnians, 56% Romas Vlachs 54.5% and Romas 50%, as well as all participants according to the religion.

Lack of capital was determined as a primary obstacle for the viability to become self-employed according to the majority of students (40.5%), regardless of their nationality. Out of them 49.3% are men and 50.7% are women. The same point of view is shared by more than half of students with Orthodox and Muslim religion.

**III. Image of the entrepreneur in society.** Most of the students (72.4%) of all nationality and religion said that entrepreneurs create new products and services from which people have benefits. The majority of these students are men, 50.8%.

66.8% of students, most of whom are women (50.3%) believe that entrepreneurs are self-oriented, whereas 73.3% of students, most of whom are women (51.7%) consider entrepreneurs to be creators / designers of work. 59.5% of

students, most of whom are men (55.5%) believe that entrepreneurs exploit other people's work. These attitudes are shared by more than half of the students, of all nationalities and religion, with the exception of Protestants.

About 43.7% of participants-students have positive view of entrepreneurs, out of which men and women have about the same share. Impartial position is shared by 46.6% of students. Most students Albanians, Turks, Romas, Bosnians and Vlachs have a neutral stance on this issue. The number of Macedonian students who reported positive attitude towards entrepreneurs is the same as the number of students who reported impartiality. Most of the Muslim students recorded neutral position, while most Orthodox and Catholics reported positive on entrepreneurs.

Regarding other professions, most of the students have a positive attitude towards the liberal professions, fewer of them towards top managers, much less towards bank managers. For civil servants, most of the students have a neutral position according to nationality except Romas, whose position is 'quite well'. According to religion, most of the Orthodox and Muslims have an impartial stance, except Protestants who have a negative attitude towards civil servants. Regarding politicians, the majority of students reported negatively, out of which the number of women is greater than the number of men. According to nationalities, all reported "quite poor" about politicians, except Turks and Vlachs. According to religion, all students, except Catholics and Protestants, have a negative attitude towards politicians.

**IV. What would you do if you inherited a substantial amount of money?** In case one inherited a substantial amount of money most of the students would start a business (44.4%), most of them being men who support this position. Starting a business was reported by Macedonians, Albanians, Serbs, Turks, Roma, and Bosnians. Also, most of those who reported starting a business were Orthodox and Muslims. On the other hand, savings were first option for the second largest group of students (28.7%), most of them being women.



### **V. Entrepreneurship and business activity.**

Experience in starting business activities have 26.7% of the surveyed students, whereas 72.2% do not have any experience. Most male students have experience in starting a business, close to 2/3. Students who have no experience at all are predominantly women, nearly 60%. Of the total number of Orthodox students only 23.8% reported that they have experience in launching business activities, Muslim 34.3%, Catholic 1/3, Protestants 1/2. According to nationality, students who have experience in starting business activities are Macedonians 23.2%, Albanians 35.2%, Serbs 44.4%, Turks 26.3%, Romas 31% Bosnians 32% and Vlachs 18.2%. Most students, regardless of their nationality and religion, said that they intend to start a business (49.8%), the majority of whom are men, followed immediately by those students who never intended to start a business (28.4%), most of whom are women.

### **VI. Business Start-up, important factors.**

Dissatisfaction with the previous conditions among majority of students (53.4%) has a very important impact on reaching a decision to start or take over a business, and rather important impact among 22.2% of the students. Approximately 83% of the students reported the importance of the impact of having an appropriate business idea on starting a new business or taking over an existing one, for 45.7% this having a very important impact, and being quite important for 37.3%. Contacts with appropriate business partner in starting a new business or taking an existing one has an impact among majority of students (82.5%), of which 44.6% reported a very important impact and quite important in 37.9%. Approximately 91% of the students reported the importance of providing necessary capital to launch a new business or taking over an existing one, and of these 64.9% stated it has a very important impact, while quite important - 26.1%. Not met social and environmental needs to start a new business or take over an existing one has an impact of 74.6% among the majority of students, while for 30%, it has very important impact. These attitudes among students are independent of their ethnicity, religion and gender.

Examples of good business decisions have a great influence among 86.2% of the students who want to start a new business or take over an existing one, and of these, it plays a very important impact among 39.7%, and quite important among 46.5%. This opinion is held by students regardless of their nationality and religion. This issue is "very important" among men as well as women, and "fairly important" among the majority of women.

Approximately 50.4% of surveyed students reported that, if they had sufficient capital, they would start a new business, and 31.3% reported that they would take over an existing one. This position is held by the majority of students regardless of their ethnicity, religion and gender. Most students (83.8%) believe that business should be run "slowly but surely" and only 13.8% have chosen the option of a rapidly expanding business. Again, this position is held by students regardless of their ethnicity, religion and gender. 36% of the students reported that they started or start a business as a result of an opportunity, and 18.3% of the students started a business because they needed to. Most of the students (41.2%), mainly Macedonians, Roma and Bosnians, reported that both things are important, whereas for Albanians and Turks, having an opportunity is the reason for a start-up. Most Serbs start a business as a result of a need, while for the majority of the Muslims starting a business is due to an opportunity; most of the Orthodox believe that both are important for a start-up business. Also, most male students start a business due to an opportunity, and most women find that both opportunity and necessity are important for start-up businesses.

**VII. Business start-up, risk perceptions and barriers.** For the majority of students, income uncertainty and the possibility of bankruptcy are pointed as the greatest risks that make students reluctant to starting a business, where male students are more fearful about income uncertainty and women about both. Among Macedonians, Albanians, Bosnians, Orthodox, Muslim, Catholic and Jew the primary risk is related to the uncertainty of revenue and the second risk - to the possibility of bankruptcy.

The opinion that it is difficult to start a business when there is a lack of sufficient capital is shared by most of the students (89.2%), most of them being women. Most students of both sexes (77.3%) believe that it is difficult to start a business due to complex administrative procedures. Also, 53.2% of the students think that it is difficult to find enough information to start a business and 45% disagree with this view, where the positive attitude is held by most men, and the negative attitude mostly by women. 86% of students, most of whom are women, believe that people who started their own business and experienced failure should be given a second chance. This opinion is held by students regardless of their nationality and religion.

The majority of students (56.9%), most of them being men, believe that a business should not be started if there is a risk of failure. Most of the Macedonian, Albanian, Turk, Roma, Orthodox, Catholic and Muslim students supported this view, while the majority of Serbs, Vlachs, Bosnians and Jew reported negative attitude towards this view. Equal share of Protestants responded positively and negatively to this issue.

#### **VIII. Influence of education on entrepreneurship.**

Most of the students (80.6%) believe that education helps develop a sense of initiative. About 83.8% of students, most of them being women, reported that education helps to better understand the role of entrepreneurship. About 69.2% of students, most of them men, believe that education provides the skills and knowledge to conduct a business. These opinions are held by students regardless of their nationality and religion.

Regardless of their ethnicity, religion and gender, most of the students (63.6%) said that education creates interest to become an entrepreneur. Exceptions to this are Bosnians, most of whom disagreeing with this view, as well as the Jews.

### **Conclusion**

Each country has a different model of political, economic, legal, social and cultural systems and their complex impact has significant implications on the benefits, costs and

risks associated with doing business, manner of doing business, as well as the business strategy. In order for one country to be open to innovation and entrepreneurial activity it is necessary for the business environment to highlight the advantages of the market economy, the property rights protection, intellectual property protection, ethics in business activities and functional and mature democracy. Democratic countries build legal systems that protect property rights, thereby encouraging entrepreneurship. Private property encourages dynamic competition and economic efficiency, and it provides entrepreneurial profits. Corruption discourages investment, weakens the economic vitality, leads to lower growth and makes the country unattractive for business ventures, thereby discouraging entrepreneurial activities. Developed countries usually associate representative democracy with a market economic system, strong protection of property rights and economic progress. A strong environment for the support and development of entrepreneurial activities is generated if there are easy, simple and fast communication, behavioural preference for informality, dedication to work as the purpose and meaning of life, respect for gender equality, and monochrome orientation to time and especially positive attitude to youth.

Norms are social rules that govern the actions of people in mutual interaction; these are guidelines that prescribe the appropriate behaviour of the people and they can manifest in the form of moral rules and folk customs. Adherence to norms reduces the cost of doing business, and societies where norms are clearly outlined encourage entrepreneurial activities.

The relationship between society and religion is complex and the implications on shaping the attitude toward work and entrepreneurship affect the cost of doing business. It is believed that individual religious freedom of the protestant religion in relation to Catholicism and Orthodoxy is a positive impulse for individual economic activities, supports entrepreneurship and market economy. The economic implications of Islam are in the direction of free entrepreneurship and earning legitimate profit through trade and commerce. Ascetic principles embodied in

Hinduism do not encourage entrepreneurial activity in search of wealth creation. It is believed that Confucianism ethics positively affects economic success because of the ethical system, which sets the guidelines in the relations between people, and it is focused on high moral and ethical conduct and loyalty to others, thereby reducing the cost of doing business.

The educational process as an education of the population in a country has a significant impact on the creation of cultural values, beliefs and norms, and building national culture of society. Generally, it is considered that countries that invest more in education have higher rates of economic growth, since the educated population is more productive. In the Republic of Macedonia, the educational system is organized in pre-school education, primary, secondary, higher and adult education. Formal education is well organized and developed, with decentralized structure and a high range of students. Exception to this is the adult education, which is in its initial stage of development. The development of this part of the education system will allow enhancing the competencies of people for their successful economic activity. Informal education does not have the real place in the education system, and there is a lack of system validation. Preschool education, which is developed in urban areas, is not yet mandatory education, and also there is lack of validation for it. Keeping in mind that cultural value systems are created in the early age of one's life, then the importance of this part of education and training is essential for building the entrepreneurial spirit and culture in a society.

Entrepreneurial education is not part of the mandatory school curriculum in primary education. Entrepreneurship can be found only in elective courses and additional activities. Three-year vocational education does not have a reformed curriculum and lacks a syllabus and courses in the area of entrepreneurship. Also, pilot entrepreneurial education and training programs are not enough, that is, complete implementation especially in the three-year vocational education is necessary, which will allow students to be prepared for a job or economic activity. In higher education there is no

undergraduate programme in entrepreneurship, although the number of university institutions increases.

In order to consider the impact of compulsory primary and secondary education on students' value system, in the context of entrepreneurship, a survey was conducted among students in the final year of secondary three- and four-year education in the state.

The analysis shows that 56.3% of the surveyed students prefer to be self-employed rather than employees, most of them being men and coming from an urban environment. More than half of the students of all nationalities chose self-employment, with the exception of Albanians, Romas and Vlachs. According to religion, more than half of the Orthodox students prefer to be self-employed, as opposed to the Muslim students. Personal independence is a reason for self-employment among largest number of students, most of whom being women. The second reason for self-employment is better earnings among students, most of whom being men.

Students of all nationalities prefer personal independence over better earnings, except for Vlachs and Romas, who reported the opposite. According to religion, all students prefer personal independence over better earnings, except for Catholics and Protestants.

Approximately 65.7% of the surveyed students, most of them men, believe that in the next 5 years there will be an opportunity for them to become self-employed. This opinion is held by students regardless of their nationality and religion. Lack of capital is pointed as a major obstacle to the intention of becoming self-employed by most female students. The same view is shared by more than half of students with Orthodox and Muslim religion.

Positive attitude towards entrepreneurs is held by 43.7% of students and neutral by 46.6% of the surveyed students. Most Albanians, Turks, Roma, Bosnians and Vlachs students have a neutral attitude towards entrepreneurs, while Macedonians have reported both positive and neutral entrepreneur – oriented attitude. Most of the Muslim students declared a neutral attitude, while most Orthodox and Catholics

reported positive for entrepreneurs. More than half of the students surveyed believe that entrepreneurs create new products and services for all and are creators of the work, but also more than half of the surveyed students have the attitude that entrepreneurs only think of themselves and exploit other people's work. These opinions are shared by more than half of students of all nationalities and religion, except Protestants. Most women think that entrepreneurs are creators of the work and think only of themselves, while most men think that entrepreneurs create new products and services for all and take advantage of other people's work.

Compared to other occupations, most of the students expressed positive attitude for liberal professions (architects, lawyers, actors, etc.), less for top-managers and managers of banks and civil servants, and for politicians more than half of the surveyed students reported negative opinion. These attitudes are regardless of students' nationality, religion and sex.

In the case of inheriting a significant amount of money, most male students would start a business, while most female students would save money. Of all surveyed students, only 26.7% have experience in starting a business, most of them being men (2/3). Muslim students have more experience in starting a business (34.3%) over Orthodox students (23.8%). Albanians, Bosnians, Roma, Turks and Serbs have greater experience in starting a business over Macedonians and Vlachs. Starting a business is considered by 49.8% of students, most of whom are men.

Dissatisfaction with the previous state, an appropriate business idea, contact with the appropriate business partner, necessary funds, and unmet social or environmental needs are reported to have the greatest impact on the decision to start a business by more than half of the surveyed students, regardless of nationality, religion and gender, whereas examples of good business have more impact on women.

Most of the students surveyed prefer starting a new business over taking an existing one and it should be taken slowly but surely. 36% of the students surveyed thought that an

opportunity is a reason for business, and only 18.3% that it is a need, and most of the students (41.2%) believe that both are important for starting a business.

Income uncertainty and the possibility of bankruptcy are reported as the biggest obstacles to starting a business. This attitude is shared by Macedonians, Albanians, Bosnians, Orthodox, Muslims, Catholics and Jewish. Lack of financial support, complex administrative procedures and lack of information on business start-up are obstacles that have been reported by a great number of students, regardless of nationality, religion and gender. A number of students also believe that a business should not be started if there is a risk of failure, and most of them are men, Macedonians, Albanians, Turks, Roma, Orthodox, Catholics and Muslims. 86% of students, most of them women, believe that a second chance should be given to people who have started their own business and experienced a failure. This attitude is held by students regardless of their religion or nationality.

More than half of students believe that their school education has an impact on the development of their sense of initiative and on a better understanding of the role of entrepreneurship in society; it offers skills and knowledge for doing business and creates an interest in becoming an entrepreneur. Attitudes that their school education has an impact on the development of sense of initiative, creating interest to become an entrepreneur and a better understanding of the role of entrepreneurship, is held by most of the women, whereas the opinion that it provides the skills and knowledge to conduct business is held by most of the men. These attitudes among students are regardless of their nationality and religion.

*The analysis shows that the surveyed students have different cultural values regarding entrepreneurship. Influence of the value system of religion on entrepreneurial attitudes vary depending on nationality and religion, gender, place of residence, economic activity of parents and financial capabilities.*

Positive entrepreneurial attitudes are held by men coming from the urban environment, living comfortably, with at



least one of the parents being self-employed, and, based on nationality, they are Macedonians, Serbs, Turks and Bosnians, most of them being Orthodox. The impact of education on entrepreneurial attitudes is confirmed in 2/3 of the respondents. Most women think that school education has an influence on the development of the sense of initiative, creating interest to become an entrepreneur and allowing a better understanding of the role of entrepreneurship. While most men think that education provides the skills and knowledge to conduct business. These attitudes among respondents do not depend on their nationality and religion. The survey results confirm that the life-long learning is a factor for building an entrepreneurial culture in a society.

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