

## TREND REPORT

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### **Patterns of Self-Employment: An Empirical Comparison of Young People's Entrepreneurial Pursuits in Poland and Ireland\***

*Abstract:* This article analyses the phenomenon of self-employment and entrepreneurship among the 20–35-year-olds in the two country contexts; Poland and Ireland, and the capital cities of Warsaw and Dublin, respectively, in 2005. It seeks to compare motivations driving the choice of an autonomous style of work; role of social capital both for decisions to start up as well as for subsequent economic performance; the value of an institutional environment for entrepreneurial efforts. It examines such aspects through the prism of the economic and socio-cultural characteristics of the countries in question. By this, the article draws a broad picture of findings that may inform individual as well as macro-related characteristics of entrepreneurship.

*Keywords:* Self-employment, young people, motivations, social capital, qualitative and comparative research.

#### **Introduction**

Given the high value placed on self-employment today, the article seeks to compare various aspects of self-employment and small business ownership of the 20–35-year-olds in the two country contexts; Poland and Ireland. More in closely, it focuses on motivations<sup>2</sup> driving the choice of an autonomous style of work; role of social capital<sup>3</sup>

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\* The analysis offered draws on in-depth interviews with 40 entrepreneurs: 20 in Warsaw and 20 in Dublin, conducted in 2005. They found out about the young people's accounts of their paths into self-employment and subsequent developments in it. The in-depth approach allowed for embracing the motivations and other aspects in as much detail as possible and arriving at hidden, and impossible to discern at first glance, explanations. Additionally, two more points should be raised here. Given the small size of the samples for each country respectively, the research does not claim to be representative and come up with conclusions generalizable to the whole population of the 20–35 entrepreneurs. Results obtained may instead be used to test in studies conducted on bigger samples and therefore be of value for subsequent research. Besides, certain limitation of this study is the existence of a selection bias. Subjects proud of their achievements could be more eager to take part in the research in contrast to unsuccessful entrepreneurs, unwilling to share their experiences. Even if the latter group decides to participate, it may find it difficult to talk about its business problems.

<sup>2</sup> Motivations to start a firm are conceptualized by the 'pull' and 'push' framework (Shapero, Sokol 1982) as economy-related reasons—*push effect of recession* and the *pull effect of growth*—as well as non-economy-determined reasons of a push and pull character. The distinction between 'push' and 'pull' factors is generally captured as resulting from: a) poor opportunities in the wage and salary sector and economic recession (Blanchflower, Oswald 1998), unemployment forcing entry into self-employment as 'marginal entrepreneurship' (Storey 1994), b) negative events—'negative displacements' (Shapero, Sokol

both for decisions to start up as well as for subsequent economic performance, and the value of an institutional environment for entrepreneurial efforts. The individuals' embedment in specific country contexts is expected to account for possible differences in self-employment choice and other patterns.

Setting together Poland and Ireland signifies choosing different socio-economic contexts. Poland is acknowledged as a large, transitional economy, bearing the historical burden of communism—and Ireland—a small, industrialized one that has recently experienced unprecedented economic growth. The two countries significantly diverged as regards economic performance in 2005. The high rate of unemployment in Poland (17.7%) strongly contrasted with that in Ireland (4.3%), and thus may give reason to assume that Poland's self-employment was a way of fighting unemployment, while Ireland's business formations reflected economic growth—in line with hypotheses commonly put forward in the global debate on the reasons for the growth of self-employment. This does not preclude that Poland may be heading in the same direction as Ireland—transformation from a mainly agrarian economy to a prosperous, service-oriented one, with a favourable business environment, low tax and a large multinational presence. Furthermore, differences in cultures, in which values and beliefs are embedded in the two countries may further influence the decision to enter into self-employment (Mueller, Thomas 2000). While Irish culture is regarded as positively disposed towards entrepreneurship (GEM [Global Entrepreneurship Monitor] Ireland, 2005), entrepreneurship in Poland has both positive and negative connotations (GEM, Poland, 2005).<sup>4</sup> This derives from the cultural transition to self-employment which has gone smoothly in Ireland parallel to the country's economic success. However, such change has not been fully successful in Poland, where the model of autonomous work somewhat contrasts

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1982), c) perceived discrepancy between the role someone plays in society and the role one wants to play (Stanworth, Curran 1973). 'Pull' factors are depicted as instigated by: a) the preferred role in a society (Shapero, Sokol 1982), b) job satisfaction (Bradley, Roberts 2004), c) high profits (Evans, Leighton 1989), d) independence (Schumpeter 1934).

<sup>3</sup> Social capital is treated as social relations in which an individual is embroiled. It may bring benefits through extra familial networks (Portes 1998), for instance one's social network of peers (Becker 1996), or familial ones. Having a self-employed father is regarded to be an important determinant of offspring's self-employment, potentially leading to a transmission of parental entrepreneurial capital (Hout, Rosen 2000). In addition, social capital can be captured differently, as a model of social relations—strong and weak ties (Granovetter 1973). Strong ties are defined as relations with a high level of emotional underpinning and pertaining to family members and friends. Weak ties are relations to distant others—colleagues, business partners and the like. Quite surprisingly, these are the latter ties which may be a source of information, contacts and active support, more valuable than these available through family circles. Social capital constitutes then a non-economic factor which can have a substantive impact on entry into self-employment and therefore be a significant determinant of self-employment dynamics. However, it can also have an effect on subsequent economic performance.

<sup>4</sup> Global Entrepreneurship Monitor (GEM) projects conducted in the two countries concerned (2005), provide comparable findings on motivations (classified as opportunity and necessity) of new and nascent entrepreneurs, irrespective of age. Similarly 'Flash Eurobarometer' research on the entrepreneurship published by the European Commission (2004) inquires about preferences for self-employed or employee status in these two contexts. Other available studies on motivations in the Polish setting focus on all rather than young respondents (Kolarska-Bobińska, *ed.*, 2004) and older individuals (Bławat, *ed.*, 2004). Equivalent research on Ireland has not been identified.

with socialist traditions and norms, still deeply rooted in some segments of the society.

In this analysis, young, self-employed people will be a significant group for the study of the afore-mentioned economic dynamism. In other words, they will be used to test relations between various macro conditions and the way the individuals respond to them, which can be described differently as the relation between country (conditions) and rates of self-employment. Given a high percentage of young people in the labour force of the two countries, it is interesting to see what factors account for their self-employment choice. Importantly, the article apart from informing on macro-related characteristics of entrepreneurship will also draw a comprehensive and broad picture of findings bringing to light individual-level characteristics of entrepreneurship in the countries concerned. Examining such issues will allow see if commonalities and/or cross-national variations emerge, then to inform on possible theoretical and policy implications. To date, existing research has not addressed such questions. While fragmentary studies mention that young people may be more likely to treat self-employment as chance rather than necessity given their optimism associated with young age, no comparative studies on motivations exist.<sup>5</sup> There are analyses neither of role of social capital in the context of firm start nor everyday business pursuits. Responding to this gap and coming up with an empirical contribution to such a discussion is a key advantage of this study.

In addition, understanding motivations for self-employment as well as the role of social capital is significant given their possible practical implications. Governments trying to foster entrepreneurship and encourage business start-ups among young people may gain timely insights into determinants of self-employment. Especially since the possibilities for evaluating policies aimed at fostering entrepreneurship are limited (OECD, 2000), such information may provide a better understanding of the mechanisms of venture creation and help in providing well-tailored support.

In what follows, brief presentation of the economic conditions and environments for entrepreneurship in the two contexts will be given. Then, the analysis of the empirical findings will be presented. Under microscope, first, it will explore motivations for start-ups of young people in Warsaw and Dublin, starting from economy and macro-related ones. Second, it will look at the motivations that appeared to be the most common ones in contrast to other motivational factors. Third, it will analyse the role of social capital in the context of self-employment. Fourth, it will present the usefulness of the institutional help targeted at entrepreneurs. Finally, it will be crowned with a presentation of conclusions.

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<sup>5</sup> The interest was in micro (1–9 employees) and small (10–49 employees) businesses. From the outset, it seemed hardly probable that young self-employed persons would have actually managed to build medium firms. Moreover, individuals under consideration either established firms in a form of sole proprietorships or incorporated firms of different forms. This implicated that a number of entrepreneurs might have not been formally self-employed because they were employees of the firm they owned a majority or were shareholders.

### Components of the Context

Examining the patterns of self-employment and entrepreneurship among young people in Poland and Ireland entails studying transitions to self-employment in two diverse economic settings. When the respective economic standing is measured by the unemployment rate, the difference in the scale of unemployment among young people in both countries comes to light. Given the fact that the unemployment rate in Poland is especially high for the young—in 2005, it amounted to 34.6% for youth; reached 36.9% in the 20–24 age group; and 16.7% in the 25–34 age group—it suggests that those Polish young people who enter self-employment may be coming from unemployment. As Storey (1994: 69) concludes: “...if unemployment is high, then more individuals would be prepared to offer themselves for self-employment, because of the shortage of alternative job opportunities.” Moreover, the problem of unemployment among young people in 2005 was additionally deepened by the particularly high supply over demand resulting from entrance onto the labour market of the population from the baby boom of the 1970s. Yet, the Polish case demonstrates that the education does not entirely protect against unemployment in the situation of recession and thus the majority is threatened with joblessness at times of depression.

In contrast, the Irish case shows significantly lower unemployment rates. In 2005, among the youth only 8.6% were unemployed. The joblessness rate for the 20–24 age group reached around 7.6%, whereas it amounted to 4.3% among the 25–34 aged. Accordingly, the Irish example fits to the description of the economic situation by Audretsch and Thurik (1998) saying that a low level of unemployment stimulates entrepreneurship because it is an indicator of a thriving economy with ample opportunities for entrepreneurship.<sup>6</sup> In this case then, entrepreneurship can be said to be encouraged by business opportunities created by economic growth (OECD 2003). What follows young people may be attracted to self-employment for economy-related reasons referred to as the pull effect of growth. At the same time, since recently experienced economic expansion accelerated demand for skilled labour (OECD 2006), education and qualifications may guarantee one better job position or economic standing. Yet, an adequate ‘fit’ between the educational system and the needs of the economy—among graduates aged 20–29—may work to smooth their entrance into the labour market meaning location of desirable salaried employment.

In both country contexts, the character of development of the enterprise sector plays an essential role for kind of business started by young people at this day in age. The revival of the Polish enterprise sector dates to the beginning of the 1990s and the collapse of the communist regime followed by the economic transition. Such changes gave a big boost to increase in the number of home grown enterprises when market for goods and services was being constructed. However, with time abundance of market opportunities became limited (when market deficiencies have been already corrected). Yet, there has not been an adequate breeding ground for creation of modern firms by young Poles; the one that would come with foreign multinationals’

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<sup>6</sup> It has also been stressed that individuals tend to become self-employed when unemployment is low since the chances to return to wage employment are high at such times (Taylor 1996).

activities. Not only was the share of engagement of foreign multinationals in R&D activity in 2000 in Poland one of the lowest among OECD countries<sup>7</sup> (Goldberg 2004) but also in 2005, it was featured by low innovativeness.

Similarly, in Ireland, the development of entrepreneurship and small business sector has been delayed one due to various historical, economic and cultural factors. Only in the 1980s and beginning of the 1990s, it started to grow. Alterations in policies related to tax-regime, EU membership entailing exposure to international competition, or foreign multinationals investments were factors that helped in eliminating some of the weaknesses of indigenous sector like small scale, overconcentration in traditional sectors, and low level of innovation to name a few. In particular, the role of foreign-owned firms has been of immense significance for development of entrepreneurship. Not only have foreign multinationals provided numerous jobs in sub-supply activities (O'Malley 1995) but they have also carried out R&D-intensive activities on a great scale, in consequence proving a boon to the local labour force and particularly, the young people. Thus, it equipped them with technical expertise and entrepreneurial prowess, valuable in the labour market—both in autonomous and dependant employment. At this background, Ireland stands in stark contrast to Poland.<sup>8</sup>

Furthermore, business environment provides broad array of incentives or disincentives for starting a firm. On the side of disincentives, worth noting are frequent changes in business regulations resulting in unstable environment which may be particularly burdensome for Polish young people. In addition, complex regulations, especially the ones concerning taxes, may act as a big burden too. Regulatory environment for entrepreneurship in Ireland is stable and this encourages rather than discourages from starting a business. Some problems with business compliance obligations may occur at the course of running a business but they are not likely to be considered when weighting the decision for business start-up. Yet, locating a firm in the capital city stands out at the country background. It is because it entails operating business in a place undergoing rapid economic changes, owing its labour market dynamics predominantly to the services sector (given relatively low costs of entry) (EC 2002: 13), and leading as regards entrepreneurial activity.

In addition, availability of financial capital to the young may determine willingness to proceed with business start-ups. In 2005, Polish would-be entrepreneurs could take advantage of two main governmental programmes: “First Job” programme (as of 2003)—offering easy access to bank loans and “First Business” initiative (as of 2005)—providing financial resources for start-ups. Moreover, they could resort to financial capital from loan funds (e.g. Micro Fund) and credit guarantee funds, particularly useful for young people without a credit history. Generally since 2005, the availability of credit to micro-enterprises from banks has considerably improved. In turn, Irish graduates wishing to start own business could obtain financial support from the Graduate Enterprise Scheme. Yet, financial backing along with various grants was

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<sup>7</sup> In fact, the bulk of R&D spending in Poland is financed by government.

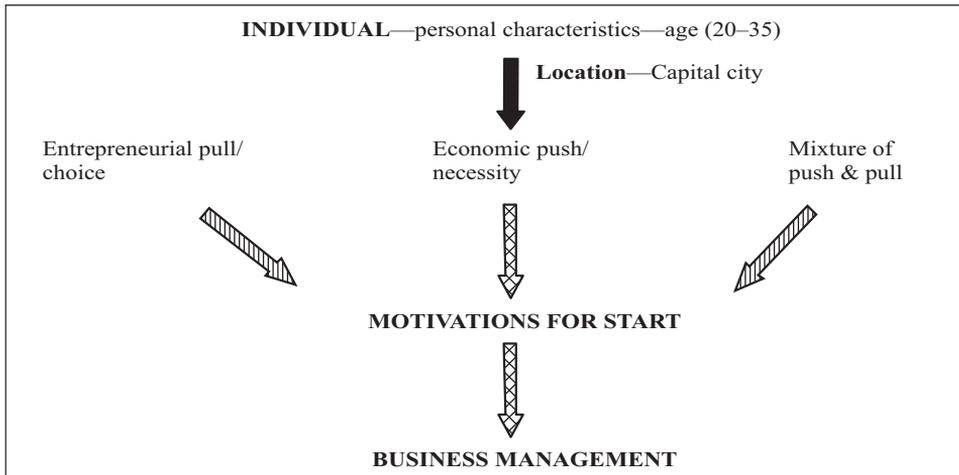
<sup>8</sup> In Ireland, considerable part of R&D spending is financed by foreign companies rather than the state.

available to new and established entrepreneurs (of all ages) from the City and County Enterprise Boards. Besides, individuals starting ‘high potential start-up’ ventures, for instance in ‘internationally traded services’ (meaning, among other things, software firms), could count on capital and employment grants from Enterprise Ireland. Furthermore, finance from banks via personal loans or from some credit unions was available to individuals setting up new businesses.

Figure 1

### Determinants of Process of Starting a Firm and Its Subsequent Running

MACRO ENVIRONMENT—economic, institutional, regulatory, cultural, social  
MICRO ENVIRONMENT—social capital (family background, strong & weak social ties)



### Motivations

#### Unravelling Economy-Related Push and Pull Factors

#### Poland

The group of Polish entrepreneurs was well suited to test the relation between motivations for starting up and the economic conditions since they started their firms mainly in the period of excessive unemployment in Poland (2001–2005) with only some recovery in 2005.<sup>9</sup> However, the research showed that the economic impact exerted by high unemployment was of only small importance to the incidence of firms’ creation among the researched group.<sup>10</sup> With regard to this statement, particularly in the period of highest recession: 2001/2002, only three individuals acted upon depressed economic conditions. Yet, examination of prior labour market status of respondents proved that entrepreneurship was not a route out of unemployment.

<sup>9</sup> Testing the same dependence but when referring specifically to data on unemployment in Warsaw confirms the above findings.

<sup>10</sup> Prior research suggests that at the micro-level unemployed individuals are more likely than others to become self-employed. Such results are not necessarily valid at the macro-level (Arum, Muller 2004).

It revealed that only one individual was coming from unemployment. More than half of respondents made a transition from salaried employment, the situation which goes against the hypothesis that usually in situations of high unemployment, those who have jobs are unwilling to leave them and start firms due to difficulties with securing traditional employment opportunities (Arum, Muller 2004). In addition, it is worth noticing that the analysis of motivations has brought to light reasons for starting firms reflecting 'economic growth,' 'Demand,' 'niche on the market' arose in reaction to the improving economy or more generally a positive market climate of 2005 in case of two respondents.

Individuals steered by recession-determined reasons to set up a business, established firms mainly in consumer services sector that required low skills. Two entrepreneurs—who availed of economic opportunities to start-up—launched business services which were IT-related and thus requiring high skills.

Why motivations of young people were not influenced by economic conditionings? To account for the lack of such a dependence one could possibly refer to other characteristics of the group studied. The fact that the sample was very well educated<sup>11</sup> could translate into their desire to use such educational capital for business goals and therefore see their firms as a chance rather than necessity, even under harsh economic conditions (GEM, Poland 2005). In other words, education by increasing persons' stock of information and skills could have facilitated expectations of success or even operating successfully. Importantly, people with higher education are usually in the least danger of unemployment<sup>12</sup> which could additionally explain the fact that entrepreneurship was not a route out of unemployment. Even though, this relation is not clear-cut as education does not entirely protect against unemployment in the situation of recession.<sup>13</sup>

Besides, occupational capital could have played a similar role to that played by human capital—of providing resources to capitalize on in a repressed economy. Given that more than half of respondents made a transition from salaried employment, many of whom launched firms in the same rather than different industry they worked in before, they were armed with adequate knowledge to face to the challenge of starting a firm. Possession of such work capital stood entrepreneurs in good stead in the business world and provided with much needed confidence to embark on entrepreneurial pursuits. Furthermore, it goes without saying that capital city's dynamic labour market—place of rapid changes, seedbed for emergence of new trends accelerated by the influx of people with various backgrounds, provides a special business location. Its peculiarity may help in explaining the occurrence of economy growth inspired motivations for business starts among the Polish entrepreneurs.

In fact, the profile of all businesses studied mirrors the stage of the economic development in Poland. Around half from firms started were the ones involved in

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<sup>11</sup> 75% of respondents had university education.

<sup>12</sup> In 2005, only 7.3% of those with high education were unemployed.

<sup>13</sup> The observation of the trends since 2000 reveals constant rise in the number of those without work among population with tertiary education (2000—5.5%, 2001—5.6%, in 2002—6.5%, in 2003—7.1% and in 2004—7.2% to 7.3% in 2005).

business services; the other half dealt with personal services. It is understood that broad presence of business services-oriented firms provides evidence for modernization and economic catching-up. It also testifies to progressing development of the indigenous enterprise sector, creating demand<sup>14</sup> for business services, ranging from organizing conferences; training; marketing, advertising to consulting; or website design. However, more scrupulous analysis of firms established reveals some of their essential deficiencies, namely a low level of innovativeness and particularly weak innovative potential. Not only did roughly half of business services firms offer services that were IT-related but also none came up with technologically new solutions in a form of products or services. Exceptionally (two) firms could be regarded as innovative but not in a technological sense since proposed by them services appeared as novel on the Polish market but most probably would be considered a standard elsewhere. Lack of firms' innovative tinge could be certainly acknowledged as derivative of meagre spending on R&D activities in general and scarcity of constructive impact—in the form of spillover effects—from foreign-owned firms.

### **Ireland**

It is hypothesized that motivations for start-ups were possibly influenced by the economic conditions prevailing at the time when they arose. Going further, it entails that entries into private sector were fed by entrepreneurial opportunities stemming from strong position of the Irish economy and favourable business environment. The entrepreneurs interviewed generally launched their firms between 2000 and 2005—time which was in fact the most successful economically, when measured, among other things, by the unemployment rate. It stood at around 4.2% on average.<sup>15</sup> Especially since the beginning of the new century, the impact of a major turnabout in the Irish economy was felt. It coincided with high and systematically rising GDP per capita indicating country's prosperity and good economic standing.

The economic conditions have been found to exert a significant influence on the decisions about business starts. The fact that nine respondents (almost half of the group) launched firms based on economy-related opportunities stimulated by motivations of 'making use of an opportunity,' 'spotting niche on the market,' and 'building up and selling firm', clearly supports such a supposition. Identified opportunities were located within high-technology sectors as well as in newly appreciated industries, meaning ones which only recently attracted the interest of a more affluent society. Firms were established in consumer and business services. In particular, the wide presence of IT firms, most of which did technologically innovative things, within the group of researched entrepreneurs could be acknowledged as a derivative of the economic growth. Opening up for the influx of FDI and multinational investment resulted in development of high technology sectors and, over time, the transfer of specialized skills to indigenous firms or the rise of such skills in the local labour supply. In turn, enterprises different from those IT-related, were capitalizing

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<sup>14</sup> Such demand comes also from businesses with mixed or entirely foreign ownership.

<sup>15</sup> The rate of unemployment in Dublin does not differ that much from rate for the entire country.

on business aspects that did not have a chance to develop in a repressed economy. Newly discovered areas related to the visual arts, photography, the cosmetics industry or businesses based on travel. Additionally, examination of prior labour market status of entrepreneurs shows that most of them were involved in dependent employment prior to starting their firms. Such experience could have potentially equipped them with occupational capital, which together with educational capital (respondents were very well educated<sup>16</sup>) might have worked to sharpen the perception of opportunities and give them a wise eye for business openings.

**Comparison of Main Motivations to Start a Firm**

Essentially, this article reveals that other than economy-related motives were largely alike in the two country contexts. Let us discuss them more in closely, starting with motivational factors of pull-positive character.

Table 1

**Main Motivations for Business Start-Ups among Polish and Irish Entrepreneurs**

<b>Poland</b> %—of respondents	<b>Ireland</b> %—of respondents
<b>Positive—pull motivations</b> Money—50% Experience and knowledge—35% Desire to work for oneself—30%	<b>Positive—pull motivations</b> Desire to work for oneself—45% Spotting niche on the market + making use of an opportunity +building up and selling a firm—45% Money—30%
<b>Negative—push motivations</b> Dissatisfaction—30%	<b>Negative—push motivations</b> Dissatisfaction—35%

*Positive-Pull Motives*

Money was a primary motive for business start-ups in Poland. More than 50% of respondents claimed to be driven by pecuniary rewards. Their perspective on money somewhat differed depending on age, work experience but also gender. Young individuals were naturally the ones without or with only slight work experience. Older entrepreneurs were in turn equipped with some occupational capital. This had the following implications. For younger individuals from the 20–35 age group, the possibility of earning money was enticing for different reasons. First, having own firm was treated as offering a chance of getting higher earnings than in dependent employment and going up the career ladder. It was a ‘shortcut’ allowing for omitting the work experience criterion normally conditioning any occupational and financial advancement. Second, the age aspect translated into a strong conviction about future financial success, belief that was not common for older or more experienced entrepreneurs. It is a well-known fact that individuals (here especially those younger) tend to overestimate their abilities and thus likelihood of success and entrepreneurial returns (Frank, Cook 1996). Young entrepreneur comments on his motivation as follows: “Certainly,

<sup>16</sup> 70% of respondents had university education.

first of all, it is a wish to earn money, a wish to achieve [financial] success. I guess everybody is driven by it.”

With regard to older (from the 20–35 age group) and more experienced individuals, pursuit of money usually aimed at satisfying the desire of getting better financial rewards than when working for somebody. Accumulated work experience and related with it resources provided however richer (than in previous case) occupational capital increasing chances for potential success as well as realistic estimation of its chances. In addition, the quest for money was associated with higher opportunity cost of giving up continued earnings and occupational position, even greater in light of the instability of the labour market.

A yet different perception of financial rewards was shared by two female entrepreneurs. Anticipated pecuniary gains were perceived as a way of earning for a living rather than making financial success or being rewarded better than in dependent employment. Such an approach could most certainly result from treating firm as a substitute of part-time employment or labour-market inactivity, a perspective that was strengthened by the prior labour status of non-participation in the labour force (Georgellis, Wall 2005). It could also result from the presence of another earner in the household.

Generally, expectations regarding money rewards from self-employment may potentially reflect on the low level of salaries in Poland. But they can also demonstrate the overall perception of the wage sector as not remunerating well enough. All entrepreneurs with dependant employment background as well as those who just entered the labour market expressed wishes of being rewarded better than when working for somebody. At the same time, given that entrepreneurs operated in Warsaw which consistently reports the highest average income in Poland, desires to be rewarded better than when working for somebody may appear surprising. However, the age factor which is usually interconnected with short job tenure as well as working in other than the best paying economic sectors<sup>17</sup> could have impacted the level of salaries obtained by entrepreneurs and in consequence bring about formulation of such expectations.

In Ireland, money factor was the third primary driver for business start-ups (30%). Approach to financial rewards was determined by age and work experience aspects. Most individuals who expressed such motivation were older (from within 20–35 age group) and work-experienced. Among them, those with more modest outlooks for the financial side of their ventures dominated. Money generated initially was to allow for meeting company needs and its development. Making ‘serious’ money and becoming a millionaire was an exception. Second kind of the entrepreneur accounts for his choice as follows:

To make 10 million euro, you won’t do it—you might never do it no matter what, not too many people do—but you are never gonna make it in a company. At least you had a chance if you are taking a few risks yourself.

Apart from the afore-mentioned example, no comparisons to the level of salaries in dependent employment were made, reflecting a high level of prosperity in the country.

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<sup>17</sup> Wages are particularly high in the sectors of financial intermediation, real estate and business services.

Moreover, such individuals, when discussing the salary and profit issue pointed to the mistaken idea of expecting profits in the early stages or first years of a firm's functioning and therefore presumed little or no salary initially. It did not mean that financial gains were not important but they were expected to come later. An individual expresses such belief as follows: "Financially, obviously, in the long-term, it would be nice if it pays off." Clearly, occupational capital and associated with it resources (e.g. knowledge of markets, network ties) shaped such a perspective for availability of money. Yet, majority of entrepreneurs could, in a sense, 'afford' to have such expectations, given the presence of the accumulated savings to live off, when waiting for the business to break even.

Smaller group of entrepreneurs who started their firms at an early age employed a different, short-term approach to profit, expecting firms to be profit-making from the start and sometimes generate huge amount of money as well. No determination to work hard to build it was expressed, but limited commitment to firm was evident, probably direct effect of one's young age or lack of work ethos developed in dependent employment. If such undertaking did not work out, the idea of, "whatever, I will go to college or try something else" was mentioned. Clearly then, a lack of commitment of oneself in a younger age suggests that self-employment may be a temporary state rather than longer-term involvement (Arum, Muller 2004). It can be treated as an adventure and one of the possible options for work when not deciding yet to which one to hold.

Interestingly, Irish respondents perceived also money from different than purely pecuniary oriented perspective. When money was being accumulated in order to achieve other goals, it was in fact "a means to an end" rather than an aim as such.<sup>18</sup> To address this issue, an individual concludes: "...it is not money for the sake of money. You buy time with money. That's the best thing to buy with money is to buy time."

While for Poles financial considerations were of key importance, Irish entrepreneurs were found to pursue own ventures driven primarily by the desire to work for themselves (45%). Such a wish could be an inherent idea developed in childhood and influenced by upbringing and/or coming from an entrepreneurial environment at home, the last one expressed as: "it would have been fairly in my blood." These preferences could be also shaped by early work experiences potentially repelling one from working for somebody or conviction about own inability to work for other people, the last one aired as: "I do things my way and I entirely believe that it is reasonably well. I am absolutely unemployable." Furthermore, they could arise inspired by friends constituting one's reference group (Portes 1998). However, undoubtedly a family background of having a self-employed father (Hout, Rosen 2000) was found to be a primary determinant for the appearance of this kind of motivation. In fact, the majority of respondents who mentioned such a reason had a father entrepreneur.

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<sup>18</sup> When adding these entrepreneurs to the group of those motivated by money in its classical sense, money motive suddenly gains in importance and occurs to stimulate as many entrepreneurs as the 'desire to work for oneself' which has been acknowledged as a primary motive (45%).

Desire to work for oneself was the third most commonly referred to reason for starting firms in Poland (30%). Emergence of such motivation was rooted in one of the following aspects: inherent conviction about working on one's own, family values favouring such style of work, or experience of dependent employment shaping this sort of outlook on desired mode of work. However, an inherent drive manifested itself to be a predominant factor accounting for the appearance of a desire to work on own account. It was referred to—perhaps somewhat enigmatically—as “the idea for starting a firm [which] was always there,” or a “dream” of one's life or else the ever present desire to work for oneself which was “the foundation for all this.” Fewer entrepreneurs emphasized the role of family for their decision to enter self-employment. The following statement provides the evidence of a family link: “All my family has always had own firms, did not work for somebody and it fell upon me too.”

The difference in the number of Irish and Polish entrepreneurs who expressed a desire to work autonomously is small. Given the cultural differences between the two countries—Irish culture as positively disposed towards entrepreneurship, in which economic success has helped in uprooting once prevailing attitude of “begrudgery” and Polish one, after socialism, only recently accepting entrepreneurship as a socially appreciated alternative employment—a bigger disproportion in this number could be expected. Seemingly then, the impact of the social relations in which entrepreneurs are embroiled is of bigger than anticipated consequence, reducing the influence of culture differences in determining such a motivation.

However, also the age aspect could be at stake. Polish young people studied were not the ones who spent their adult or working lives in the socialist economy. The rhetoric of the system could then dim their zeal of becoming entrepreneurs or influence their career preferences only to a limited extent. Contrasting example are older generations who lived in an environment restrictive to private businesses and therefore may be bearers of the norms, stereotypes and behaviours from that period. The same logic applies to the young Irish whose attitudes are different from the ones held by older generation.

In Poland, many individuals starting firms wanted to benefit from the human or occupational capital with which they were often equipped. Making use of experience and knowledge acquired in previous employment and—but more rarely—through formal education was the second most prominent motive for starting firms in Poland (35%). Especially taking into account the fact that all such entrepreneurs launched firms in the same rather than different industry that they worked in before, the acquired work capital could be utilized to its full potential. Prior occupational position and industrial sector define the labour market opportunity structure and constraints that an individual faces. Moving into equivalent and familiar industrial sectors—where experience and knowledge have previously been acquired—could possibly ensure them occupational advancement (Arum, Muller 2004: 442), especially when it was either blocked or slowed in salaried employment. Past work armed them with orientation in the specificity of the industry, relevant know-how or in general the “experience and knowledge of the market” (Jovanovic 1982). It allowed make use of what was referred to as own ‘value’ on the market.

Approach of capitalizing on work experience potentially stands entrepreneurs in good stead in the business world. Consequently, it could translate into higher quality of start-ups and in a long run enhance chances for potential success. However, the will of using accumulated store of human capital could also stem from institutionally-determined conditions. Given the administrative burdens that starting and running firm in Poland implies, Poles may treat firm launch as a serious undertaking which for those equipped with human capital may seem somewhat easier to approach.

For Ireland, reasons which counted as much as the 'desire to work for oneself' were strong reflections of the favourable economic opportunities on the Irish labour market. These were spotting a niche in the market, making use of an opportunity, and building up and selling a firm—factors. When summed up, these three reasons turned out to inspire decisions about movement into self-employment of 45% of respondents. An individual refers to opportunity created by dot com boom in Ireland as influencing the choice to be "part of those lots of more exciting things going on" as well as "lots of money being made." In another case, one depicts locating niche for moving on the market with own software business in the following way: "I see opportunities... I would like to go and take them, kind of grab them." "...I just saw a great opportunity and I said: I can't let this go. So I set it, I have it. So that's where I am now."

#### *Negative—Push Motives*

On the side of negative factors, dissatisfaction with work was one of the most frequent motivations pushing individuals to establishing own ventures in Poland (30%). Dissatisfied individuals complained about lack of possibilities for self-realization, development or promotion (Brockhaus 1980). But also impossibility of decision-making and not being in charge added to such a discontent. Lack of appreciation by boss, management and even deprivation of managerial functions (social downgrading) contributed to the dislike of working for somebody. Entry into self-employment could be then a way of an upward mobility, as career advancement in dependent employment was not attainable (Shavit, Yuchtman-Yaar 2001). In addition, an independent venture potentially offered a shortcut of not having to work one's position in the bureaucracy of big firm and climb the corporate ladder. An entrepreneur discusses lack of appreciation of his work leading, in consequence, to being disillusioned about having an employer and working for big organizations in general. "This is de-motivating and this in general repelled me from big organizations, certainly not knowing different organizations on the market and different management systems."

Dissatisfaction with work occurred to be the most prominent negative motive for Irish respondents (35%). In many respects sources of dissatisfaction were identical to the ones identified by Polish entrepreneurs. Dissatisfaction stemmed from impossibility of decision-making, lack of control, not being appreciated, and being deprived of competencies and possibility to manage. In both country contexts, all of these experiences had one thing in common, they repelled dissatisfied individuals from salaried employment. When diminishing one's role in an organization entailed being restricted from executing previous tasks and in consequence personal degra-

dition, as in line with Shapero and Sokol (1982), discontent with new role being forced on resulted in starting a firm. “Three years ago, you know, I was managing a 5 million dollar budget. And last year I had no budget to manage.” Yet, being deprived of possibility of making own decisions working for a big, bureaucratic organization, brought about being tired and “fed up” with bureaucracy: “I have been just a cog in a bureaucratic machine.”

### **Social Capital**

On the issue of the social capital in the context of starting a firm and its running, the cross-country comparison has revealed that both Polish and Irish entrepreneurs referred to social ties, in the form of strong ties—family, friends as well as weak ties—more distant colleagues or other known people (Granovetter 1973). Nevertheless, they somewhat differed as regards types of social contacts drawn upon the most often and therefore forms of assistance usually obtained.

Particularly as regards strong ties, while more than half of respondents in Ireland had self-employed fathers, they could make use of different form of familial support (Hout, Rosen 2000), both encouragement to start a firm as well as diverse forms of familial capital (entrepreneurial knowledge, ability but not parental wealth) at the start and/or in the course of firm’s running. Less than half of respondents in Poland came from such a commercially driven environment at home. Naturally then referring to family assistance was less frequent in their case. However, it could, in contrast to the Irish case, involve transmission of financial capital from home, critical for covering the costs of running a business and starting operating at all. Embedment of the idea of entrepreneurial pursuits in one’s value system derived from the familial model has been referred to: “it is in the blood I suppose, doing your own thing.” Whereas, role of father lying at encouraging entry into entrepreneurial path of life was addressed as follows: “...(Father) has coached me in the direction to run something by myself, not necessarily something big but something on my own.”

With respect to Poland, at face value, the number of respondents whose fathers were entrepreneurs is low. However, taking into consideration that fathers’ generation functioned at the communist times restrictive to entrepreneurship, this number gains different dimension. Even launching firm after 1989 could imply operating in an environment in which anti-entrepreneurial values from the past were still stubbornly rooted.

In both country contexts, apart from family, entrepreneurs turned to friends and less often colleagues, asking for assistance and advice. This signified consulting business ideas, obtaining business contacts, access to people, or getting orders for the business, to name a few. However, in the Polish case, such advice related largely to legal and administrative issues. Friends and ‘strong ties’ social relations were bridging the gap in what institutions failed to provide—good, accessible service and support. One of the Irish entrepreneurs discusses significance of contacts from work which

reaped fruits in a form of prestigious contract enabling firm to get off the ground with impetus:

I kind of built from there, and then he adds, that was a kind of a big breakthrough because it gave us huge exposure so that provided kind of launch for other clients. Well, if they have done Ryanair, they must be good for us kind of thing.

In some respects the function of friends turned out to be similar in both countries. Treating own friends as a reference group, led often to imitating behaviour of other members from within this group. Identification with group, as in line with Portes (1998: 8) had a strong motivational force. Referring to a peer group may have had a function of comparing if one plays a suitable role in a society and belongs to the group. If a discrepancy between the current role and the desired one was noticed (Stanworth, Curran 1973), (Shapero, Sokol 1982) then relevant actions were taken. Accordingly, entrepreneurs were found to be stimulated by success of their friends, both entrepreneurs and people dependently employed. Mainly, financial dimension of success had such an effect. At the same time, having successful friends who were entrepreneurs was found to be the strongest motivator to do well in business. The impact of peer group of friends is well depicted by the below statement. "Most people looking at somebody who is achieving success is trying to do something in this direction to equal him, not to be worse. This is the human nature."

Interestingly, Irish entrepreneurs apart from old contacts and given resources (Becker 1996) were referring to people whom they came to know on their entrepreneurial path of life. Building up new networks (Bourdieu 1980) signified becoming members of associations as a formalized setting but also even more often networking with new groups of friends met in social scenes. Striking up acquaintances with other entrepreneurs may have resulted from getting attracted to this type of persons due to having something in common because self-employed people "tend to gravitate towards each other a little bit"—as one of the entrepreneurs concluded. Such exposure to fresh environments stimulated entrepreneurial endeavours by providing new insights, ideas and information from different sources.

Polish entrepreneurs, in opposition to Irish ones, decisively preferred to refer to old contacts—friends—because relationships established in a younger age were perceived as providing closer ties and more reliable. At the same time, they seemed less eager to build new networks potentially useful for business. In general, when fresh, informal contacts were indeed established, they were by-products of business running. However, there were some exceptions to these. Networks of contacts were built up on purpose when these were to bring peculiar benefits. Social capital most accurately referred to as 'connections,' was to help in successful but far from ethical business running.<sup>19</sup>

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<sup>19</sup> It is the only example of behaviour deriving so strongly from the communist period. This case may picture past stereotype of the Polish businessman deeply rooted in the socialist era but now evolving and slowly disappearing.

### **Institutional Help**

The research sought to reveal the utility of institutional help targeted at entrepreneurs in Poland and Ireland. In other words, it enquired whether institutionalized framework for entrepreneurship is conducive to self-employment or hindering it.

Starting with the institutionalized help in Ireland, it has been in majority evaluated positively by those entrepreneurs who used it. The scope of the institutionalized help ranged from being provided with training, funds or space at a preferential rate to the support of often very experienced experts-mentors. Especially, business centres were highly recommended as places making it easier to start operating as 'a proper business' before gaining confidence to go on the market independently. How an individual comments on this experience: "It has been very useful. It makes easier for people to make that jump and actually start operating as a proper business." Institutional help, which seemed ideal, had however certain flaws. Getting access to more specialized support, meaning development agency assistance required struggling and top-level contacts. Nevertheless, entrepreneurs who availed of such backing rated it very highly. One of them discussed the issue of mentor who has been assigned to him:

But to get somebody that level to help us was very helpful with the strategic price. ...At the moment we think we have it right but that's only due to help that we got from Andrew and Enterprise Ireland.

In the majority, Polish entrepreneurs did not refer to institutions for assistance since they did not perceive them as a potential source of support. Being time constrained, having only rudimentary knowledge about available support or lacking any adequate information necessary to do so were other reasons mentioned. If any contacts with institutions did take place, these were necessary referrals to deal with administrative or other issues but even such inquiries were depicted as problematic and impeding smooth business running.

The feeling that institutions are unfriendly and, rather than help, put the proverbial spoke in entrepreneurs' wheels is well pictured by a below statement: "On every step tax office is looking to impose penalties, fees for late payments, reminders, for which one has to pay." Moreover, if negative opinions on institutions were expressed, they were introduced as a normal situation that everybody is familiar with, rather than something extraordinary. In fact, the governmental web pages aimed at nascent entrepreneurs were the only channel through which entrepreneurs benefited from the state's assistance. References to other than governmental web pages were common as well. Importantly, this form of reference was the most popular as it was easily reachable and allowing for finding highly specialized information quickly, without the necessity for personalized contact which could be a nuisance.

### **Conclusions**

This article has investigated the patterns of self-employment and entrepreneurship among young people in Warsaw and Dublin, focusing on various aspects related

both to the process of starting a firm as well as subsequent business management. Primarily, it sought to identify the motivations for business start-ups. Specifically, it has been found that: i) decisions about business formations by young people in Poland were not determined by unemployment and poor opportunities on the labour market and, ii) the motivations of young people to start firms in Ireland were influenced by favourable economic developments.

Educational factors as well as work experience could affect Irish entrepreneurs, sharpening their perception of opportunities and enabling them to accomplish sometimes new and innovative initiatives, resembling Schumpeterian entrepreneurs. Particularly, previous experience, including the one acquired when working for foreign firms could help in learning the ropes of creating technologically sophisticated firms. But also fierce competition with domestic firms, already at an early stage of development, conditioned by the small size of the Irish market, might have worked to stimulate innovation and growth. Polish entrepreneurs' low responsiveness to economic developments such as recession could probably stem from their high educational profiles allowing seeing their firms as a chance rather than necessity (GEM, Poland 2005) and/or occupational capital. Experienced workers are relatively better equipped with the necessary skills, social networks and confidence that facilitate starting and operating a business.

In the years to come, a marked improvement of the economic climate in Poland may bring about some changes both in the profile of firms started and motivations driving start-up decisions. Especially, the recently observed reverse of the trend of young Poles emigrating abroad may add to such an alteration. As the Irish example demonstrates, the former emigrants returning home were bringing with them the business culture outside of Ireland, together with new ideas, contacts, and additional capital—often used for starting firms. Also in the case of Polish young returnees: career experience, enhanced productivity, and other qualities may facilitate seizing of opportunities at home and starting new type of ventures.

Moreover, the article has revealed that other than economy-related motives were largely alike in the two country contexts. Pursuit of 'money,' of prominent importance for Polish entrepreneurs, played also essential role for their Irish counterparts. Whereas 'desire to work for oneself' of key significance for Irish individuals, was expressed by Polish respondents as well. While, 'dissatisfaction' with work acted as a crucial push factor in the decision to found in both cases. One may be tempted to delve into the conjecture about the existence of a possible relationship between primary motivational factors in the two contexts (meaning wealth attainment in the Polish case versus 'desire to work for oneself' in the Irish case) and the styles of running a firm: seeking if monetary rewards versus wish of being own boss translated into different strategies of business management. Apparently, the relationship between motivations and strategies seems to be somewhat obscure. Instead, the link between type of industry, availability of financial capital and strategy emerges.<sup>20</sup>

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<sup>20</sup> Strategies were researched more in full. However, the volume of this article does not allow for discussing this phenomenon in detail.

Universally, importance of social capital—conceived as weak and strong social ties (Granovetter 1973)—for the decision to move into self-employment and stay in it, cannot be undervalued. For Irish entrepreneurs, social capital and institutional help complemented each other, owing to the effectiveness of the latter, formalized assistance. For Polish entrepreneurs, social capital served as an essential resource, especially given the low value placed on institutional help. Yet, one could assume that young Poles' inclination to have a high degree of trust in concrete persons and small organizations, as is a case for older generations (Kochanowicz, Marody 2003) might have translated into their greater reliance on social capital rather than institutions. Simultaneously, lack of trust in big organizations might have prevented, generally prejudices free young Poles, from benefiting more in full from institutional assistance.

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