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Determinants of Youth Entrepreneurship in Kosovo

An Honors Society Project

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Abstract

This research aims to analyze the determinants of the probability of youth in Kosovo becoming nascent entrepreneurs. Kosovo, a young nation with a youth demographic and post-conflict socio-economic challenges, presents a unique context for studying entrepreneurship. The study focuses on the impact of both demographic and perceptual characteristics of the youth on their entrepreneurial orientation.

The empirical analysis combines secondary data with primary data collected through an online survey targeting the youth of Kosovo, aged 18-29. It assesses the impact of various factors, including gender, educational background, household income, entrepreneurial experience, and perceptual variables like opportunity perception, fear of failure, self-efficacy, and knowing other entrepreneurs on the probability of becoming nascent entrepreneurs.

The findings reveal that gender significantly influences the probability of being a nascent entrepreneur, with women showing a lower propensity towards entrepreneurship. Previous entrepreneurial experience is positively correlated with entrepreneurial plans. Among perceptual variables, opportunity perception and knowing other entrepreneurs positively impact entrepreneurial inclination, while fear of failure shows varying impact across model specifications.

The study emphasizes the need for policy interventions, particularly in educational programs, to address the gender gap in entrepreneurship and foster an environment conducive to youth entrepreneurship in Kosovo. It also highlights the importance of programs focusing on mentorship and networking opportunities in enhancing entrepreneurial intentions among the youth. Future studies could further explore institutional factors and incorporate more diverse data collection methods to provide better insight into nascent entrepreneurship in post-conflict societies.

Keywords: nascent entrepreneur, youth, perceptual variables, demographic and socioeconomic variables, Kosovo

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1.0 Introduction

Entrepreneurial ventures, particularly startups, represent not only economic aspirations but also the evolving mindset of a generation (Acs, Desai, & Hessels, 2008). In Kosovo, a country with a young population and continuous socio-political shifts, understanding the nature of youth nascent entrepreneurs is significant. This research looks into the complex landscape of startup entrepreneurial ventures as perceived by Kosovo's youth. By analyzing the demographic and perceptual factors that influence the entrepreneurial ecosystem, this research aims to provide a better understanding of what impacts the probability of being a nascent entrepreneur among the Kosovo youth.

The analysis is set within Kosovo's economic, cultural, and educational context, where traditional values meet globalized ambitions. While there are studies on startup initiatives in general in Kosovo as well as youth entrepreneurship in Europe, there is a lack of research that analyzes the willingness of youth in Kosovo regarding startup investments. The intention is to investigate the correlation between different characteristics of the Kosovan youth and their propensity to become entrepreneurs, and thus, providing a better idea of what influences such decisions. These findings could prove useful for providing practical recommendations that can foster a more supportive environment for young startup entrepreneurs in Kosovo, given the vast impact that this ecosystem can have on Kosovo's economy.

For the purposes of this study, both primary and secondary data were used. Through an online survey, young individuals from Kosovo were asked questions regarding their socioeconomic status and demographics such as age, income, education, work experience, as well as their perceptions regarding entrepreneurship. This data was then used in the empirical investigation to see how characteristics such as gender, income, self-efficacy, fear of failure, etc., influence the probability of being a nascent entrepreneur among Kosovo youth aged 18 to 29.

1.1 Background Information

Kosovo, having declared its independence in 2008, remains one of the youngest nations in Europe, both in terms of its political establishment and its demographics (World Bank, n.d). With approximately 40% of its population under the age of 25, it has a significant youth demographic (Index Mundi, 2021). However, despite investments since the declaration of

independence and its youth population, Kosovo still faces challenges such as high youth unemployment rates and economic uncertainties (Eurostat, 2023). According to the Kosovo Agency of Statistics, in 2022, 21.4% of the youth in Kosovo were unemployed (in Trading Economics, 2023). However, when compared to previous years, that has been a considerable reduction in the youth unemployment rate, as this rate amounted to 38% in 2021, 49% in 2020 and 2019, and more than 55% in 2018 (2023). In such scenarios, where the job market may have certain limitations, especially for the youth, this transition from unemployment or part-time work to entrepreneurship is an important dynamic to consider.

The economic landscape of Kosovo has experienced significant transformation since the 1990s. The transition from a centrally planned system to a market-based economy, coupled with post-war reconstruction efforts, has presented both opportunities and challenges (IMF, 2017). Understanding the dynamics of household income in relation to entrepreneurship is vital for Kosovo, where economic conditions vary across different regions and communities. As of June 2023, average monthly household income in Kosovo was 693 USD, based on data provided by the Kosovo Agency of Statistics (in CEIC Data, 2023). This average went to as high as 729 USD in December of 2023 (2023). Prior to 2020, average monthly household income in Kosovo was less than 600 USD. Albania, on the other hand, has an average household income of more than 800 USD, whereas other countries in the region such as Serbia, Montenegro, and North Macedonia all report an average household income of more than 1,000 USD (2023). Policies and support programs aimed at fostering entrepreneurship need to consider these income-related challenges to effectively encourage and support potential entrepreneurs from all economic backgrounds. Within this landscape, entrepreneurial activities, especially startups, can be catalysts for economic growth and employment generation.

In terms of education, there has been a growing emphasis on entrepreneurship in the curricula of universities located in the EU zone, reflecting a broader global trend of recognizing entrepreneurship as a key driver of economic development (European Commission, 2016). Incorporating entrepreneurship in academic syllabi has been linked to increased entrepreneurial ambition among students (Cera et al. 2020). This has been the case in EU Member States where Entrepreneurial Education (EE) had a positive correlation with Entrepreneurial Intention (EI) and overall higher ambition for entrepreneurship among the youth. (Cera et al. 2020). Yet, to turn these ambitions into thriving businesses, essential elements like mentorship, networking, and

exposure to new cultures and ideas through first-hand experience tutoring, are also vital (Lajqi, Peci, Krasniqi. 2019).

Youth entrepreneurship, especially in the domain of startups and their correlation to domestic institutions, has gained significant academic attention in recent decades due to its potential to drive economic growth, innovation, and job creation (Tosun et al. 2016). Youth-driven startups have become the central to innovation efforts, especially in tech-centric industries like IT, health, and green technology (Schwab, 2017). That is because young entrepreneurs, often more attuned to new market trends and technological advancements, may exhibit a heightened sense of opportunity perception compared to their more established counterparts (United Nations, 2020). However, youth entrepreneurship has its own challenges. Young entrepreneurs often face difficulties in terms of access to capital and lack of market experience (Acs, Desai, & Hessels, 2008). As a result, many young aspiring entrepreneurs do not view startups as a feasible livelihood (Acs, Desai, & Hessels, 2008). On the other hand, in countries such as Latvia, Poland, and Sweden, where governments implemented policies and improved the quality of institutions in a way that fostered more innovation and entrepreneurial spirit, the perceived feasibility of entrepreneurship among young people is quite high: 65.6%, 60.8%, and 57.4% of youth in those countries respectively perceive entrepreneurship as a feasible option (Tosun et al. 2016).

In the case of Kosovo, the quality of institutions is particularly crucial given the country's transition phase and efforts to build a stable economic framework (Williams and Vorley, 2017). Efficient institutions enhance entrepreneurship by providing clear guidelines and support, while inefficiencies and corruption impede it (2017). Kosovo, avoiding the traditional 'path extension' seen in transition economies, which means utilizing existing institutions to foster growth, instead experienced a 'path break', which meant establishing new institutions to foster entrepreneurship (2017). Still, entrepreneurial impact on Kosovo's economy remains limited. Post-conflict, Kosovo aligned formal (laws, regulations) and informal (norms, cultures) institutions to support entrepreneurship (2017). Their complementarity, influenced by Western values, especially from the U.S., promotes entrepreneurial activities (2017). However, challenges remain, including limited scope and ambition of entrepreneurial activities, local focus, and issues like corruption that affect both formal and informal institutions. Kosovo is ranked as 84th in the Corruption Perceptions Index (CPI) with a transparency score of 41, though it has shown signs of improvement in recent years (Transparency International, 2023).

The startup ecosystem in Kosovo, although in its infancy, shows promise (Lajqi, Peci, Krasniqi, 2019). The role of incubators in fostering entrepreneurial spirit among the youth shows that such incubators leave much to be desired, with a majority of startups (around 55%) failing in the first five years (Mulolli, Islami, Skenderi, 2017). In OECD countries, startups with incubators showcased a survival rate of 80-85%, whereas the ones without the help of incubators had a survival rate of only 30-50% (2017). Nonetheless, in Kosovo, there has been a gradual rise in tech-driven startups and initiatives aiming to nurture entrepreneurial skills among youth (Mulolli, Islami, Skenderi, 2017). In this context, the broader social and perceptual factors of entrepreneurship are areas that require exploration. Therefore, this study aims to see how such factors could impact entrepreneurship among the youth in Kosovo, which could serve as the basis for providing practical policy recommendations.

2.0 Literature Review

This section reviews relevant studies from the existing literature on entrepreneurial intentions, focusing on demographic and perceptual variables, and aggregate factors affecting nascent entrepreneurship.

2.1 Demographic Characteristics

2.1.1 Age

Age significantly impacts entrepreneurial intentions, primarily because of accumulated responsibilities (Kautonen, Luoto, and Tornikoski, 2010). Studies show that individuals in the 'third age' group (50-64 years) often have more family obligations and financial stability concerns compared to those in the 'prime age' group (20-49 years) (2010). These responsibilities increase with age and can discourage the risk-taking necessary for entrepreneurial activities, especially among those with a blue-collar background (2010). Moreover, age influences entrepreneurial intentions through work-related socialization and changes in the business environment (2010). In the context of developing countries, younger individuals, influenced by post-conflict societal changes, may lean more toward entrepreneurship for innovation and economic self-reliance (Sternberg and Breitenbach, 2023). In contrast, older individuals, dealing

with post-conflict economic uncertainties, might be more risk-averse (2023). Hence, younger individuals are more likely to engage in entrepreneurial activities.

2.1.2 Gender

Studies find that gender significantly influences entrepreneurial intentions and activities through perceptual variables like confidence in one's skills and opportunity perception. For example, Verheul et al (2012), which analyzes data from 29 countries, highlights that while these perceptual variables - namely those of opportunity perception, fear of failure, etc. - are crucial for both men and women, they manifest differently across genders, with men having a higher propensity to engage in entrepreneurship (2012). This difference in manifestation impacts the inclination towards entrepreneurship, indicating the importance of understanding how gender shapes these perceptual aspects (2012). The literature further reveals that gender influences entrepreneurship through environmental and institutional factors (2012). Existing studies reveal a consistent gender gap in entrepreneurial rates across various developing countries given that it is 'easier' for men to access institutional support (Arshad et al. 2016). These elements are particularly influential in developing countries that may have complex administrative procedures that can be overwhelming especially for women, impacting entrepreneurial intentions and actions in a gender-specific manner (2016). Therefore, according to the literature, women are less likely to be nascent entrepreneurs compared to men.

2.1.3 Education

Existing studies looking at the educational variables show that a comprehensive educational background equips individuals with critical thinking skills, problem-solving abilities, and a broad understanding of business environments (Fairlie and Robb, 2007). These competencies are vital for identifying opportunities, making strategic decisions, and navigating the challenges of starting and managing a business, underscoring the importance of a well-rounded education in fostering entrepreneurship (2007). At the same time, the specific field of study also significantly influences entrepreneurial propensities; Davidsson and Honig highlight that individuals with a background in business-related studies are more likely to engage in entrepreneurial activities (2003). This correlation is attributed to the direct relevance of business education in imparting specific skills and knowledge, such as marketing, financial management,

and organizational behavior, which are directly applicable in entrepreneurial settings (2003). On the other hand, young people studying other fields such as medicine or humanitarian studies exhibit far lower inclinations toward entrepreneurship (Harryson and Urabi, 2023). More interest is shown by those in technical fields such as engineering, and computer sciences, etc (2023). Education focused solely on entrepreneurship is expected to play a huge role on the entrepreneurial inclinations of individuals (Souitaris et al. 2007). Studies show that entrepreneurship programs that inspire and provide practical resources increase students' entrepreneurial attitudes and intentions (2007). These programs often include elements of experiential learning, mentorship, and exposure to real-world entrepreneurial challenges that enhance students' confidence and practical skills for entrepreneurial ventures (2007). Therefore, education does impact the propensity of the youth to be nascent entrepreneurs, and it is exhibited more by individuals pursuing education in technical fields as well as individuals that pursue entrepreneurship programs.

2.1.4 Work Status

Individuals who are employed or part-time employed often consider entrepreneurship as a viable alternative (Arenius and Minniti, 2005). One possible explanation for this finding is that stable employment can provide the necessary resources, skills, and networks that are advantageous for entrepreneurial ventures (2005). Individuals in stable jobs might have better access to financial resources, either through savings or creditworthiness, and they may also have developed valuable skills and contacts through their employment (2005). Conversely, individuals with no employment may view entrepreneurship as a riskier venture (2005). That is due to the financial instability and risks associated with starting a business (2005). This perspective is particularly relevant in economies with high unemployment rates or limited job opportunities, where entrepreneurship can emerge as a pathway to financial independence and career fulfilment (2005). Hence, individuals that are employed are more likely to become nascent entrepreneurs.

2.1.5 Household Income

Household income significantly influences entrepreneurial intentions and activities, with a U-shaped relationship indicating different entrepreneurial motivations at low and high-income levels (Arenius and Minniti, 2005). At the lower end of the income spectrum, individuals may

engage in entrepreneurship out of necessity (2005). Environments with scarce job opportunities or where jobs do not meet financial needs, starting a business can become a way to secure a livelihood (2005). This necessity-driven entrepreneurship is often characterized by smaller-scale ventures and is particularly prevalent in areas with high unemployment rates or limited economic development (2005). On the other hand, individuals at the higher end of the income scale might pursue entrepreneurship as an opportunity to capitalize on their financial resources and networks (2005). These individuals, who are often in a position to take calculated risks, may invest in business ventures that require substantial upfront capital (2005). This form of entrepreneurship, driven by opportunity rather than necessity, can lead to larger, growth-oriented businesses (2005). Hence, income has a non-linear relationship with entrepreneurship propensity, with the ones in the two extreme ends of the income levels showcasing a higher propensity to engage in entrepreneurial ventures.

2.2 Perceptual Variables

Besides demographic variables, the literature focuses on the role of perceptual variables as well, reviewed in the following part of this section.

2.2.1 Opportunity Perception

Opportunity perception is one of the key perceptual variables in entrepreneurship, as it involves not only recognizing market gaps but also believing in one's capacity to exploit these opportunities successfully, influenced by individual backgrounds, experiences, and socio-economic environments (2005). This variable is profoundly shaped by an individual's background and experiences. Arenius and Minniti emphasize that recognizing market opportunities is intertwined with an entrepreneur's belief in their ability to capitalize on these opportunities (2005). This perception varies among individuals, influenced by their unique experiences, knowledge, and skills, which determine how they identify and evaluate potential business ventures (2005). However, this perceptual ability is not uniformly distributed across the population (Kirzner 1979). It varies based on several internal and external factors, with this non-uniformed distribution entailing market inefficiencies (1979). Prospective entrepreneurs who may have a refined skill set for identifying and evaluating potential business opportunities then

drive the market toward perfect knowledge and equilibrium (1979). As such, individuals that perceive opportunities are more likely to become nascent entrepreneurs.

2.2.2 Confidence in One's Skills and Ability for Entrepreneurial Behavior (Self-Efficacy)

Self-efficacy, or the confidence in one's own skills and abilities to perform entrepreneurial behaviors, is another determinant of entrepreneurial intentions and success, influenced by prior experiences, social support, cultural perceptions, and legal complexities (Arenius and Minniti, 2005). Professional exposure, especially in business-related fields, significantly contributes to developing self-efficacy in entrepreneurs (Baron, 2000). Such exposure not only imparts necessary knowledge and skills but also fosters a mindset conducive to entrepreneurial pursuits (2000). Hands-on experiences, such as internships, mentorship programs, and involvement in family businesses improve social and cognitive skills essential for entrepreneurship, thereby boosting confidence in handling business challenges (2000). The impact of such practical experiences on self-efficacy is significant, enabling individuals to better navigate the entrepreneurial landscape (2000). Societal and cultural perceptions also shape self-efficacy (2000). In environments where entrepreneurship is supported and celebrated, individuals are more likely to develop the confidence needed for business ventures (2000). Conversely, contexts where failure is stigmatized may deter potential entrepreneurs from taking risks, indicating the importance of a supportive ecosystem for nurturing self-efficacy (2000). In the context of developing economies, studies show that entrepreneurship and self-efficacy are significantly impacted by the legal and economic policies of a specific country (Harper, 1998). Encouraging experiences that build self-efficacy, such as workshops and networking events, can be instrumental in cultivating a confident and capable pool of entrepreneurs since it makes it easier for nascent entrepreneurs to engage in entrepreneurial activities and build on that experience (1998). That is because literature suggests that a higher level of self-efficacy is linked with a higher probability of an individual to become a nascent entrepreneur.

2.2.3 Fear of Failure

Fear of failure is a significant psychological barrier in entrepreneurship, affected by factors like potential financial losses, demographic variations, societal attitudes, age-related concerns, and individual personality traits (Arenius and Minniti, 2005). Potential financial losses

entail one of the biggest sources of fear of failure; Individuals who are highly risk-averse might also be more likely to experience a fear of failure, as starting a business inherently involves uncertainty and the potential for loss (Kihlostrom and Laffont, 1979). According to Vivianna and Krähenmann (2021), this fear often stems from various sources, including potential social stigma associated with failure, and the perceived impact on personal life and family. In societies where failure is harshly judged or stigmatized, the fear of failure can be especially pronounced (2021). Studies also show that older individuals, particularly those transitioning from long-term employment, may exhibit a greater fear of failure due to perceived financial risks and a lack of recent entrepreneurial experience (Kautonen et al, 2010). Further, personality traits on their own may impact fear of failure with regards to entrepreneurship (Stewart and Roth, 2001). Studies also show the importance of both situational and predispositional factors that relate to fear of failure and risk-taking behaviors of individuals (2001). With regards to fear of business failure and risk propensity, extroverts exhibit a lower fear of failure and are more inclined toward entrepreneurship (2001). Therefore, the more an individual perceives the fear of failure, the less likely s/he is to venture into entrepreneurship.

2.2.4 Knowing Other Entrepreneurs

Knowing other entrepreneurs significantly influences an individual's entrepreneurial journey, as it provides grasping social networks, building social capital, and transmitting intergenerational entrepreneurial traits (Arenius and Minniti, 2005). Social networks play a role in entrepreneurial intentions. Individuals who are connected to other entrepreneurs are more likely to start businesses due to the exchange of knowledge, resources, and encouragement they receive (Arenius and Minniti, 2005). Social capital also plays a huge role in entrepreneurship (Davidsson and Honig, 2003). Having family, friends, or acquaintances who are entrepreneurs can significantly enhance one's other perceptual variables such as confidence and ability to recognize business opportunities (2003). This social capital acts as a catalyst, reducing the perceived risks and uncertainties associated with starting a new venture (2003). Exposure to family business can help in intergenerational transmission of entrepreneurial traits and skills (Fairlie and Robb, 2007). Individuals with a family history of entrepreneurship are more inclined to start their own businesses, suggesting that exposure to entrepreneurial environments from an

early age can shape future entrepreneurial behavior (2007). The earlier the age of exposure, the more likely it is for an individual to have entrepreneurial aspirations in the future (2007).

2.3 Aggregate Factors

Existing studies also look at the level of economic development and institutional quality as external factors to entrepreneurship.

2.3.1 Level of Economic Development

In more developed economies, the abundance of resources, established markets, and stable financial systems can provide a conducive environment for entrepreneurship (Arenius and Minniti, 2005). However, these settings can also be highly competitive, requiring entrepreneurs to innovate continually and offer distinct value propositions (2005). Conversely, in less developed or transitioning economies, the entrepreneurial landscape is often characterized by necessity-driven entrepreneurship (Williams and Vorley, 2017). In such contexts, entrepreneurship can emerge as a means to overcome economic challenges, including high unemployment and limited job opportunities (2017). While transitioning economies may lack certain resources and infrastructure, they also offer unique opportunities for entrepreneurs to fill market gaps and address unmet needs (2017). The economic development level also influences the types of entrepreneurial ventures that emerge (Arenius and Minniti, 2005). In developing economies, small-scale and local businesses are more common, while developed economies might see a higher prevalence of tech startups and international enterprises (2005). Therefore, not only does the level of development play a role in the likelihood of the youth engaging in entrepreneurship but it also influences the magnitude and nature of what startups are launched.

2.3.2 Quality of Institutions

The effectiveness and efficiency of various institutions, including government bodies, legal systems, and financial institutions, significantly impact entrepreneurial activities (in Arenius and Minniti, 2005). In well-established systems, where institutions function efficiently, entrepreneurs are more likely to find a supportive environment that encourages business creation and growth (2005). This includes aspects such as ease of starting a business, availability of funding, protection of property rights, and fair regulatory practices (2005).

3.0 Methodology

This section explains the research methods used to explore youth entrepreneurship in Kosovo.

3.1 Secondary Data Collection

Key sources of secondary data include academic journals, reports from international organizations, government publications, and relevant online databases. The study by Arenius and Minniti (2005) serves as a primary reference, alongside other works that explore various dimensions of entrepreneurship, such as demographic factors, socio-economic backgrounds, perceptual variables, and regional specificities. The insights gained from secondary data collection guided the development of the survey for primary data collection. They helped on identifying of the key variables, the construction of hypotheses, and the overall direction of this research.

3.2 The Survey and Data

The primary data collection is centered around a structured online survey, designed to capture the specific variables relevant to youth entrepreneurship in Kosovo. Following existing studies in the field, the data contains demographics, perceptual (e.g., opportunity perception, fear of failure), socio-economic, and other characteristics relevant to the entrepreneurial inclinations of youth in Kosovo. The questionnaire was developed by making reference to the Arenius and Minniti (2005) study, ensuring that it captures similar perceptual variables while also incorporating additional questions tailored to the Kosovo context. This includes questions about specific socio-cultural norms influencing the probability of venturing into entrepreneurship. The survey was distributed electronically, utilizing various channels such as social media, university networks, and professional forums to maximize reach and participation. The survey adhered to ethical standards of research, ensuring the confidentiality and anonymity of respondents. Participants were provided with clear information about the purpose of the study and their rights, including the voluntary nature of their participation (see Appendix 1). To ensure the proper preparation of consent forms and maintaining the highest level of ethical standards in research, Honors students took part in the Applied Research Methods and Ethical Practices workshop.

The target demographic group for the analysis was the youth of Kosovo. OECD defines “Youth” as people aged 18-29 (OECD, 2018). This target group encompasses university students, nascent entrepreneurs, and young professionals. The convenience sampling method was deployed in open-access media, with a focus on variables such as age, gender, educational background, and the perceptual variables identified in the literature review. As a result, 123 respondents participated in the survey.

The dependent variable represents the probability of being a nascent entrepreneur as a young individual from Kosovo. Given its binomial nature it takes the value one if the individual has become a nascent entrepreneur, zero otherwise. The last three questions of the survey (see Appendix 2) were used to identify nascent entrepreneurs. The last three questions of the survey, derived by the Arenius and Minniti (2005), are as follows:

1. Are you (alone or with others) currently trying to start a new business, including any self-employment or selling any goods or services to others?
2. Over the past twelve months, have you done anything to help start a new business, such as looking for equipment or a location, organizing a start-up team, working on a business plan, beginning to save money, or any other activity that would help launch a business?
3. Will you personally own all, part, or none of this business?

Respondents who answered with “Yes” on the first and second question and answered “All” or “Part” on the third question were coded as 1, and those who answered otherwise were coded as 0 (where 1=Nascent Entrepreneur; 0= Not a Nascent Entrepreneur). After tabulating the data compiled from the survey, three different hierarchical model specifications were used to see how different factors may influence the probability of being a nascent entrepreneur in Kosovo. The first model specification looks only at the demographic variables. The second model specification looks only at the perceptual variables and how they impact the dependent. The last specification accounts for both demographic and perceptual variables.

3.3 Variables and Model Specifications

After compiling the data and identifying the variables with the correct functional form as per the literature review, three hierarchical econometric model specifications were used (see Appendix 3).

Model Specification 1:

$$\text{Nascent Entrepreneur} = \beta_0 + \beta_1\text{Age} + \beta_2\text{Education} + \beta_3\text{Income} + \beta_4\text{IncomeSQ} + \beta_5\text{Gender} + \beta_6\text{Field of Edu} + \beta_7\text{Employment} + \beta_8\text{Entrepreneurial Exp} + \beta_9\text{Entrepreneurial Edu} + \varepsilon$$

Model Specification 2:

$$\text{Nascent Entrepreneur} = \beta_0 + \beta_1\text{Opportunity Perception1} + \beta_2\text{Opportunity Perception3} + \beta_3\text{Self-} \\ \text{efficacy1} + \beta_4\text{Self-} \\ \text{efficacy3} + \beta_5\text{Fear of failure1} + \beta_6\text{Fear of failure3} + \beta_7\text{Knowing Other} \\ \text{Entrepreneurs} + \varepsilon$$

Model Specification 3:

$$\text{Nascent Entrepreneur} = \beta_0 + \beta_1\text{Age} + \beta_2\text{Education} + \beta_3\text{Income} + \beta_4\text{IncomeSQ} + \beta_5\text{Gender} + \beta_6\text{Field of Edu} + \beta_7\text{Employment} + \beta_8\text{Entrepreneurial Exp} + \beta_9\text{Entrepreneurial Edu} + \beta_{10}\text{Opportunity Perception1} + \beta_{11}\text{Opportunity Perception3} + \beta_{12}\text{Self-} \\ \text{efficacy1} + \beta_{13}\text{Self-} \\ \text{efficacy3} + \beta_{14}\text{Fear of failure1} + \beta_{15}\text{Fear of failure3} + \beta_{16}\text{Knowing Other Entrepreneurs} + \varepsilon$$

The tables below provide descriptions for all the variables identified during the study as being determinants of whether a young individual from Kosovo is a Nascent Entrepreneur or not.

Table 1: Variable used and their descriptions.

Dependent Variable	Description of Variables
Nascent Entrepreneur	Equals one if a young individual from Kosovo is an entrepreneur, zero otherwise.
Continuous Variables	Description of Variables

Age	<p>The age of the individual in years.</p> <p>Derived from the Arenius & Minniti (2005) study.</p>
Education	<p>The level of education of the individual (with 1=high school diploma; 2=Bachelor's Degree; 3=Master's Degree; 4=PhD; and so on).</p> <p>Derived from the Arenius & Minniti (2005) study.</p>
Income	<p>Household income of an individual.</p> <p>Derived from the Arenius & Minniti (2005) study.</p>
IncomeSQ	<p>Household income of an individual squared to reflect the non-linear relationship between household income and probability of being an entrepreneur.</p> <p>Derived from the Arenius & Minniti (2005) study.</p>
Categorical Variables	Description of Variables
Gender	<p>Whether the individual is male or female (1=female; 0=male).</p> <p>Derived from the Arenius & Minniti (2005) study.</p>
Field of Education	<p>The field of education of the individual (1=technical; 0=non-technical).</p> <p>Derived from the Harryson & Urabi (2023) study.</p>
Employment	<p>Whether the individual is employed (1=employed either full-time or part-time, 0=unemployed).</p> <p>Derived from the Arenius & Minniti (2005) study.</p>

Entrepreneurial Exp.	<p>Whether the individual has previous entrepreneurial experience (1=yes; 0=no).</p> <p>Derived from the Baron (2000) study.</p>
Entrepreneurial Edu.	<p>Whether the individual has had any form of entrepreneurial education (1=yes; 0=no).</p> <p>Derived from the Souitaris et al. (2007)</p>
Knowing Other Entrepreneurs	<p>Whether the individual has someone in his/her close circle that has started a business (1=yes; 0=no;)</p> <p>Derived from the Arenius & Minniti (2005) study.</p>
Opportunity Perception 1	<p>Whether the individual disagrees (those who answered “1” or “2”) that there are good entrepreneurial opportunities in his/her environment compared to those who neither agree or disagree (those who answered “3”) (on a scale of 1 to 5, with 1=strongly disagree; 5=strongly agree).</p> <p>Derived from the Arenius & Minniti (2005) study.</p>
Opportunity Perception 3	<p>Whether the individual agrees (those who answered “4” or “5”) that there are good entrepreneurial opportunities in his/her environment compared to those who neither agree or disagree (those who answered “3”) (on a scale of 1 to 5, with 1=strongly disagree; 5=strongly agree).</p>
Self-efficacy 1	<p>Whether the individual is not confident (those who answered “1” or “2”) that s/he has the necessary skills to become an entrepreneur, compared to those who are moderately confident (those who answered “3”) (on a scale of 1 to 5, with 1=strongly disagree; 5=strongly agree).</p> <p>Derived from the Arenius & Minniti (2005) study.</p>

Self-efficacy 3	<p>Whether the individual is confident (those who answered “4” or “5”) that s/he has the necessary skills to become an entrepreneur, compared to those who are moderately confident (those who answered “3”) (on a scale of 1 to 5, with 1=strongly disagree; 5=strongly agree).</p> <p>Derived from the Arenius & Minniti (2005) study.</p>
Fear of failure 1	<p>Whether the individual does not believe (those who answered “1” or “2”) that fear of failure would prevent him/her from starting a business compared to those that believe that fear of failure would moderately impact them (those who answered “3”) (on a scale of 1 to 5, with 1=not at all; 5=extremely).</p> <p>Derived from the Arenius & Minniti (2005) study.</p>
Fear of failure 3	<p>Whether the individual believes (those who answered “4” or “5”) that fear of failure would prevent him/her from starting a business compared to those that believe that fear of failure would moderately impact them (those who answered “3”) (on a scale of 1 to 5, with 1=not at all; 5=extremely).</p> <p>Derived from the Arenius & Minniti (2005) study.</p>

3.4 Limitations

Given the online nature of the survey, there is a potential bias towards respondents who are more technologically adept and engaged in online platforms. This might exclude segments of the youth population that are less connected or have limited access to digital resources. The qualitative nature of survey data and the shortcomings associated with self-declaration represent limitations. Respondents' perceptions and responses might be influenced by their current circumstances or social desirability, which may not accurately reflect their true attitudes or experiences. The findings of this study, while insightful for the context of Kosovo, may have limited generalizability to other demographic groups or countries. The unique socio-economic

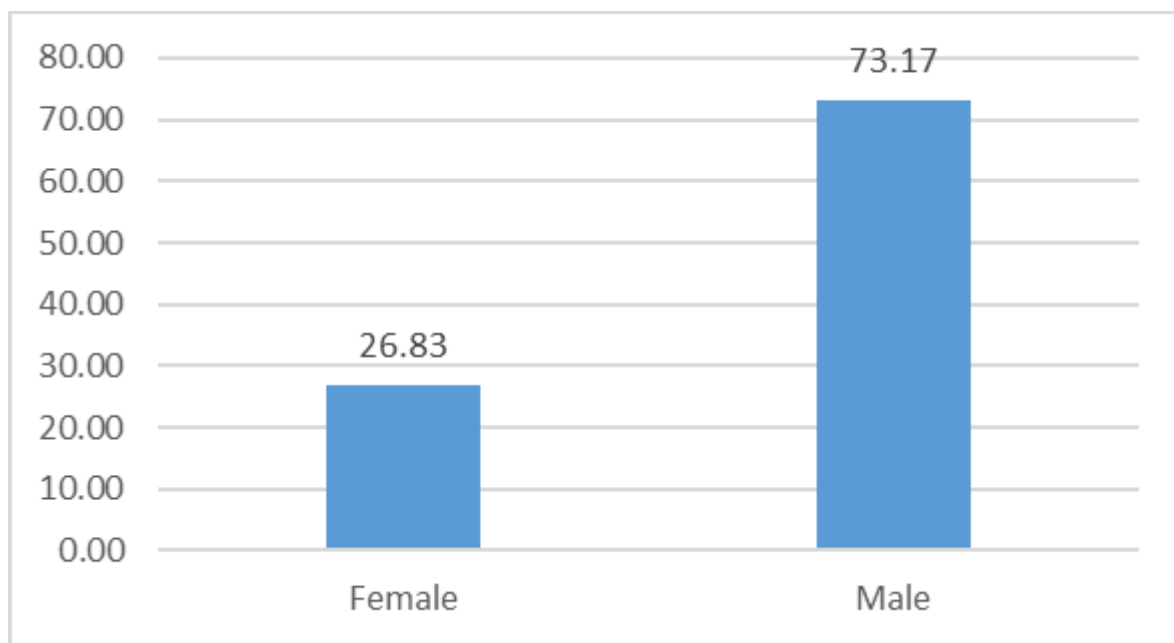
and cultural landscape of Kosovo implies that the results might not be directly applicable to other settings.

4.0 Empirical Results

The survey gathered the responses of 123 individuals, who agreed to participate in the study. Out of these, 41 (33.3%) were identified as nascent entrepreneurs. These respondents stated that: they are trying to start a business, they have done something that helps on starting a business (i.e. saving money, creating a business plan, etc.), and will own all or part of that business.

With regard to gender, 51.2% of the respondents were women and 47.9% were men. Nonetheless, descriptive statistics show a gender imbalance with a much higher representation of men (73%) among those that are considered to be nascent entrepreneurs compared do women (26.8%).

Figure 1: Share of Nascent Entrepreneurs by Gender

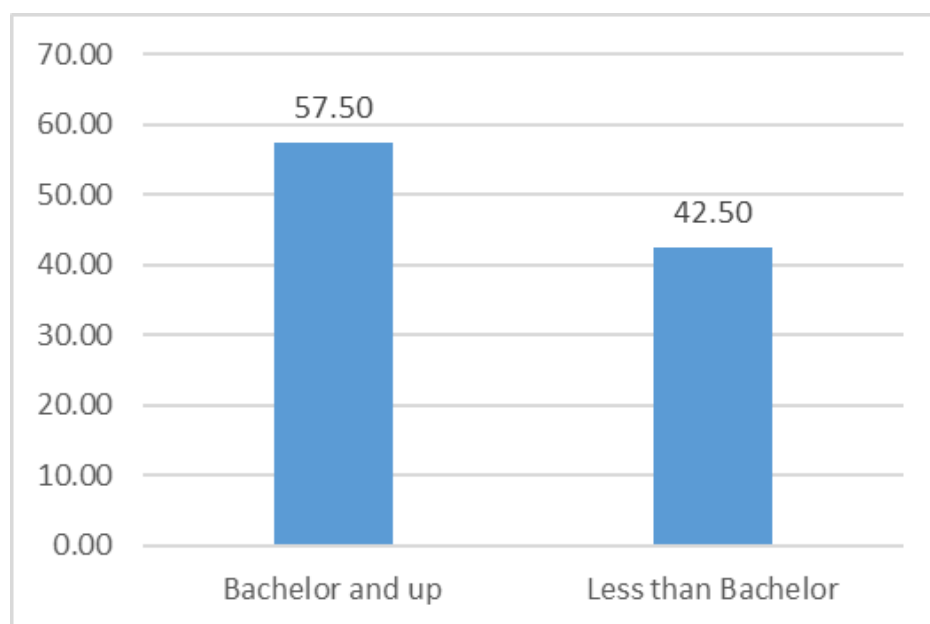


Source: Survey with Youth in Kosovo 2023

In terms of age, 41.5% were aged 18-20; 46.3% were 21-23; 6 out of the 123 respondents 4.9% were 24-26; and 9 out of the 123 respondents 7.3% were 27-29. This shows that most of the respondents were on the lower half of the 'youth' age group of 18-29. In terms of ethnicity, there were 2.4% of the respondents who stated that they are not Albanian.

With regard to the level of education, 42.3% of the respondents reported that their highest level of education is high school, whereas 50.4% said that they have a Bachelor's Degree. The remaining 7% had higher levels of education. This corresponds with the majority of the respondents' ages being in the 18-23 range. With that said, out of the ones identified as nascent entrepreneurs, 42.5% of them did not have higher education (less than a Bachelor's Degree), whereas 57.5% pursued higher education.

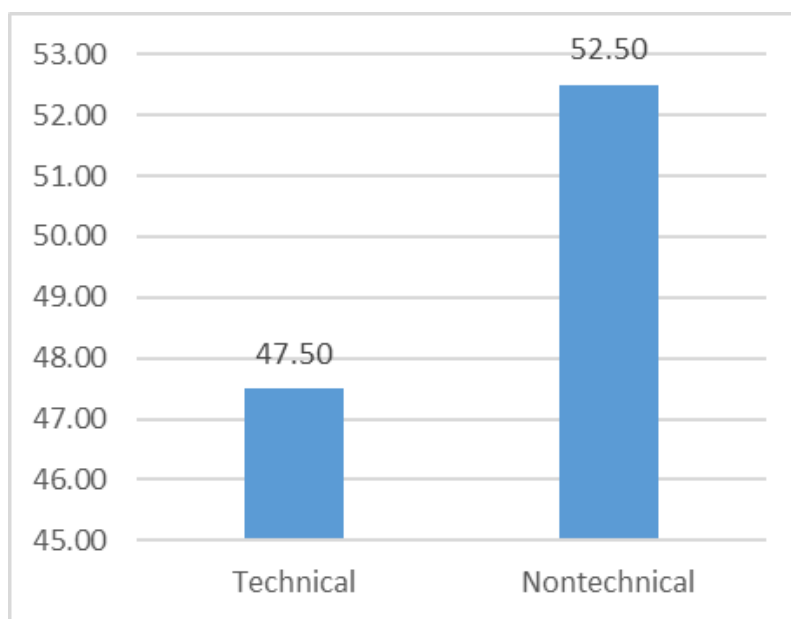
Figure 2: Share of Nascent Entrepreneurs by Education Level



Source: Survey with Youth in Kosovo, 2023

In terms of the field of study, 49.6% said that their main field of study is a non-technical field, whereas 47.9% said that their main field of study is a technical field, meaning that they were approximately divided into two equal parts. Out of nascent entrepreneurs, contrary to what literature might suggest, 52.5% of them pursued nontechnical fields, whereas 47.5% of the nascent entrepreneurs pursued technical fields.

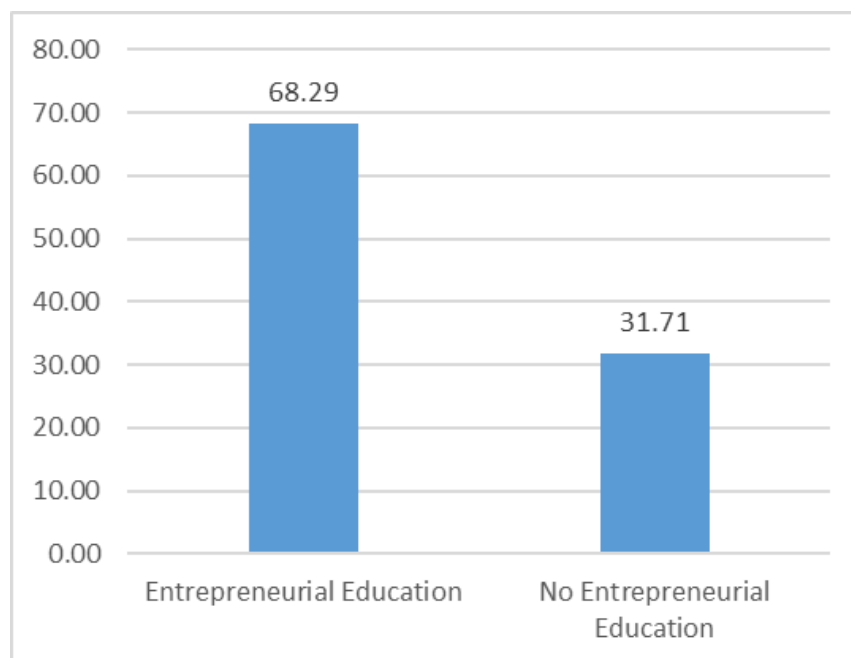
Figure 3: Share of Nascent Entrepreneurs by Field of Education



Source: Survey with Youth in Kosovo, 2023

Additionally, among nascent entrepreneurs, more than 69% stated that they had some form of entrepreneurial education, whereas less than 32% stated otherwise.

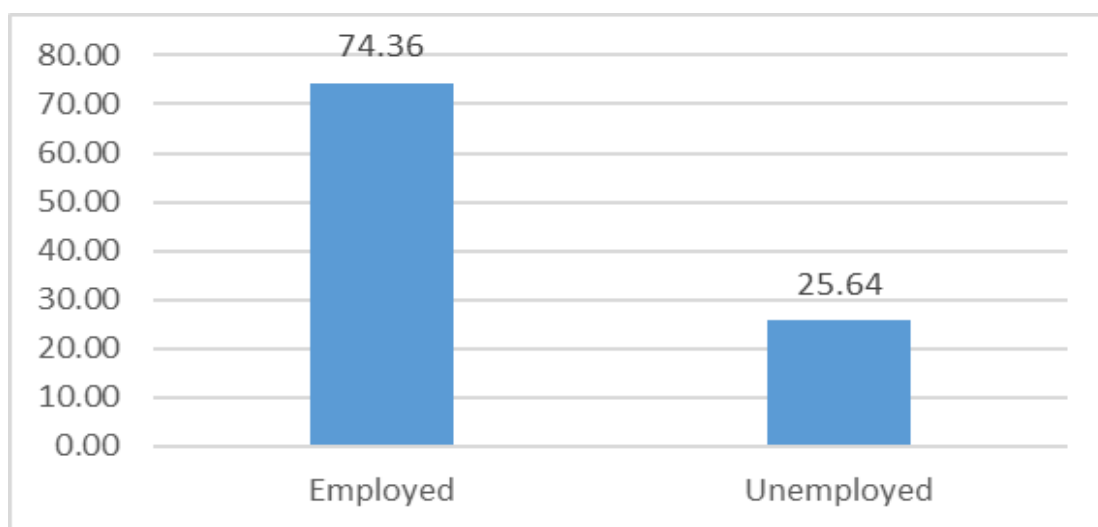
Figure 4: Share of Nascent Entrepreneurs by Field of Education



Source: Survey with Youth in Kosovo, 2023

In terms of work status, 54.5% stated that they are either part-time or full-time employed, while 43.1% were unemployed. Moreover, 74.4% of the nascent entrepreneurs stated that they are either part-time or full-time employed, and the remaining 25.6% of the nascent entrepreneurs were unemployed. This corresponds to what the literature suggests regarding employment having a positive impact on the probability of being a nascent entrepreneur.

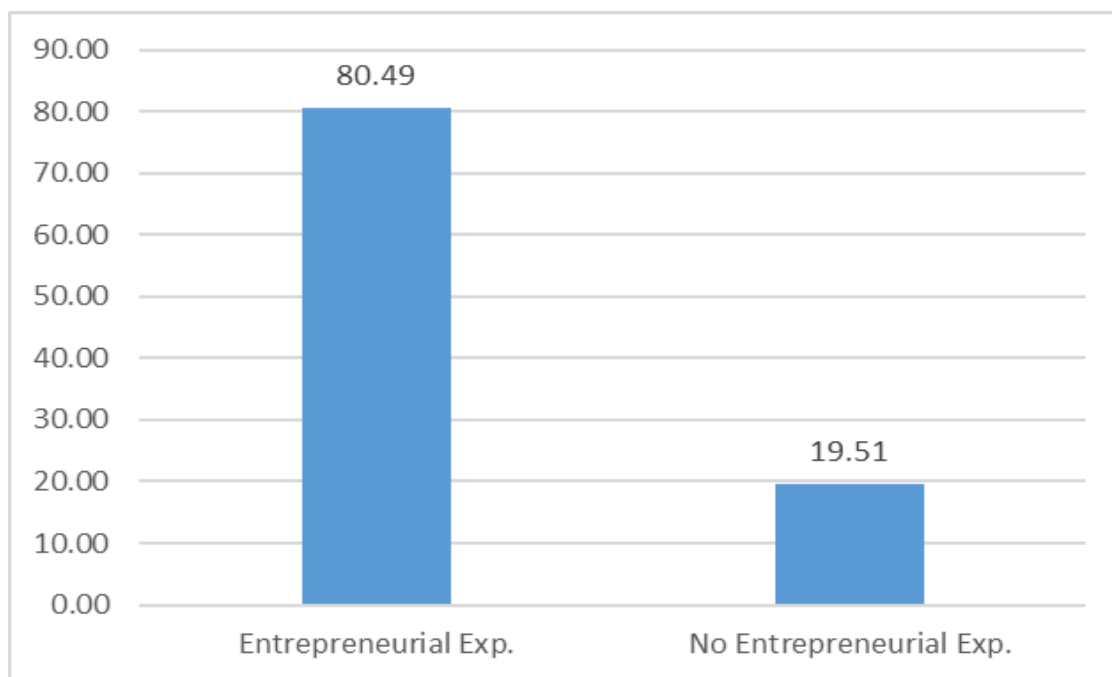
Figure 5: Share of Nascent Entrepreneurs by Employment Status



Source: Survey with Youth in Kosovo, 2023

Relating to that experience, among nascent entrepreneurs, more than 80% of them had some sort of experience in this field, and only 19.5% had no prior experience at all. This experience includes workshops, contribution to other startups, etc.

Figure 6: Share of Nascent Entrepreneurs by Entrepreneurial Experience

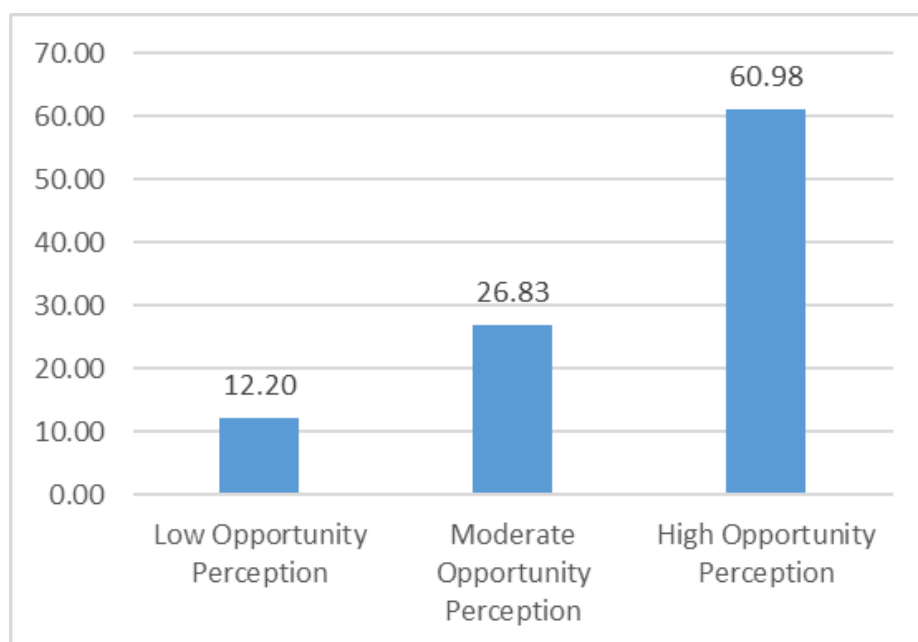


Source: Survey with Youth in Kosovo, 2023

As for household income, 65% respondents reported a household income above the average household income of 692USD (627.95 EUR) as per the Kosovo Agency of Statistics (in CEIC Data, 2023). Around 15.5% stated household income levels below the average.

Then, respondents were asked regarding their perceptions on entrepreneurship. When asked on whether they perceive good opportunities for starting a business in their environments in the next six months (on a 1 to 5 Likert Scale), 35.8% of the respondents neither agreed or disagreed. Around 13.8% ‘strongly agreed’ that there are good opportunities, and 11.4% ‘strongly disagreed.’ Looking at nascent entrepreneurs, those who answered “Strongly Disagree” and “Disagree” (1 and 2) were combined into one category, as well as those who answered “Agree” and “Strongly Agree,” (3 and 4) leaving “Neither agree or Disagree” (3) as the benchmark. Out of the nascent entrepreneurs, almost 61% believed that there are good opportunities for startups in the next six months in their environment.

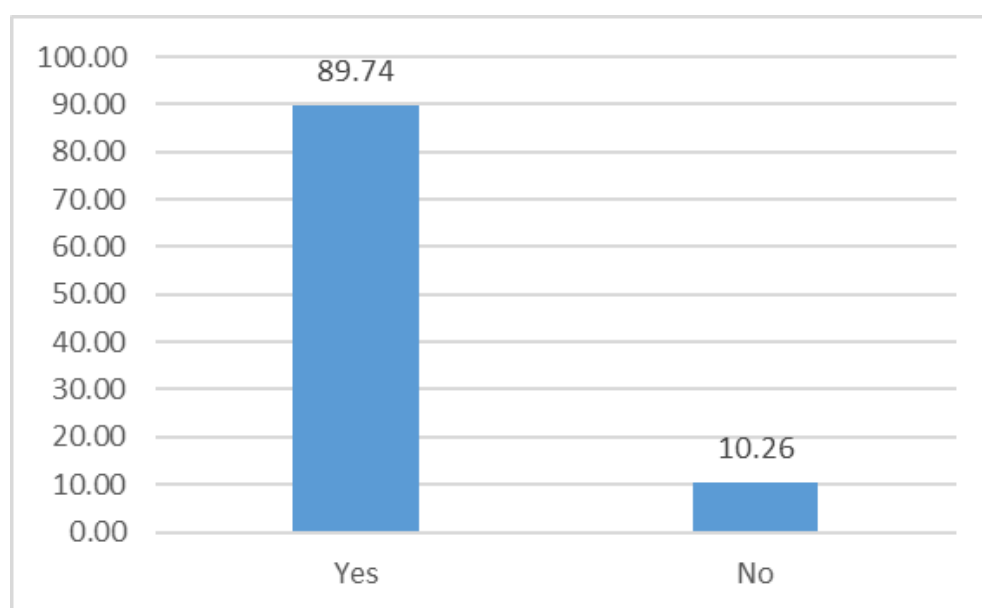
Figure 7: Share of Nascent Entrepreneurs by Opportunity Perception



Source: Survey with Youth in Kosovo, 2023

Among the nascent entrepreneurs, almost 90% reported that they know other entrepreneurs and that have started a business recently, suggesting that the majority of nascent entrepreneurs know other entrepreneurs. This also aligns with what the literature would expect.

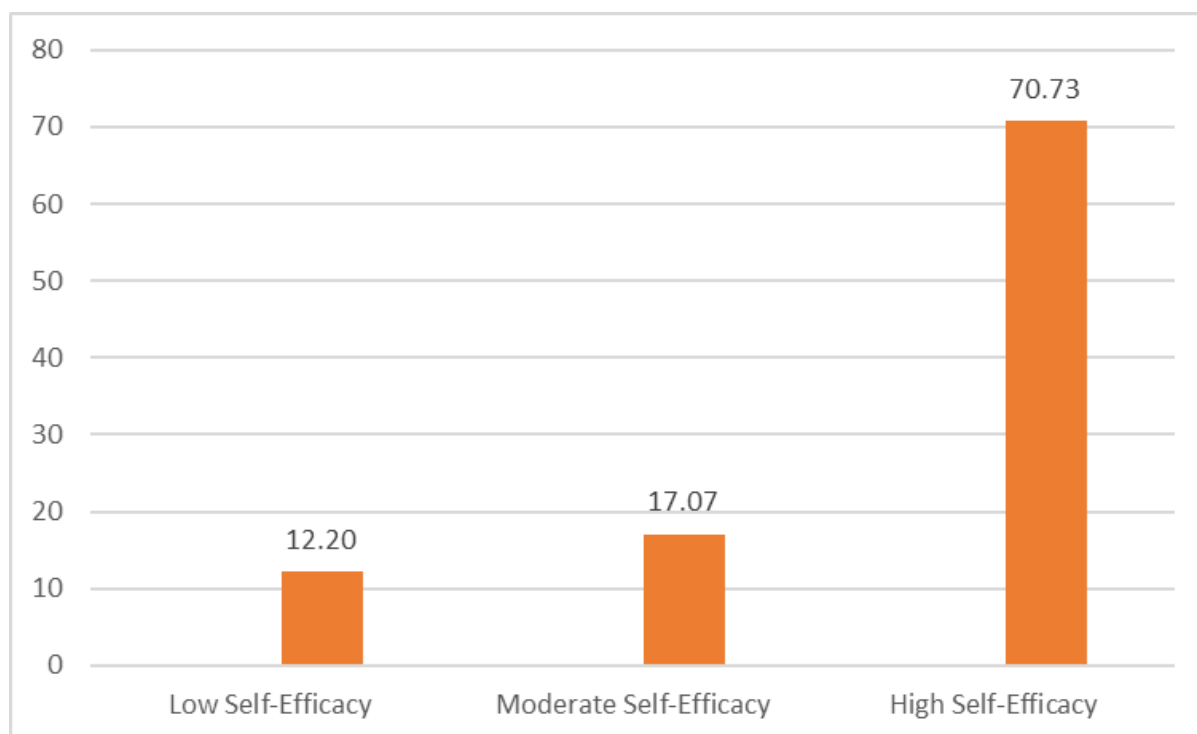
Figure 8: Share of Nascent Entrepreneurs by Whether the Individual Knows Other Entrepreneurs



Source: Survey with Youth in Kosovo, 2023

In terms of self-efficacy (confidence in the entrepreneurial abilities), 70.7% of those falling in the group of ‘nascent entrepreneurs’ said that they are ‘confident’ or ‘extremely confident’ in their entrepreneurial skills, and only 12.2% stated that they are not confident.

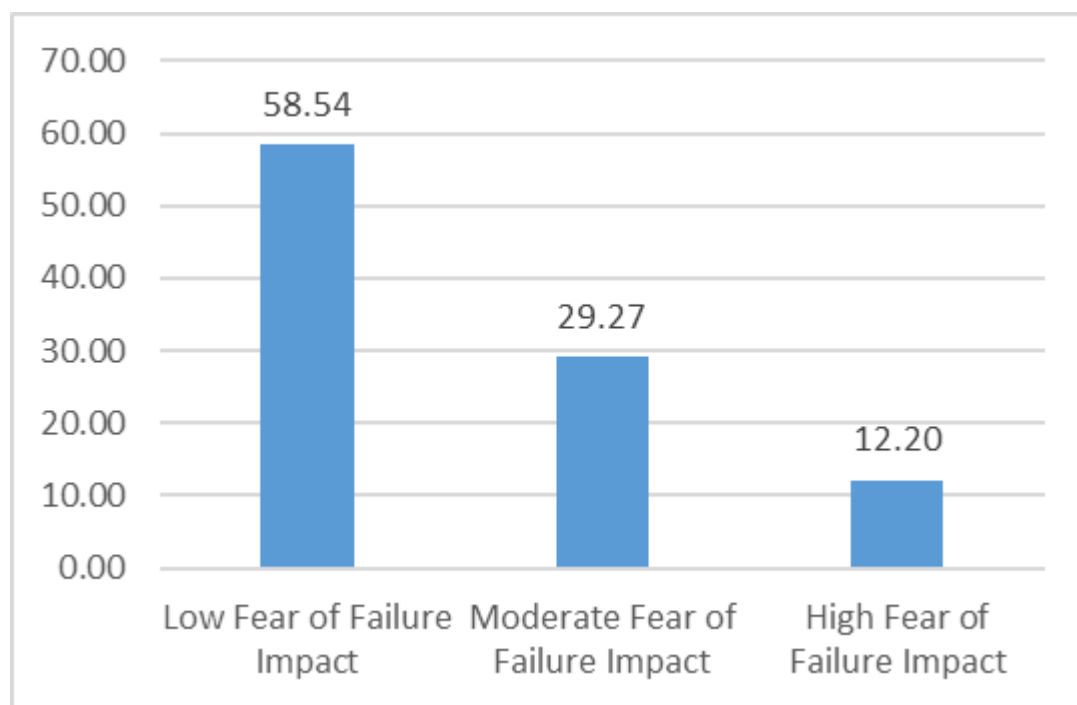
Figure 9: Share of Nascent Entrepreneurs by Self-Efficacy



Source: Survey with Youth in Kosovo, 2023

When asked about whether fear of failure would prevent them from starting a business (on a 1 to 5 Likert Scale), almost 59% said that it would not impact them, whereas 12.2% stated that it would impact them. In line with other studies respondents listed ‘financial losses’ as the biggest source of fear of failure (66 out of 123 said the same).

Figure 10: Share of Nascent Entrepreneurs by Fear of Failure



Source: Survey with Youth in Kosovo, 2023

4.1 Model Specification 1

In the first model specification (henceforth Model 1), demographic and socioeconomic variables were tested to see the impact they have on the probability of being a nascent entrepreneur among the Kosovo youth (see Appendix 3.1). In line with other studies, *ceteris paribus*, results suggest that being a woman lowers the probability of being a nascent entrepreneur. The impact of gender is statistically significant. So, compared to men, women have a lower probability of being a nascent entrepreneur as a youth in Kosovo. The impact of previous entrepreneurial experience is also statistically significant, with individuals who had previous experience as entrepreneurs having a higher probability of being nascent entrepreneurs. As per the literature, older age (in years) majoring in a technical field of study, being employed, and previous entrepreneurial education all showcased a positive correlation with the probability of youth being a nascent entrepreneur in Kosovo, but their impacts are statistically insignificant. Similar to what existing literature suggests, the results of Model 1 suggest that individuals at lower levels and higher levels of income have a higher probability of being nascent entrepreneur,

whereas individuals with a moderate level of income have a lower probability of being nascent entrepreneurs. Nonetheless, the impact is minimal and is not statistically significant.

4.2 Model Specification 2

In the second model specification (henceforth Model 2), perceptual variables alone were used to investigate their impact on the probability of being a nascent entrepreneur in the youth of Kosovo (see Appendix 3.2). In the questions involving a likert scale (on a scale of 1 to 5) is measured by three dummy variables. The middle level was used as a benchmark to see how those who answered below “3” (“1” or “2”) and those who answered above “3” (“4” and “5”) would correspond with their probability of being a nascent entrepreneur. Results indicate that those with low opportunity perception had a lower probability of being a nascent entrepreneur compared to those with moderate opportunity perception, but the impact is not statistically significant. Still, those who showcased higher opportunity perception have a higher probability of being nascent entrepreneurs at a statistically significant level compared to those with moderate opportunity perception. Results on self-efficacy also align with the literature, where the ones with a lower (higher) self-efficacy have a lower (higher) probability of being a nascent entrepreneur compared to those with a moderate level of self-efficacy. However, results on self-efficacy were not statistically significant. With regard to the fear of failure, the results of Model 2 are in line with existing literature. So, this variable is statistically significant, with individuals who showcase a lower fear of failure having a higher probability of being nascent entrepreneurs compared to those that perceive moderate impact of fear of failure on entrepreneurship. Further, knowing other entrepreneurs also has a positive correlation with the probability of being a nascent entrepreneur, which aligns with the existing literature. The impact is statistically significant. The results of Model 2, which focused solely on the impact of perceptual variables, correspond with the study by Arenius and Minniti (2005) suggesting that perceptual variables do impact the likelihood of an individual becoming an entrepreneur or not, where higher opportunity perception, lower fear of failure, and knowing other entrepreneurs positively impacts that probability.

4.3 Model Specification 3

Model Specification 3 (henceforth Model 3) considers both the demographic and perceptual variables identified in the literature review (see Appendix 3.3). The results across model specifications are similar to one another, with a few minor differences.

In Model 3, income squared, suggesting a non-linear relationship between income and the probability of being a nascent entrepreneur, aligns with the literature and is statistically significant. Therefore, individuals at lower and higher income levels have a higher propensity of being nascent entrepreneurs compared to the moderate-income levels. Similarly, being a woman has statistically significant and negative impact on the probability of being a nascent entrepreneur. Further, previous experience has a positive impact on the dependent and is statistically significant. The impact of education, namely being in a technical field and having education on entrepreneurship both showcase a positive impact on the probability of being a nascent entrepreneur, but their impacts are statistically insignificant. Contrary to Model 1 and the literature, being employed has a negative impact on the probability of being a nascent entrepreneur, but it is statistically insignificant.

In terms of perceptual variables, individuals with lower opportunity perception (using the middle level as a benchmark) showcase a lower probability of being a nascent entrepreneur at a statistically significant level. Individuals with a higher opportunity perception score (using the middle level as a benchmark), however, showcase a higher opportunity perception, but the impact is not statistically significant. Similar to Model 2 and the literature, results on self-efficacy show that individuals exhibiting a lower self-efficacy have a lower probability of being nascent entrepreneurs and the opposite holds true for those exhibiting a higher self-efficacy (using the middle level as the benchmark), but both variables have statistically insignificant impacts. In terms of fear of failure, results suggest that, *ceteris paribus*, individuals that perceive that fear of failure has no or a small impact on preventing them from doing business have on average a 0.37 points higher probability of becoming nascent entrepreneurs compared to those that perceive the effect to be medium. This variable is statistically significant. Contrary to Model 2, those that perceive the effect of fear of failure is strong, have on average a higher level of becoming nascent entrepreneur compared to those that perceive the effect to be medium but was not statistically significant, *ceteris paribus*. Lastly, knowing entrepreneurs has a positive impact

on becoming a nascent entrepreneur at a statistically significant level, which also aligns with Model 2 and the literature.

Table 2: Probit Estimation on the Probability of Being a Nascent Entrepreneur for Three Model Specifications

	(Model 1)	(Model 2)	(Model 3)
VARIABLES	Nascent Entrepreneurs	Nascent Entrepreneurs	Nascent Entrepreneurs
Age	0.04257 (0.0305)		0.04624 (0.03259)
Education	-0.03308 (0.13701)		0.06741 (0.15402)
Income	5.38e-07* (0.00074)		-0.00162** (0.00071)
IncomeSq	4.09E-07* (0)		6.50e-07** (0)
Gender	-0.21371* (0.12958)		-0.40540*** (0.13929)
Field of Edu	0.0527 (0.12731)		0.04788 (0.13882)
Employment	0.10876 (0.14059)		-0.06731 (0.1463)
Ent. Exp.	0.39834*** (0.11017)		0.38897*** (0.1197)
Ent.Edu.	0.05596 (0.13346)		0.00665 (0.15607)
Opport~1		-0.08998 (0.13158)	-0.35901*** (0.09633)
Opport~3		0.22726** (0.11444)	0.10062 (0.16162)
Self-Efficacy~1		-0.02755 (0.15544)	-0.00906 (0.20666)
Self-Efficacy~3		0.14992 (0.11813)	0.04079 (0.16052)
Fear Fail.~1		0.2669** (0.11367)	0.36779** (0.17311)

Fear Fail.~3		-0.04161 (0.13665)	0.34338 (0.22037)
Knowing Ent.		0.25169*** (0.0965)	0.42136*** (0.09908)
Observations	85	108	75
LR chi2	35.46	28.54	51.36
Prob > chi2	0	0.0002	0
Pseudo R2	0.3179	0.202	0.5131

Note: Standard Errors in Parentheses

Author's own calculations. Source: Survey with Youth in Kosovo, 2023

4.4 Main Findings and Discussion

Making sense of the results from all three model specifications, both demographic and perceptual variables impact the probability of being a young nascent entrepreneur in Kosovo. Gender, in the Kosovo youth context, is shown to be an important determinant of the probability of being a nascent entrepreneur. The results in both Model 1 and Model 3 of this study suggest that young women have a lower probability of being entrepreneurs in comparison to young men. The gender gap in entrepreneurial intentions remains a potent problem for Kosovo society. Given that studies show that there could be multicollinearity between gender and other factors (i.e. employment, income, perceptual variables) due to the inherent contextual implications in states such as Kosovo, efforts must be made to ensure that there is gender inclusiveness not just in the job market, but also in self-employment. Previous entrepreneurship experience also showed a strong correlation with the probability of being a nascent entrepreneur. This correlation is mainly attributed to the experience that one gains from prior entrepreneurial ventures, as suggested by the existing literature. This also highlights the importance of providing workshops for the youth to gain the experience required to foster a better entrepreneurial spirit among them.

In addition to these two variables, we also find perceptual variables to play a significant role in the likelihood of someone becoming an entrepreneur among the Kosovo youth. Results in both Model 2 and Model 3 suggest that opportunity perception has a positive and statistically significant impact on the probability of being a nascent entrepreneur. In the survey, only 13.8% 'strongly' believed and perceived good opportunities for starting businesses in their respective environments. While this could have been affected by the institutional factors, it could have also

been influenced by whether they are educated regarding entrepreneurship in the first place to be able to perceive good entrepreneurial opportunities. Knowing other entrepreneurs is another perceptual variable that is statistically significant and in line with findings from the literature, suggesting that knowing other entrepreneurs increases the probability of becoming an entrepreneur. This emphasizes the importance of networking and having mentorship for the probability of venturing into entrepreneurship. A low fear of failure as per the results of Model 2 and Model 3 shows a positive correlation with the probability of being a nascent entrepreneur and is highly significant.

5.0 Concluding Remarks, Policy Recommendations, and Suggestions for Future Research

This study aimed to see how different demographic and perceptual variables that encompass the cultural values and norms impact the probability of being a nascent entrepreneur in the Kosovo youth context. This study deployed the Probit model to estimate the correlation between such variables and the willingness to start a business of young individuals from Kosovo. Results show that demographic, socioeconomic, and perceptual variables impact the probability of being a nascent entrepreneur in Kosovo. Minor differences with regard to the impact of some of the variables across the three model specifications, as well as between their empirical impacts and their theoretical expectations suggest that adding additional variables could improve the overall quality of the model, and thus, of the study overall. Such variables could be institutional factors regarding different regions within Kosovo, gender-specific perceptual variables, and so on. Both the results of this study and the existing literature suggest that the variables themselves are correlated with one another (i.e. gender and level of fear of failure; self-efficacy and previous experience in entrepreneurship). Still, omitting any of these variables would greatly impact the generalizability of these results, even if the limited number of responses themselves entails less generalizability.

The most significant finding of this study is that gender greatly impacted the probability of being a nascent entrepreneur for the 18-29 age group, where being a woman lowers the probability of being a nascent entrepreneur. This finding shows the importance of having policies in place that promote women in the entrepreneurship ecosystem of Kosovo. One such policy, as

suggested by the World Bank on removing gender disparities in entrepreneurship, is to provide women with better access to finance and education (World Bank, 2023). The majority of the assets in Albanian societies are registered under the ownership of the male members of the households, and it is inherently difficult for women to apply for loans because of lack of collateral (2023). Moreover, providing health and social benefits to women who face unemployment and need to engage in entrepreneurship as a means of survival, could be mixed with other financial incentives (2023). Implementing such policies may increase the likelihood of women to venture into entrepreneurship and launch their ideas. The study also found that having prior experience in the field of entrepreneurship impacts positively the probability of being an entrepreneur, emphasizing the importance of promoting programs that provide the youth with the tools to start their first ventures or at least experience simulations that provide the experience required. To address this, efforts that enhance youth participation in the workforce is necessary as in the case of Latvia, where the government continuously made efforts to provide training activities for the youth, offering work experience that consequently led to a higher entrepreneurial feasibility among the youth (Tosun et al. 2016).

Perceptual variables such as increased opportunity perception, higher self-efficacy, lower fear of failure, and knowing other entrepreneurs positively impact the probability of being a nascent entrepreneur. This finding emphasizes the need to provide proper education, mentorship, networking opportunities, and resources that can foster an entrepreneurial ecosystem in Kosovo. Relating to this, some NGOs in Kosovo, such as ICK and the Innovation and Training Park Prizren, have made a remarkable impact by providing the space and resources for the youth (Gjergji, 2022). In addition to providing programs that provide training and mentorship, they have also made efforts to reduce gender disparity regarding entrepreneurship (Gjergji, 2022). Nonetheless, there is still a long way to go to address these issues, such as more support from the Kosovo Government that focuses primarily on addressing the issues of gender disparity in entrepreneurship, education in entrepreneurship, and better access to networking and finance that can eventually impact perceptual variables as well.

This study theoretically acknowledges the impact that institutional and aggregate economic factors can have on the probability of being a nascent entrepreneur. Yet, empirically such determinants were not accounted for in the model specifications due to lack of variation in these variables, namely GDP, corruption index, etc. would be the same for all the respondents.

Nonetheless, based on the existing literature, institutional factors hugely impact perceptual variables regarding entrepreneurship, which would then impact the probability of being a nascent entrepreneur. Further, this study recognizes that a larger sample size would have contributed to improving the overall quality of the models. Given the above, should there be further research in this context, introducing more variables would help provide an even better understanding of what impacts the willingness of the youth to venture into entrepreneurship. This would reduce the possibility of having omitted variable bias in the models and the independent variables would explain a larger variation of the dependent variable. Additionally, increasing the sample size and using additional data collection means such as focus groups could help identify key themes regarding the nature of nascent entrepreneurs in the youth of Kosovo.

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Appendices

Appendix 1

Consent Form

Dren Hima

Rochester Institute of Technology

Youth Attitudes Toward Entrepreneurship in Kosovo

This Informed Consent Form has two parts:

- 1. Information Sheet (to share information about the study with you)**
- 2. Certificate of Consent (agreement to participate)**

Part I: Information Sheet

I am Dren Hima, a student at the Rochester Institute of Technology, conducting this research as part of my capstone project. This research aims to examine the attitudes of the youth in Kosovo toward entrepreneurship, considering varying perceptions and socioeconomic backgrounds. The youth is a focus for this study because Kosovo has a youth-dominant population and increasing opportunities for startups.

The objective is not only to analyze the impact of different perceptions on the entrepreneurial aspirations among youth in Kosovo but also to provide actionable recommendations. The results may be beneficial for incubators and organizations implementing policies that encourage entrepreneurship. By participating, you will contribute to valuable insights that foster an entrepreneurial environment in Kosovo.

The research will involve an online questionnaire consisting of 18 questions. These questions will include multiple-choice and Likert scale questions. The online questionnaire will take approximately 5 minutes to complete.

Youth in Kosovo between the ages of 18 to 29 from various socioeconomic backgrounds are invited to participate in this study.

Participation is completely voluntary. There are no significant risks to participants. The questionnaire is anonymous, and all data collected will be kept confidential. There are no reimbursements for participating in this study. All information collected will only be used for academic purposes.

The findings will be made publicly available through the RIT Library as a dissertation, but will not include any identifiable information.

You have the right to refuse to participate or to withdraw from the study at any point.

For any questions or concerns, please contact Dren Hima at dh8192@rit.edu.

Part II: Agreement to Participate

I have read and understand the information; I am between the ages of 18 to 29. I understand the following:

I have the opportunity to ask questions about the research.

Participation involves the completion of an online questionnaire.

Data will be used for academic purposes.

All data will be kept confidential.

- Yes
- No

I consent voluntarily to be a participant in this study.

- Yes
- No

Appendix 2

Survey Questions

Demographics

1. What is your age?
 1. 18-20
 2. 21-24
 3. 25-29
 4. Over 30
2. What is your gender?
 1. Male
 2. Female
 3. Other
 4. Prefer not to say
3. What is your ethnicity?
 1. Albanians
 2. Serbs
 3. Turks
 4. Gorani
 5. Roma
 6. Ashkali
 7. Egyptian
 8. Bosnian
 9. Prefer not to say
 10. Other: _____
4. What is your highest level of education?
 1. High School
 2. Bachelor's Degree
 3. Master's Degree
 4. PhD
 5. Other: _____
5. What is your field of study (major)?
 1. Technical (Engineering, Computer Science, etc.)
 2. Non-Technical (Humanities, Social Sciences, etc.)
 3. Other: _____
 4. Not applicable
6. What is your employment status?
 1. Full-time employed
 2. Part-time employed
 3. Unemployed
 4. Other: _____
 5. Prefer not to say
7. What is your monthly household income (in Euro):
 1. 0-250
 2. 251-500

3. 501-750
 4. 751-1000
 5. 1001-1200
 6. 1201-2000
 7. Over 2000
 8. Prefer not to say
8. Do you have any prior entrepreneurial experience?
 1. Yes
 2. No
 9. Do you have/or are taking any education in entrepreneurship.
 1. Yes
 2. No

If no, skip to question 11. If yes,

10. How did you/are you obtain/ing this education? (Select all that apply)
 1. University (Formal) Courses
 2. Online Courses (MOOCs, Webinars)
 3. Business Incubators/Accelerators
 4. Self-Taught (Books, Blogs, Research)
 5. Mentorship from Experienced Entrepreneurs
 6. Vocational School
 7. Work Experience in a Startup
 8. Workshops/Seminars
 9. Networking Events
 10. Industry-Specific Training Programs
 11. Family Business Exposure
 12. Other: _____

Perceptions

11. On a scale of 1 to 5, how strongly do you agree with the statement: "There will be good opportunities for starting a business in my area in the next six months."
 1. 1 - Strongly Disagree
 2. 2 - Disagree
 3. 3 - Neutral
 4. 4 - Agree
 5. 5 - Strongly Agree
12. Has someone in your close circle (family or friends) started a business in the last two years?
 1. Yes
 2. No
 3. Don't know
13. On a scale of 1 to 5, how confident are you in having the necessary knowledge, skill, and experience required to start a new business?
 1. 1 - Not Confident At All

2. 2 - Slightly Confident
 3. 3 - Neutral
 4. 4 - Confident
 5. 5 - Extremely Confident
14. On a scale of 1 to 5, how much would fear of failure prevent you from starting a business?
1. 1 - Not At All
 2. 2 - Slightly
 3. 3 - Neutral
 4. 4 - Moderately
 5. 5 - Extremely
15. According to you, which of the following is the main source of fear of failure for starting a business?
1. Financial loss
 2. Time investment
 3. Public criticism or judgement
 4. Uncertainty about success
 5. Lacking the necessary skill set
 6. Other: _____

Identifying Nascent Entrepreneurs

16. You are, alone or with others, currently trying to start a new business, including any self-employment or selling any goods or services to others?
1. Yes
 2. No

(If answered “Yes” to question 15, proceed to the following questions)

17. Over the past twelve months, have you done anything to help start a new business, such as looking for equipment or a location, organizing a start-up team, working on a business plan, beginning to save money, or any other activity that would help launch a business?
1. Yes
 2. No
18. Will you personally own all, part, or none of this business?
1. All
 2. Part
 3. None

Appendix 3

Empirical Results

Appendix 3.1 Model Specification 1

$$\text{Nascent Entrepreneur} = \beta_0 + \beta_1\text{Age} + \beta_2\text{Education} + \beta_3\text{Income} + \beta_4\text{IncomeSQ} + \beta_5\text{Gender} + \beta_6\text{Field of Edu} + \beta_7\text{Employment} + \beta_8\text{Entrepreneurial Exp} + \beta_9\text{Entrepreneurial Edu} + \varepsilon$$

(Model 1)	
VARIABLES	Nascent Entrepreneurs
Age	0.04257 (0.0305)
Education	-0.03308 (0.13701)
Income	5.38e-07* (0.00074)
IncomeSq	4.09E-07* (0)
Gender	-0.21371* (0.12958)
Field of Edu	0.0527 (0.12731)
Employment	0.10876 (0.14059)
Ent. Exp.	0.39834*** (0.11017)
Ent.Edu.	0.05596 (0.13346)
Observations	85
LR chi2	35.46
Prob > chi2	0
Pseudo R2	0.3179

Note: Standard error in parentheses

Appendix 3.2 Model Specification 2

Nascent Entrepreneur = $\beta_0 + \beta_1$ Opportunity Perception1 + β_2 Opportunity Perception3 + β_3 Self-
 efficacy1 + β_4 Self-efficacy3 + β_5 Fear of failure1 + β_6 Fear of failure3 + β_7 Knowing Other
 Entrepreneurs + ε

(Model 2)	
VARIABLES	Nascent Entrepreneurs
Opport~1	-0.08998 (0.13158)
Opport~3	0.22726** (0.11444)
Self-Efficacy~1	-0.02755 (0.15544)
Self-Efficacy~3	0.14992 (0.11813)
Fear Fail.~1	0.2669** (0.11367)
Fear Fail.~3	-0.04161 (0.13665)
Knowing Ent.	0.25169*** (0.0965)
Observations	108
LR chi2	28.54
Prob > chi2	0.0002
Pseudo R2	0.202

Note: Standard error in parentheses

Appendix 3.3 Model Specification 3

Nascent Entrepreneur = $\beta_0 + \beta_1$ Age + β_2 Education + β_3 Income + β_4 IncomeSQ + β_5 Gender +
 β_6 Field of Edu + β_7 Employment + β_8 Entrepreneurial Exp + β_9 Entrepreneurial Edu +
 β_{10} Opportunity Perception1 + β_{11} Opportunity Perception3 + β_{12} Self-efficacy1 + β_{13} Self-
 efficacy3 + β_{14} Fear of failure1 + β_{15} Fear of failure3 + β_{16} Knowing Other Entrepreneurs + ε

	(Model 3)
VARIABLES	Nascent Entrepreneurs
Age	0.04624 (0.03259)
Education	0.06741 (0.15402)
Income	-0.00162** (0.00071)
IncomeSq	6.50e-07** (0)
Gender	-0.40540*** (0.13929)
Field of Edu	0.04788 (0.13882)
Employment	-0.06731 (0.1463)
Ent. Exp.	0.38897*** (0.1197)
Ent.Edu.	0.00665 (0.15607)
Opport~1	-0.35901*** (0.09633)
Opport~3	0.10062 (0.16162)
Self-Efficacy~1	-0.00906 (0.20666)
Self-Efficacy~3	0.04079 (0.16052)
Fear Fail.~1	0.36779** (0.17311)
Fear Fail.~3	0.34338 (0.22037)
Knowing Ent.	0.42136*** (0.09908)

Observations	75
LR chi2	51.36
Prob > chi2	0
Pseudo R2	0.5131

Note: Standard error in parentheses

Appendix 3.4

Interpretations of the regression analysis on Model 3 at critical p-Value 0.05

Variable	Coefficient	p-Value	Interpretation
Age	0.0462435	0.156	Ceteris paribus, on average, for each additional year of age, the probability of being a nascent entrepreneur increases by 0.04624. The P-Value is 0.156 and greater than the critical P-Value of 0.05. Therefore, we do not have sufficient evidence to reject the null hypothesis, indicating that the impact of age on the probability of being a nascent entrepreneur is statistically insignificant.
Education	0.0674075	0.662	Ceteris paribus, on average, if the level of education increases by one degree, the probability of being a nascent entrepreneur increases by 0.06741. The P-Value is 0.662 and greater than the critical P-Value of 0.05. Therefore, we do not have sufficient evidence to reject the null hypothesis, hence the impact of education on the probability of being a nascent entrepreneur is statistically insignificant.
Income	-0.0016226	0.023	Ceteris paribus, on average, for each additional

			unit of income, the probability of being a nascent entrepreneur decreases by 0.00162. The P-Value is 0.023 and smaller than the critical P-Value of 0.05. Therefore, we have sufficient evidence to reject the null hypothesis, suggesting that the impact of income on the probability of being a nascent entrepreneur is statistically significant.
IncomeSQ	6.50E-07	0.021	Ceteris paribus, on average, if income squared increases by 1 unit, the probability of being a nascent entrepreneur increases by 0.00000065. The P-Value is 0.021 and smaller than the critical P-Value of 0.05. Therefore, we have sufficient evidence to reject the null hypothesis, and the impact of income squared on the probability of being a nascent entrepreneur is statistically significant.
Gender	-0.4054008	0.004	Ceteris paribus, on average, if the individual is a woman, the probability of being a nascent entrepreneur decreases by 0.40540. The P-Value is 0.004 and smaller than the critical P-Value of 0.05. Therefore, we have sufficient evidence to reject the null hypothesis, indicating that the impact of gender on the probability of being a nascent entrepreneur is statistically significant.
Field of Edu	0.047875	0.73	Ceteris paribus, on average, if the individual is majoring or has already majored in a technical field, the probability of being a nascent entrepreneur increases by 0.04788. The P-Value is 0.73 and greater than the critical P-Value of

			0.05. Therefore, we do not have sufficient evidence to reject the null hypothesis, suggesting that the impact of the field of education on nascent entrepreneurship is statistically insignificant.
Employment	-0.0673093	0.645	Ceteris paribus, on average, if the individual is employed, the probability of being a nascent entrepreneur decreases by 0.06731. The P-Value is 0.645 and greater than the critical P-Value of 0.05. Thus, we do not have sufficient evidence to reject the null hypothesis, and the impact of employment on the probability of being a nascent entrepreneur is statistically insignificant.
Entrepreneurial Exp.	0.3889708	0.001	Ceteris paribus, on average, if the individual has entrepreneurial experience, the probability of being a nascent entrepreneur increases by 0.38897. The P-Value is 0.001 and smaller than the critical P-Value of 0.05. Therefore, we have strong evidence to reject the null hypothesis, indicating that entrepreneurial experience has a statistically significant positive impact on the probability of being a nascent entrepreneur.
Entrepreneurial Edu	0.0066538	0.966	Ceteris paribus, on average, if the individual has prior education in entrepreneurship (formal or informal), the probability of being a nascent entrepreneur increases by 0.00665. The P-Value is 0.966 and greater than the critical P-Value of 0.05. Hence, we do not have sufficient evidence to reject the null hypothesis, and the impact of

			entrepreneurial education on the probability of being a nascent entrepreneur is statistically insignificant.
Opportunity Perception 1	-0.3590144	0	Ceteris paribus, individuals who perceive low or very low opportunities for starting a business have a 0.35901 lower probability of becoming nascent entrepreneurs compared to those perceiving moderate opportunities. The P-Value is less than 0.001, indicating sufficient evidence to reject the null hypothesis, and confirming that the impact of low opportunity perception on nascent entrepreneurship is statistically significant.
Opportunity Perception 3	0.1006217	0.534	Ceteris paribus, individuals who perceive high or very high opportunities have a 0.10062 higher probability of becoming nascent entrepreneurs compared to those with moderate perceptions. The P-Value is 0.534, which is greater than the critical P-Value of 0.05. Therefore, we do not have sufficient evidence to reject the null hypothesis, and the impact of high opportunity perception on nascent entrepreneurship is statistically insignificant.
Self-Efficacy 1	-0.0090632	0.965	Ceteris paribus, individuals with low self-efficacy have a 0.00906 lower probability of becoming nascent entrepreneurs compared to those with a moderate level. The P-Value is 0.965, which is much greater than the critical P-Value of 0.05. Therefore, we do not have

			sufficient evidence to reject the null hypothesis, and the impact of low self-efficacy on nascent entrepreneurship is statistically insignificant.
Self-Efficacy 3	0.0407941	0.799	Ceteris paribus, individuals with high self-efficacy have a 0.04079 higher probability of becoming nascent entrepreneurs compared to those with a moderate level. The P-Value is 0.799, indicating that there is not enough evidence to reject the null hypothesis, and hence the impact of high self-efficacy on nascent entrepreneurship is statistically insignificant.
Fear of Failure 1	0.3677933	0.034	Ceteris paribus, individuals who perceive a low impact of fear of failure on starting a business have a 0.36779 higher probability of becoming nascent entrepreneurs compared to those with a moderate perception. The P-Value is 0.034, which is smaller than the critical P-Value of 0.05, providing sufficient evidence to reject the null hypothesis, thus the effect of low fear of failure is statistically significant.
Fear of Failure 3	0.3433846	0.119	Ceteris paribus, individuals who perceive a high impact of fear of failure have a 0.34338 higher probability of becoming nascent entrepreneurs compared to those with a moderate perception. The P-Value is 0.119, which is greater than the critical P-Value of 0.05, and thus we do not have sufficient evidence to reject the null hypothesis, making the effect of high fear of failure statistically insignificant.

Knowing Ent.	0.4213628	0	Ceteris paribus, individuals knowing other entrepreneurs have a 0.42136 higher probability of becoming nascent entrepreneurs. The P-Value is less than 0.001, indicating sufficient evidence to reject the null hypothesis, and confirming that the impact of knowing other entrepreneurs is statistically significant.
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