

CRAFTS' ATTRACTIVENESS AND FUTURE ENTREPRENEURSHIP

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Abstract

The purpose of this article is to provide insight into perception of crafts' attractiveness in business environment of the Czech Republic as the dynamics of craft trades (self-employed) has been steadily falling down in last years. The article partly extends the previous research on willingness of young people to start own business rather than seeking for perceived comfort of employment. The main research areas focused on how prestigious and attractive the crafts are perceived, which particular crafts are currently evaluated the best, and we investigated whether or not there is a vision of future own entrepreneurship path in the craft branches. Dominant research method was questionnaire in the panel of selected 500 respondents. Major findings show that the genuine craft career as a first choice is opted only in approximately 20% of all respondents. The most attractive crafts in all the evaluated factors are connected with electrician branches. Crafts generally are not perceived very prestigious but most of the respondents believe that prestige will grow in the near future. The article provides insight into possible implications in the area of social perception of craft. One of the reasons is that crafts and generally entrepreneurship largely influence the social cohesion and regional sustainability in any country.

Key words: craft, entrepreneurship, craft attractiveness (3-5)

JEL Code: O14, M13, D01

Introduction

The aim of this article is to present the findings of the survey which focused on mapping the crafts' attractiveness in business environment of the Czech Republic and the crafts societal perception generally as the dynamics of craft trades (self-employed) has been steadily falling down in last years. The article has an ambition to follow and extend the previous research on

youth entrepreneurship¹ and willingness of young people to start own business rather than seeking for perceived comfort of employment. The main research questions in the presented survey on crafts were basically set up in three areas. Firstly, we focused on the area of how prestigious and attractive the crafts are perceived by those who currently make decision about the professional direction of their offspring. Secondly, we researched the area of which particular crafts are currently evaluated the best, basically according to the attributes like attractiveness, prestige, earnings and probable future success, as well as other possible factors considered in decision making. And thirdly, the research aim was to investigate whether or not there is a vision of future own entrepreneurship path in the craft preference as a professional career of youth nowadays.

Dominant research method was on-line questionnaire in the panel of selected 500 active (replying) respondents. The research tool was standardized structured questionnaire in the length of approx. 15 minutes. This research method was supplemented by two focused group discussions, where research tool was set up script of the group discussion.

Major findings show that the genuine craft career as a first choice is opted only in approximately 20% of all decision making about future profession, however, the score is significantly higher if the vocational schools are included. The most attractive crafts in all the evaluated factors are connected with electrician branches. Most of the respondents (decision makers) believe that the prestige of crafts will grow in the near future. The good news is the result indicating that approximately two fifths of respondents have a vision of their own business based on craft studied in the future, although they find it meaningful only after gaining some experience as an employee. The comparison with the results of previous research on youth entrepreneurship is provided in the article and parallels are discussed.

The research points out the issue of decreasing dynamics of craft trades and maps the situation in larger detail. It provides insight into possible implications in the area of social perception of craft, which needs to be improved, further creating better legislative and administrative conditions to make crafts more attractive for young people to choose them as a profession. One of the reasons for promoting entrepreneurship is that crafts and generally entrepreneurship and micro firms largely influence the social cohesion and regional sustainability in any country. As the authors Lacina and Breckova (2015) point out the

¹ Association of small and mid-sized enterprises and crafts of the Czech Republic (AMSP ČR): survey no. 21 „Podnikání mladých – Young Business“, available from: <http://www.amsp.cz/21-pruzkum-amsp-cr-podnikani-mladych-young-business>

problem is the fact that the number of people living in the villages is relatively dramatically reducing. One of the identified reasons is insufficient infrastructure. Part of this infrastructure is also micro business, entrepreneurship and services, which presence is crucial for regional development.

Despite the study by Jakob (2013) who presents the craft-making (and entrepreneurship) as a growing sector and positive career choice in the difficult economic times, the entrepreneurship and starting own business should be seen especially as a first choice for those who are capable and viable, not just as a last option in burdensome situations.

1 Data and literature review

In the Czech Republic the Czech Social Security Administration (CSSA) kept record of 572.126 self-employed people in the main job in first quarter of the year 2016, which was six thousands less than last day of year 2015. Compared to previous years it is not so significant decline, however, the trend of reducing the number of self-employed has still not stopped. In last 7 years the number of self-employed entrepreneurs fell by more than 115 thousand, as in first quarter of 2009 the Czech Social Security Administration registered 687.743 self-employed in the main job. It results from the current data provided by the Czech Social Security Administration (CSSA), which are being quarterly evaluated by the Association of Small and Medium-Sized Enterprises and Crafts CZ (AMSP)².

While the number of self-employed (as main job) decreased, the amount of self-employed (as a supplement to main job) increased again in 2016. In the first three months of this year it was only a slight increase to 397,723 self-employed (not main job), however, compared to March last year, their number increased by more than 10,000. Compared to March 2009, the increase is significant: the CSSA recorded only 251,894 self-employed (not in main job) then. In last seven years this group has grown by more than half (almost 146,000 new).

For the Czech economy generally it is alarming that in long-term the self-employed on main job (as core business) are steadily on decrease. Lack of this group has already been reflected in retail services in rural areas with lower purchasing power. It is also apparent from

² AMSP CZ (Association of small and mid-sized enterprises and crafts of the Czech Republic) prepares regularly the expert analyses focused on particular territories, topics or segments of small and mid-sized companies. The author of this article contributes actively to preparation of the materials for data collection, its evaluation and interpretation.

the earlier surveys³ on the platform of the Association of Small and Medium-Sized Enterprises and Crafts that motivation to embark on own business seems to be lacking.

It is understandable that the role of small, medium-sized and especially micro enterprises and self-employed persons change over time in every economy. In the Czech Republic there have been turbulent developments since 1990 (the year from which modern free enterprise is dated there). “In the 90s, the market was starving and accepted practically anything, and so doing business was relatively easy and had quick results, even despite a missing solid legal framework. Entrepreneurship was synonymous with economic success and expectation of financial surpluses. With the saturation of the market, the rapid increase in competition from abroad (particularly after the Czech Republic's accession to the EU in 2004), a reduction in the availability of financial resources, sophistication processes and the legal framework, the role of the SME segment and particularly that of micro enterprises began to change”, stated the authors with long term focus on all categories of SMEs, Breckova and Havlicek (2015).

Fillis (2004) quite rightly points out that existing craft sector research is practitioner specific, with little evidence of theoretical rigour. In his study he defines craft firm types. “Four orientations were uncovered: the entrepreneur, the idealist, the 'lifestyler' and the latecomer. Implications include promotion of the belief that the Marketing/Entrepreneurship interface paradigm provides additional understanding of smaller firm internationalization”.

Most of the studies concentrate on SME generally. Hamburg (2014) in her paper, for example, argues that European SMEs faced a big number of pressures. More entrepreneurs, more innovation and growth are necessary and this could be realized particularly by supporting young people, believes Hamburg (2014), who adds that many European countries have on their agenda the improvement of education for entrepreneurship but there exist only isolated initiatives. The vocational and/or high education in almost all European countries do not offer realistic understanding of the world of work and SMEs do not support schools and higher institutions in this context also due to lack of resources. Another author (Bakar et al., 2015, p. 88) says that „entrepreneurship is often associated with economic development,

³ Association of small and mid-sized enterprises and crafts of the Czech Republic (AMSP ČR): survey no. 21 „Podnikání mladých – Young Business“, available from: http://www.amsp.cz/uploads/Prizkumy/Toplines_k_prizkumu_Young_Business_.docx.pdf, and also the survey no. 25 „Crafts Perception in the Czech Society“, available from: http://www.amsp.cz/uploads/Prizkumy/Vysledky_25._prizkumu_AMSP_CR.pdf

where by economic development suggests activities that facilitates in the improvement of the country and society's standard of living“.

Autio (2005, in Gubik and Farkas, 2015) found that students who live in a sound financial environment and who are highly qualified and target the exploitation of good business opportunities usually set up enter-prises with significant growth potential. Gubik and Farkas (2015) continue: “this means that students currently studying in higher education may become potentially successful entrepreneurs. Hence, such issues as what career paths they choose, whether they will become successful entrepreneurs or not or whether they can be channelled towards entrepreneurship are critical in terms of economic growth and job creation in the next few years”.

Nevertheless, there is no substantial amount of articles on this particular topic, although diminishing of crafts is not an issue only in the Czech Republic on which this paper is primarily focused. Ab Rahman and Ramli (2014) researched small and medium enterprises (SMEs) and firm performances within the craft industry by drawing attention to the critical factors influencing its performance. Their main focus, however, was not necessarily on entrepreneurship and the link to the crafts attractiveness, which we believe, goes hand in hand, especially in young generation.

2 Crafts' Attractiveness Survey

The attractiveness of crafts in the Czech Republic was researched in the survey⁴ which results are presented in this article. The main research method was on-line questionnaire in the panel of selected 500 active (replying) respondents. In this case, the respondents were parents of children at the stage of choosing the next study direction (choosing their future career). The research tool was standardized structured questionnaire in the length of approx. 15 minutes. This research method was supplemented by two focused group discussions, where research tool was set up script of the group discussion. In this part participated the students-to-be who considered craft field as their further education. There were two group discussions in different regions of the Czech Republic taking approximately 90 minutes.

The main research questions in the presented survey on crafts were basically set up in three areas. Firstly, we focused on the area of how prestigious and attractive the crafts are

⁴ Association of small and mid-sized enterprises and crafts of the Czech Republic (AMSP ČR): survey no. 25 „Crafts Perception in the Czech Society“, available from: http://www.amspace.cz/uploads/Prizkumy/Vysledky_25._prizkumu_AMSP_CR.pdf

perceived by those who currently make decision about the professional direction of their offspring. Secondly, we researched the area of which particular crafts are currently evaluated the best, basically according to the attributes like attractiveness, prestige, earnings and probable future success, as well as other possible factors considered in decision making. And thirdly, the research aim was to investigate whether or not there is a vision of future own entrepreneurship path in the craft preference as a professional career of youth nowadays.

2.1 Prestige of Crafts

Craft as a professional field was considered for the offspring by one fifth of parents about the stage of decision making. The largest competition to crafts represent vocational schools finished by A-levels, where the parents prefer their offspring to study the wider branches, so that they acquire wider general overview.

Regarding the prestige of crafts, most of the parents believe that the prestige of craft branches will grow in the future. The children (students-to-be) believe that hand-crafted jobs will be well evaluated and that it will help them to decently earn a living. The parents often discuss with children their forthcoming study (51%), especially the future use and possible employment. The final decision lies on the kids at the end, so that he or she likes the chosen branch.

The most attractive crafts based on the prestige, earnings and use in practice were found: electrician branches, plumber and heating technician, roofer and carpenter. The respondents (parents) most often consider perspective these craft branches: cook, car mechanic, and the mentioned electrician. The survey results partly corresponds with the AMSP's analysis on crafts⁵, which analyzed the most demanded suppliers (in crafts). Moreover, the analysis results showed the following craft professions were also demanded: room-painter, wall-paper decorator and hairdressing services. It is apparent that the crafts, which are presented in media as a branch image model – that is typical for example in case of cooks and the cooking shows – seem to be more attractive for parents and children.

2.2 Social Perception of Crafts

It is possible to say that society perceives the crafts as rather less prestigious. Vast majority of respondents (64%), however, believes that the crafts' prestige will grow significantly in the future. It supports partly another finding: almost seven out of ten parents consider

⁵ Association of small and mid-sized enterprises and crafts of the Czech Republic (AMSP ČR): „Analysis of Crafts in CZ“, available from: <http://www.amsp.cz/analyza-remesel-amsp-cr>

recommending college to their offspring, whereas only 20% goes directly for craft branch (with no A-levels). In this area, however, exist large differences among the regions in the Czech Republic. Whereas in Prague only 13% of respondents considers craft branch, for example in region around Prague⁶ it was already 23%, and in Vysocina⁷ it was the highest preference of crafts reaching 34%. Still, this is one of the strongest findings of the survey. The college with A-levels are getting very perspective form of education, and the fact that more than double of children, who aims for A-levels, prefers college to grammar school⁸ means a great challenge for colleges and also Ministry of Education as it requires significant updating in new branches and in making such changes which respect the expectations of respondents. Also the fact that mentioned average 20% of children consider crafts as future profession is a signal that it is necessary to create wider offer and support of craft – vocational schools (with no A-levels).

2.3 Attitude to entrepreneurship after graduation

Fillis (2013) in his study created a typology of the craft microenterprise based on different orientations. To use his typology for the purposes of this paper I stick on the two following types. First described as “business-oriented entrepreneur who is willing to take risks and recognizes the importance of developing a customer base (entrepreneur)”. Another type of craft microenterprise described by this author is “those who have chosen to work in craft industry because of the type of lifestyle involved and are unwilling to sacrifice this to expand the business (lifestyler)”. Both these approaches proved to be considered in the Czech survey.

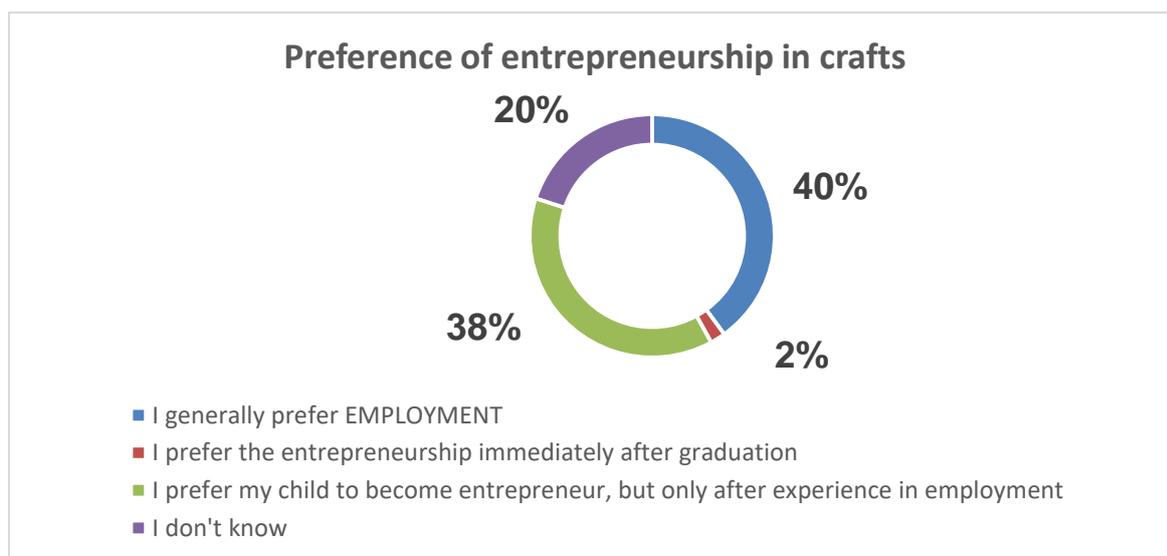
One of the key findings of this survey was in the area of an attitude to entrepreneurship after graduation – please see Figure 1. Two fifths of respondents (parents) do not exclude entrepreneurship but only after their children gain some experience in employment relationship. The children themselves perceive the entrepreneurship as an advantage in the sense that they can influence the earnings by own skillfulness and diligence. There are, however, also a large group of respondents (40%) who would not see an entrepreneurship as a future for their kids.

Fig. 1: Preference of entrepreneurship in crafts after graduation

⁶ Central-Czech area (called Stredocesky region), circle area around Prague, excluding capital

⁷ The area in the middle of the Czech Republic, Czech-Moravian Highland

⁸ Also high school or Gymnasium, depending on kind of English



Source: Author's elaboration based on data from the survey⁹ Crafts' Perception in the Czech Population

Certain parallel could be found in the same attitude displayed by the students from the mentioned previous survey (Young Business) of this author. These respondents were more mature and in the time of finishing their studies in high schools as well as universities. The respondents mostly did not entirely reject entrepreneurship (the discovered ratio is 547: 229), but before they begin business activity they first want to acquire experience, establish contacts and earn money through employment. Breckova and Havlicek (2015) offer possible interpretation that students and/or graduates may give priority to employment immediately after completing their studies as a "transfer station" from which some would switch to entrepreneurship. They continue: "The results of the survey reveal a general willingness to do business, but also an unclear idea about it, while a small discrepancy can be witnessed in the relatively high tendency to prefer employment relationships," (Breckova and Havlicek, 2015).

Another reason for only limited willingness to walk the entrepreneurship path (found in the Crafts Attractiveness survey presented primarily in this article) could be explained and supported also by the findings from previous survey (Young Business) of the author of this article. "It is apparent from the survey¹⁰ that the business environment is perceived as not entirely friendly for starting business. A total of 72% of respondents evaluate it as negative or rather negative. Students do not view the current situation as ideal for starting business, and

⁹ Association of small and mid-sized enterprises and crafts of the Czech Republic (AMSP ČR): survey no. 25 „Crafts Perception in the Czech Society“, available from: http://www.amsp.cz/uploads/Prizkumy/Vysledky_25._prizkumu_AMSP_CR.pdf

¹⁰ Association of small and mid-sized enterprises and crafts of the Czech Republic (AMSP ČR): survey no. 21 „Podnikání mladých – Young Business“, available from: http://www.amsp.cz/uploads/Prizkumy/Toplines_k_prizkumu_Young_Business.docx.pdf

among them vocational students are the most pessimistic in view of the current situation” (Breckova and Havlicek, 2015).

Also Global Entrepreneurship Monitor (GEM¹¹) report supports partly this finding and concentrates on image and social perception of entrepreneurs: "The image of entrepreneurs remains very bad, and less than half of our population considers successful entrepreneurs to have a high status. Experts are also very sceptical in this respect. It is necessary to work on creating positive examples." (Report on the Development of SME, 2014, p. 59).

2.4 Comfort of employment

Another well described reason for low interest in own way and doing business (entrepreneurship) could not be validated in the survey on crafts attractiveness presented in this article, as the respondents involved in the main research method (questionnaire) were parents, i.e. not really those who would be to decide about the professional career after graduation from craft educational institution. Still, the bellow described reason (prioritising employment relationships over entrepreneurship) reflects the overall societal perception of current situation. As the authors Breckova and Havlicek (2015) say that two thirds of respondents (in their survey Young Business) see in employment relationships job security and continuous income, which for many reasons seems more attractive than their own business activity. Nearly the same number of respondents were basically only postponing decisions about whether to do business, arguing that they give priority to employment relationships first, in order to acquire experience, establish contacts, etc. (63%). Students view as quite advantageous that the employer handles for them all operational and administrative matters (45%), which is evidence of the tendency of these workers to prefer comfort and their unwillingness to complicate their lives. About 41% of respondents see an opportunity for career advancement in employment, which they probably either do not see or see in different dimensions in potential independent business activity.

And the authors (Breckova and Havlicek, 2015) continue by saying: “A third of respondents admit that being employed is significantly more comfortable than doing business. Something quite alarming is the starting trend of reduced desire for success in the younger generation and less willingness to do a lot to achieve it. Approximately a fourth of respondents would especially prefer an exactly set work period, and the same number of

¹¹ Analysis of business activity within the Global Entrepreneurship Monitor (GEM) international project, Roconducted in 2013 (available from the Report on Development of SME and their support in 2013, which we refer to as Ministry of Industry and Trade (2014). Report on the Development of SME, 2014 – based on the year of issuance – see the Reference Sheet)

young respondents expect their work not to interfere with their free time. There is evidently a realisation that in the case of business these "benefits" are at least initially unachievable".

Conclusion

The main ambition of this article was to provide insight into perception of crafts' attractiveness in business environment of the Czech Republic as the dynamics of craft trades (self-employed) has been steadily falling down in last years. The survey on crafts' attractiveness was made in the beginning of 2016 on the sample of selected 500 active (replying) respondents from all regions of the Czech Republic. We researched basically three areas: firstly, we focused on the area of how prestigious and attractive the crafts are perceived, secondly, the area of which particular crafts are currently evaluated the best, and thirdly, whether or not there is a vision of future own entrepreneurship path in the craft preference as a professional career of youth nowadays. Especially in the last area we had an ambition to follow and extend the previous research on youth entrepreneurship¹² and willingness of young people to start own business rather than seeking for perceived comfort of employment.

In the Czech Republic the trend of reducing the number of self-employed (entrepreneurs) has still not stopped. In last 7 years the number of self-employed entrepreneurs fell by more than 115 thousand. The main problem, however, is that the number of self-employed as main job is decreasing rapidly, whereas self-employment as a supplement to the main job grows. For the Czech economy generally it is alarming that in long-term the self-employed on main job (as core business) are steadily on decrease. Lack of this group has already been reflected in retail services in rural areas with lower purchasing power. It is also apparent that motivation to embark on own business seems to be lacking.

Major findings show that the genuine craft career as a first choice is opted only in approximately 20% of all decision making about future profession, however, the score is significantly higher if the vocational schools are included.

Regarding the prestige of crafts, most of the respondents believe that the prestige of craft branches will grow in the future, but do not consider it as particularly high these days. They believe that hand-crafted jobs will be well evaluated and that it will help them to decently earn a living. The most attractive crafts based on the prestige, earnings and use in

¹² Association of small and mid-sized enterprises and crafts of the Czech Republic (AMSP ČR): survey no. 21 „Podnikání mladých – Young Business“, available from: http://www.amsp.cz/uploads/Pruzkumy/Toplines_k_pruzkumu_Young_Business.docx.pdf

practice were found: electrician branches, plumber and heating technician, roofer and carpenter.

In the context of decreasing willingness for entrepreneurship we can consider as a relatively good result indicating that approximately two fifths of respondents have a vision of their own business based on craft studied in the future, although they find it meaningful only after gaining some experience as an employee. The comparison with the results of previous research on youth entrepreneurship is provided in the article and parallels are discussed above.

The research points out the issue of decreasing dynamics of craft trades and maps the situation in larger detail. One of the possible implications in the area of social perception of craft is that the prestige of crafts need to be improved as well as it is crucial to create better legislative and administrative conditions to make crafts more attractive for young people to choose them as a profession. Also other above discussed studies point out that the business environment is perceived as not entirely friendly for starting business. It seems inevitable to simplify radically the rules and it would be useful to be brave enough to cut down the income tax burden even to zero for self-employed persons up to the turnover of 18,500 Euro per year. Their contribution to the state budget would be extremely low anyway, but there are at least three very important moments: they obviously pay the social and health insurance, they are not registered at the Labor Office (so that they do not draw off the state finance), and lastly, they for example carry out some kind of small services in the regions and villages. In that case they are undoubtedly very beneficial for the society.

The role of self-employed people obviously changed over time, and one of the reasons for promoting entrepreneurship is that crafts and generally entrepreneurship and micro firms largely influence the social cohesion and regional sustainability and serviceability in any country.

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