

# The Role of Entrepreneurial Enterprises in the Field of Vocational Training and Youth (Un)Employment: New Findings and Policy Implications

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## Principal Topic

At the third AGSE International Entrepreneurship Research Exchange 2006 in Auckland, New Zealand, our research group was invited to present a paper on apprenticeship training positions (ATPs) in young and newly founded enterprises. As far as we know, it was the very first empirical study in this field of interest. The study showed results most surprisingly to many experts. This caused the attention of the German government which enabled us to do further research as suggested by our 2006 AGSE paper's conclusion. By this, we got the ability to conduct a second empirical survey. In Germany, again in this year the supply of apprenticeship training positions cannot catch up with the demand created by young high-school graduates. This results in the problem of unemployment of the young. Germany's "dual system" of occupational training combines on-the-job training in enterprises with classroom education at vocational colleges. Graduates from vocational colleges are highly respected as well trained workers or craftsmen, and have good job opportunities. But since in most cases an employment contract is a 'condition sine qua no' for applying vocational college, young people without a labour contract for an apprenticeship training position have only very poor job prospects, and they may have to bear this handicap for the rest of their working life. Thus, our research topic gets much attention by media, society, and politics, and is present in TV on the main evening news. Our question therefore is: What contribute entrepreneurial companies in the creation of ATPs? This year's empirical study is not a remake of last year's presentation. We took our research tasks some steps further as suggested in our last paper's conclusion. The aim is to build a proper model to explain the broad variance in and the influences on entrepreneur's behaviours and attitudes in connection with offering ATPs. By this, not only a better understanding of ATP-job creation by entrepreneurial enterprises will be achieved. Moreover, a better model gives the opportunity to re-design or even re-think governmental action carried out in order to generate more ATPs by state intervention in the economy.

## Methodology/Key Propositions

A mail questionnaire was developed and sent to 10.000 entrepreneurs who run newly founded companies of all sizes and industries. Companies were not older than eight years and located in a county called "Bergisches Land" in the midwest of Germany. N=510 answers were received. To control for response biases, additional entrepreneurs had been involved in a telephone survey. The analyses have been done using SPSS. They have been carried out for the total number of respondents as well as for sub groups which were built up systematically, separated by industries, start-up category etc. In a first step after displaying descriptive statistics, results of the testing of hypotheses in the year 2005 survey were checked again by cross tabulation, chi square tests and correlation analysis. We also checked subsets of the data sorted by industries and size in order to explore whether significant differences in the influence of each independent variable can be stated. After this, we built and tested two multiple, non-linear regression models which include qualitative findings represented by dummy variables. The regression-models follow some theoretically sounded hypothesis and basically give answers to the following questions: 1) What are the main independent variables which determine if newly founded companies offer ATPs? 2) Which independent variables make newly founded companies not offering ATPs yet changing their mind (starting to run ATP-programs)? In a third step, - since in a narrower meaning, regression models should only be used if all independent variables are independent to each other - we plan to build and test a structural equation model using AMOS. This work of building a structural equation model is currently in progress but will be completed ahead of the deadline of final paper submission.

**Results and Implications**

Our first regression model shows that besides company's size there are basically two areas of influence: the human capital accumulation of the entrepreneur him self and the entrepreneurs plans for company's progress in terms of growth. Offering ATPs is a chance to create a highly reliable, well trained work force in order to manage long term growth processes by the company's human resources development. The second model shows that many young companies start to offer ATPs at the first time, because they want to hire well trained work force, but due to liability of newness they cannot manage to hire any. This corresponds with the findings of our first model. Running ATP-programs is one way to overcome liability of newness in human resources growth management. Our second model shows that the decision whether ATP-programs are established or not is taken under the influence of the entrepreneur's economically expectations, whereas our first model shows that once such ATP-programs are established they are kept up running independently from those expectations. In both models, socially sounded arguments (like in use by governmental campaigns to rise the number of ATPs) were clearly of no significant influence. Therefore one of our conclusion is to redesign governmental programs to foster the number of ATPs.

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