

Entrepreneurial Inclination and Entrepreneurship in Hungary and in Europe¹

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The lecture has two parts. The first part – based upon Eurobarometer data - briefly investigates the proportion and social characteristics of potential entrepreneurs in European comparative perspective. It proves that the Hungarian data are close to the European average.

The second part – based on Hungarian panel data (1992-2007) - examines the predictive force of entrepreneurial inclination upon future entrepreneurial career and well-being.

The results reveal that potential and actual entrepreneurship have strong social similarities and lasting connections despite the great volatility of both. Entrepreneurial inclination and more concrete plans have influenced the entrepreneurial career chances with nearly identical force, without cancelling each other's effect.

Entrepreneurial motivation has also to do with subjective well-being. The “push” factors of initial dissatisfaction with work and material conditions have lost their significance while the connection between entrepreneurial inclination and satisfaction with future perspectives persists in the longer run.

The matrix of original motivation and further career provides a typology of four economic actors: that of “conscious” employees, “blocked”, “forced” and „conscious” entrepreneurs.

Keywords: entrepreneurship, entrepreneurial attitudes, potential entrepreneurs, well-being, SWB, entrepreneurial career, income, forced entrepreneurs, push factors

1. Introduction

If there is consensus about the essential contribution of Cantillon, Say, Schumpeter and Kirzner to the outlining of the entrepreneur as economic actor, there is similar consensus in the research tradition of entrepreneurial motivation concerning the contribution of McClelland

¹ This paper sums up the main results of two researches presented in the following papers of the author: A vállalkozói hajlandóság hatása a vállalkozásra és a jólétre. A Magyar Háztartás Panel néhány tanulsága (1992-2007). (The effect of entrepreneurial inclination upon entrepreneurial career and well-being. Experiences of the Hungarian Household Panel (1992-2007)) In Kolosi T.-Tóth I.Gy. (szerk.) Társadalmi riport, 2008, Budapest, Társi, pp. 429-450.; Entrepreneurial inclination, potential entrepreneurs and risk avoidance, in: István Gy.Tóth (ed.) Társi European Social Report 2009, Budapest, pp. 115-132.

(Blaug 2000; Schumpeter 1980; Kirzner 1973, 1985; McClelland 1967, 1987). The performance motive he suggested as the main culturally conditioned factor orienting people towards entrepreneurship signposted the course of research by generating fruitful disputes, for one thing. Since then a sizeable literature has arisen about entrepreneurial attitudes, intentions and dispositions, as well as about potential entrepreneurs (Ashcroft et al. 2004; Krueger 2004; Chell et al. 1991; Fitzsimmons-Douglas 2005; Etzioni 1987; Kets de Vries 1996; Koh 1996).

There is a noteworthy distinction between those who would like to be entrepreneurs and those who actually intend to be. *The entrepreneurial potential means an inclination*, a kind of openness, readiness to grasp a business opportunity, not necessarily a deliberate intention to become an entrepreneur (Krueger-Brazeal 1994). This issue has relevance here because the paper is concerned with entrepreneurial inclination, and at certain points it is possible to test its correlation with more concrete entrepreneurial ambitions, and to examine the combined effect of the two factors.

In the literature there is yet another differentiation between “push” and “pull” type entrepreneurs: the former is compelled to leave his former place of work and life position by the circumstances (including the person’s own feelings of being out of place), the latter designates those who wish to try out a business opportunity. In their international investigation Amit and Muller (1995) found that some two-thirds of entrepreneurs belonged to the “push” and one-third to the “pull” category and that the latter were more successful, gauging success by per capita turnover and personal income. The most frequent common traits self-reported by both groups were organizing skill, integrity, adaptation, creativity, communicative and managerial skills. Their self-descriptions included far less frequently risk-taking, intense effort, negotiating ability, professional expertise, work relations with sellers and buyers, the ability to handle uncertain situations and good luck. The last two – least frequently mentioned – features did indicate the only statistically significant difference between the two groups, namely: the push-type entrepreneurs mentioned them somewhat more frequently.

Hungarian research of entrepreneurship has a rich tradition (Hegedüs-Márkus 1978; Laky 1984; Kuczi-Vajda 1996; Laky-Neumann 1992; Czakó et al. 1996; Laki 1998, Laki-Szalai 2004; Róbert 1996; Kuczi 2000). Hungarian and Eastern European investigations of entrepreneurial inclination have a somewhat shorter history (Lengyel 1996; Stoyanov Bolcic, Radaev 1997-98). Among other findings, they reveal that in 1988 about a quarter of the Hungarian adult population would have been ready to go into business. The decisive majority rejected the perspective of an entrepreneurial career for existential or other reasons, but not for ideological considerations. The rate of potential entrepreneurs considerably increased at the beginning of the 1990s and sank lower in the mid-‘90s than it was prior to the political change, before it finally settled around the one-fourth mark. Eastern European researches have also revealed that the potential and actual entrepreneurs had a lot of social characteristics in common – professionals and skilled workers being overrepresented in both groups, although social background variables did influence more strongly the composition of the acting entrepreneurs than the potential group.

However, researches have left a lot of questions unsettled. What do the data show in broader comparative perspective? If entrepreneurial inclination indeed fluctuates, then what accounts for this fluctuation? What impact does entrepreneurial inclination have on becoming an entrepreneur and on well-being? Some of these questions can be checked on Eurobarometer data and on the data base of the Hungarian Household Panel of 1992-97.

There is a lucky circumstance that extends research possibilities: there was a query of the Hungarian Household Panel Survey sample again in 2007 and these data allow for the examination of effects in the longer run.

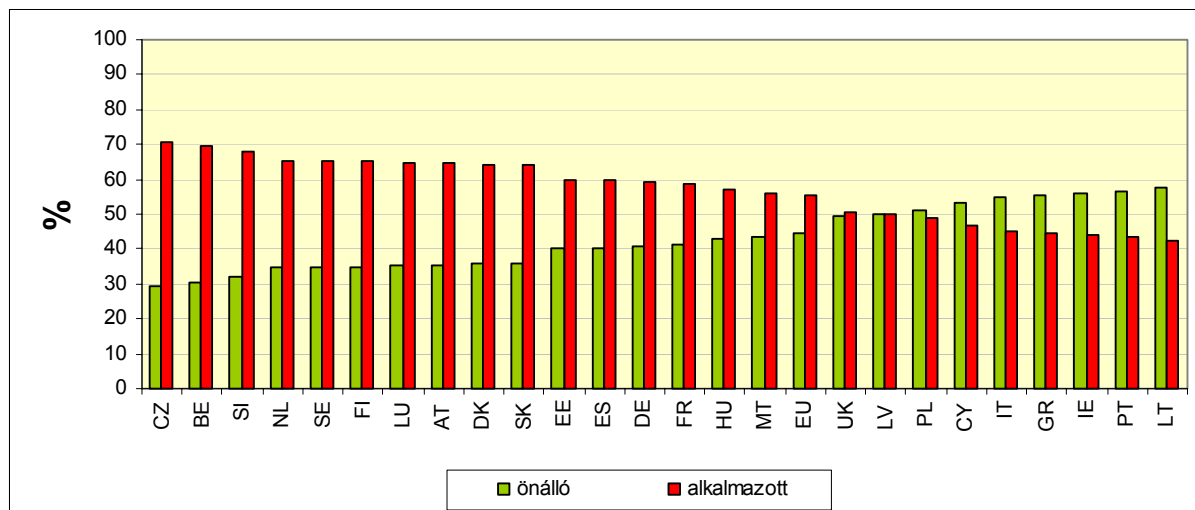
This paper examines:

- The entrepreneurial inclination and entrepreneurship in the European Union, by countries .
- The volatility of entrepreneurial inclination in Hungary between 1988 and 2011.
- The predictive force of the entrepreneurial inclination: who have become entrepreneurs between 1993 and 2007?
- The impact of entrepreneurial inclination on the quality of life, on objective and subjective well-being.

2. Entrepreneurial inclination in Europe

In Europe as a whole, there is a fairly balanced split between entrepreneurial and employee options (Figure 1.): almost half of all respondents (45%) prefer self-employment (ranging from 35% in the Scandinavian countries to 50% in the Mediterranean region).

Figure 1. Entrepreneurial inclination, by country



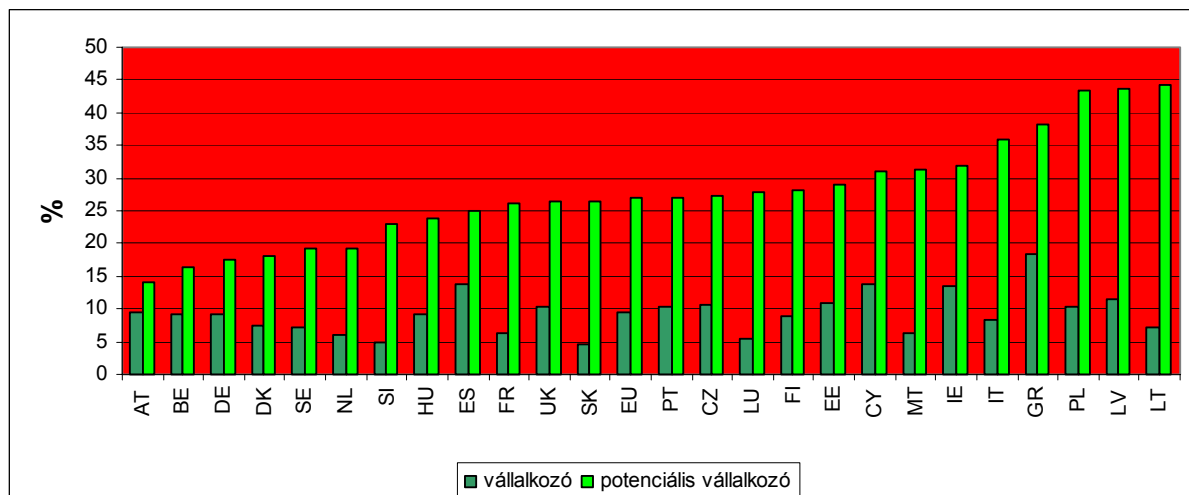
Source: author's calculations based on Flash Eurobarometer 192 (2007) data. Note: Distribution of answers to the question: "Suppose you could choose between different kinds of jobs, which one would you prefer: being an employee or being self employed?" önálló: self employed (green); alkalmazott: employee (red)

We find a level of entrepreneurial inclination that is well above average in Lithuania, Portugal, Ireland, Greece, Italy and Cyprus, with over half of the respondents in those countries preferring to be self-employed. By contrast, in the Benelux and Scandinavian countries, and in the greater part of the area of the historical Austro-Hungarian Monarchy (in Austria, Slovenia, the Czech Republic and Slovakia), less than two-fifths of the population are favorably disposed towards entrepreneurship. This is substantially below the average

level. The proportion in Hungary (43%) corresponds roughly to the EU average, as is the case for Germany, France, the United Kingdom and Poland.

As might be expected, the figures show a smaller proportion of *potential entrepreneurs in the short run* – i.e. people who are ready to consider the option of self-employment within the next five years. Across the EU, on average just over one respondent in four is a potential entrepreneur in the short run (27%), with a figure of 21% in the Scandinavian region and 37% in the countries of Eastern Europe (Figure 2).

Figure 2. Actual entrepreneurs and potential entrepreneurs in the short run, by country



Source: author's calculations based on Flash Eurobarometer 192 (2007) data. Note: Percentage of positive answers to the question: "Personally, how desirable is it for you to become self-employed within the next five years?" vállalkozó: Entrepreneur (dark green); potenciális vállalkozó: Potential entrepreneur in the short run (light green)

In principle the category of potential entrepreneurs consists of those who are inclined towards entrepreneurship and those as well, who think desirable to become self-employed in the short run. The category of inclination is broader, more general, inclusive one, while the short run perspective is more concrete, referring to the next five years.

Three explanations spring to mind for the discrepancy between the level of entrepreneurial inclination and the probability of potential entrepreneurs in the short run.

First, there may be people who are favorably disposed towards entrepreneurship but who are not really in a position to consider a business career. This could be for reasons of age, but there are countless other factors related to subjective qualities that may limit one's scope.

Second, the existence of a high proportion of actual entrepreneurs in a population necessarily shrinks the pool of *potential* entrepreneurs. In a country where well-nigh everyone has had the opportunity to try self-employment, the pool of potential entrepreneurs may be composed of new cohorts, people who find themselves in a new position in their lives, and people who have changed their minds.

The third explanation is to be found in the institutional context or business climate, which may be more or less favorable in any given country. There are substantially more potential

entrepreneurs than average in the former Soviet states (Lithuania and Latvia) and in Poland, as well as in Greece and Italy. Moreover, people in Greece are twice as likely to be *actual* entrepreneurs as is the population of Europe on average. (The reasons behind the level of entrepreneurial potential in a country therefore appear rather more complex than a simple explanation in terms of an inverse relationship with the rate of self-employment.) In the Scandinavian and the Benelux countries, in Austria and in Germany, the proportion of potential entrepreneurs falls below the EU average; in Finland and Luxembourg it is close to it.

The proportion of actual entrepreneurs is, on average, 9.5% across the EU. The figure is above this level in Cyprus, Ireland, Spain and, as mentioned above, Greece. We find a substantially lower than average probability of self-employment among the populations of the Netherlands, Luxembourg, Slovakia, Slovenia and Malta.

3. Attitudes and opinions of potential entrepreneurs in Hungary in the '90s

In the followings (unless otherwise mentioned) potential entrepreneurs include those who are inclined toward entrepreneurship, that is who answered "yes" on the question "Would you like to be an entrepreneur?" in Hungarian surveys. The short run initiatives were approached by questions concerning more concrete entrepreneurial and business plans.

Among potential entrepreneurs there was a significantly over-average rate of those who wanted to change their lives in different regards as well. One fifth planned to change jobs as against less than one-tenth of those who rejected entrepreneurship. Even in the 2-4% fragment of those who planned to change jobs for family reasons or for studies there was a significantly higher rate of potential entrepreneurs.

Table 1. Correlation of entrepreneurial inclination with plans and opinions (Cramer's V/Phi)

	Entrepreneurial inclination in 1992	Inclined to entrepreneurship durably between 1992 and 1997 (in 3 or more years)
Planning to change jobs	.176****	.069***
Planning to change jobs for family reasons	.062***	.06***
Planning to change jobs for studying	.049*	Ns
Planning to become entrepreneur	.225****	.111****
Planning to go into business, trade	.22****	.196****
Would invest profit	.092****	Ns
Would invest lottery win	.462****	.228****
Income prospects of family	.118****	.074****
Income covers running costs	.079****	Ns
Is unemployment an unavoidable concomitant of the present situation or must it be avoided at any costs?	.145****	.07****

Does unemployment improve work discipline?	.033*	Ns
Is there a chance of becoming unemployed?	Ns	Ns
Would it be easy or hard for you to find a job	.115****	Ns

A very intriguing correlation is shown by the analysis that compared the “would you like to be an entrepreneur” question (the gauge of the entrepreneurial inclination) with the question “are you planning to become an entrepreneur”, “are you planning to go into business or trade”. It was found that the overwhelming majority – some nine-tenths – of those planning to set up on their own would gladly become entrepreneurs, but one-tenth would not, or had reservations. In some cases, this may indicate sheer inconsistency, but those who listed reservations must have deliberated their answer carefully. In the latter case, this must be related to the “pull” and “push” type entrepreneurship, that is, to the two kinds of motives that guide one into business: the grasping of the opportunity and compulsion. In one case, performance, the possibility of self-realization is in the background apart from the material motive (Lengyel 2002, Czako et al. 1996), in the other case the motivation is the chance of losing a job or just pressure for money. This may also be borne out by the fact that answering the question of the family’s income prospects for the next year, the majority of potential entrepreneurs pronounced more optimistically than the average (and displayed a more definite vision, too), but they were slightly overrepresented among those who thought the family’s financial situation would considerably deteriorate as well. This connection was confirmed even more markedly by the fact that an above-average rate of potential entrepreneurs said their income did not cover the general family expenses, while they were slightly overrepresented on the opposite pole too.

This interpretation is modified by the fact that potential entrepreneurs did not deviate from the average concerning their fears of unemployment (about every third job-holder was afraid of losing his/her job). Thus, among the “push” factors material pressure and not dissatisfaction with work or losing the job that played the important role. There was a significant divergence between those who would and those who would not become entrepreneurs in answering the question whether they would easily find a new job. Potential entrepreneurs were far more optimistic than the average.

There was a slightly above-average rate among potential entrepreneurs (about every other respondent) who shared the opinion that unemployment improved work discipline, and considerably more than the average declared that in the given economic situation unemployment was unavoidable. The dual motivation of entrepreneurship is also revealed by the finding that some two-thirds of the potential entrepreneurs were ready to invest the profit and one-third would improve their own living standard. An even more marked deviation was found between potential entrepreneurs and the rejecters of this possibility when it came to the utilization of a lottery win. Over half the potential entrepreneurs would invest the amount, while only every tenth of those who felt no inclination to entrepreneurship would do so.

As for satisfaction with life, the responses are not easy to interpret at first sight. Potential entrepreneurs were satisfied with their standard of living and lives so far about as much as the average. These are the questions with which cognitive aspects of subjective well-being are usually measured and no difference was found in these dimensions. By contrast, potential entrepreneurs were significantly more dissatisfied with their work, housing and especially

income than the average. Thus, the main motive force behind entrepreneurial inclination was dissatisfaction with the material conditions. There were, however, two dimensions along which potential entrepreneurs were more satisfied than the rest. One was the state of health; this is not surprising as it also derives from the negative correlation between entrepreneurial inclination and age, deteriorating health in old age. State of health played a very important role in rejecting entrepreneurship. The other aspect along which potential entrepreneurs were significantly more positive than the average was satisfaction with future prospects. Moreover, this correlation proved lasting, for *it was found at every query between 1992 and 1997 that potential entrepreneurs judged their future prospects and health more favorably than the average, while there was below-average satisfaction among them concerning their work and income.* In some years it was also found that they judged their strong ties (family and kinship relations) less favorably than the average, but this was significant concerning the broader kinship relations only.

4. Volatility of entrepreneurial inclination between 1988 and 2011

As one can judge from Table 2 there was a major upswing in entrepreneurial inclination in the early years of systemic change which was followed by a decline and fluctuation during the next two decades. During the years of the crisis the proportion of those who gave a conditional (“it depends”) answer on the question of entrepreneurial career grew significantly. I discuss the possible reasons of these elsewhere (Lengyel 2012, forthcoming), suffice is to say here that entrepreneurial inclination is influenced both by subjective factors (like age, family conditions, risk avoidance) and objective ones like business cycles, political-administrative conditions and media effects as well.

Table 2. Entrepreneurial inclination in Hungary, 1988-2011 (%)

	1988	1990	1992	1993	1994	1995	1996	1997	2011
Would like to be an entrepreneur	25	44	27	19	23	20	16	14	13
It depends	4	.*	10	12	11	9	11	11	16
Would not like to be	71	56	63	69	66	71	73	75	71
N	2971	986	4073	3773	3902	4093	3564	2588	766

Question: „Would you like to be an entrepreneur?” Sources: omnibus surveys (1988, 1990, 2011) and the Hungarian Household Panel Survey (for 1992-1997)

* In this year the answers had dichotomous structure.

About half to three-fifths of potential entrepreneurs of a year were also inclined towards entrepreneurship a year earlier. Entrepreneurial inclination does display some stability, the related attitudes are consistent.

Table 3. Rate of potential entrepreneurs who were also inclined to entrepreneurship in the previous year (1993-1997)

	1993	1994	1995	1996	1997
%	59,8	47,0	56,9	53,5	47,6
N	829	832	631	434	313
Phi (****)	.34	.33	.29	.29	.36

However this connection is rather loose, for many people changed their opinion from one year to the other. That may have several reasons. One obvious reason is inherent in the social-economic system. When economic conditions and prospects deteriorate, when economic regulation is modified unfavorably, there is a concomitant decrease in the proportion of potential entrepreneurs and an increase in the number of those who want to wait and see, or change their minds. We can differentiate from it the general economic climate which in theory reflects upon the conditions but may also deviate from them. It means how – how optimistically or pessimistically – people judge their living conditions, their own and the society’s prospects. It may also be shaped by a peculiar media effect: how the media depict the circumstances, how attractive or alarming they describe the possibilities, how they characterize the entrepreneurs. Further influencing factors may be the change in one’s life situation and health. Besides, “would you like to be an entrepreneur” refers to inclination rather than express intention, hence it is broad enough to be influenced by factors unexplored by the investigation, which may also contribute to volatility. Compared to these, it is a mere technical problem that the panel database also necessarily changed slightly from year to year; some respondents died, some moved away, became inaccessible, some others were newly included, all this also modifying the volatility of the rate of potential entrepreneurs.

Beside entrepreneurial inclinations, the rate of practicing entrepreneurs also fluctuates, in response to the phenomena of the economic life. Three-to-four-fifths of entrepreneurs were entrepreneurs in the previous year as well. Thus, acts are more consistent than words, they have more retaining power. On the whole, some half of the potential entrepreneurs were new every next year of investigation as against one quarter of the acting entrepreneurs.

Table 4. Rate of entrepreneurs who were entrepreneurs in the previous year as well (1993-1997)

Year	1993	1994	1995	1996	1997
%	82.7	61.0	68.8	71.1	75.3
N	207	228	208	211	146
Phi (****)	.67	.65	.66	.69	.62

The overwhelming majority of potential entrepreneurs were positive about entrepreneurship for at least two years, and two-to-three-fifths for at least three years. The latter group can be taken for steady potential entrepreneurs. (Their rate is lower in the first year for panel erosion than in the rest of the years.)

Table 5. The rate of potential entrepreneurs in the given year who were inclined to entrepreneurship for at least two more years (1992-1997)

	1992	1993	1994	1995	1996	1997
Another two years	29.1	41.1	43.6	55.8	58.0	47.9
Cramer's V	.401****	.497****	.532****	.596****	.556****	.427****
N	1369	958	1031	711	509	355

5. Short-term impact of entrepreneurial inclination on becoming entrepreneur

Reviewing the data by years, one finds that some two-fifths to two-thirds of the novices in entrepreneurship in a year pronounced positively about entrepreneurial inclinations in the previous year. The correlation was significant, positive, but weak.

Eliminating eventualities from a year-by-year analysis and see how entrepreneurial inclinations in 1992 are correlated with practical entrepreneurship between 1993 and 1997, a stronger correlation is found. Nearly three-fifths of new entrepreneurs between 1993 and 1997 expressed entrepreneurial inclinations in 1992, and every tenth entrepreneur made it conditional upon the circumstances whether they set up on their own or not. Roughly speaking over two thirds of the entrepreneurs were deliberating this alternative earlier.

Table 6. Correlation between entrepreneurial inclination in 1992 and entrepreneurial status between 1993 and 1997 (%)

Would you like to be an entrepreneur? (1992)	Were you an entrepreneur between 1993 and 1997?		Together
	No	Yes	
No	64.9	30.3	63.6
It depends	10.0	11.8	10.1
Yes	25.1	57.9	26.3
Total	100.0	100.0	100.0
N	3914	152	4066

Phi=.147****

Taking a look at the social composition and opinions of those who rejected, one finds indeed that the elderly and the untrained are overrepresented among them, but the university graduates are as well. It is revealing to compare this finding not only with the average population – the majority of whom would not have ventured into entrepreneurship and did not become entrepreneurs either – but also with those who were positive about an entrepreneurial prospect and did become entrepreneurs later. From these, the forced entrepreneurs as interpreted above differed in that women, intellectuals, semi-skilled and unskilled workers were overrepresented among them. Compared to both the entrepreneurs and the employed strata, there was a higher rate among forced entrepreneurs of those who were afraid of losing their jobs in 1992 yet they rejected the idea of entrepreneurship and did not even plan to change their places of work.

6. Effects of entrepreneurial inclination in the longer run

6.1. Who became entrepreneurs in the light of entrepreneurial inclination between 1993 and 2007?

As was seen above, there was a significant but weak, far from deterministic, correlation between potential entrepreneurship and the later entrepreneurial status. Two-thirds of those who became entrepreneurs had deliberated this possibility earlier. The decisive part of those who did not become entrepreneurs – the overwhelming majority – rejected the idea of entrepreneurship from the start. Over one third is the share of the potential entrepreneurs who eventually did not become entrepreneurs. In other words, every twentieth of those who discarded the idea of entrepreneurship in 1992 became entrepreneurs, while the corresponding figure for those who did not discard this possibility in 1992 was every fifth. The givers of „yes” and „it depends” answers to the question „would you like to be an entrepreneur?” became entrepreneurs later in equal proportions, therefore they are handled together hereinafter: the common element of their attitudes was that they did not preclude the entrepreneurial alternative from the start. It is worthy of note that by gender and age, the groups of „yes” and „it depends” answers were identical, but among the latter the higher education graduates, white-collar workers and former managers were overrepresented.

On the basis of the table describing the connection, an ordinal variable of becoming an entrepreneur can be worked out with four values relying upon the four cells of the table.

Table 7. Correlation between entrepreneurial inclination in 1992 and entrepreneurial status between 1993 and 2007 (%)

Would you become an entrepreneur? 1992	Were you an entrepreneur between 1993 and 2007?		Together
	No	Yes	
No	62.1	31.3	58.4
Yes, it depends	37.9	68.7	41.6
Total	100.0	100.0	100.0
N	1582	214	1796

Phi=.202****

The first, most populous group comprises those who were not attracted by the personal perspective of entrepreneurship and did not launch their own business; they are the *rejecters*, the conscious *non-entrepreneurs*. The second group contains those who did not reject the idea of entrepreneurship but did not eventually start a business: let us call them “*day-dreamers*” or “*the interested*”. The third is the narrow group of “*forced entrepreneurs*” who became entrepreneurs for some reason, although at the beginning they had no intention to do so. The fourth group is composed of the “*conscious entrepreneurs*” who thought they didn’t mind becoming and did become entrepreneurs. A somewhat similar typology could be found in the literature: Dumitru Sandu, and following him Emilia Palkó and Zsuzsa Sólyom distinguished between the non-entrepreneurs, the wistfuls, the intentional and the real entrepreneurs (Palkó–Sólyom, 2005). They put emphasis on the distinction between inclination and intention, an aspect I would like to deal with later. Here however I want to look at the similarities and differences of forced and conscious entrepreneurs as well.

Starting the analysis at the end, in the last group – of potential entrepreneurs in 1992 and actual entrepreneurs later – men, people below fifty and each educational category above 8

elementary grades are overrepresented. Similarly, the former managerial experience almost doubled the rate of those who had inclinations towards entrepreneurship and also launched their businesses later. The higher education of the parents than the average, self-reporting to belong to the middle class and leaps in a disjunct career all had positive impacts on the emergence of this group. As for occupation, managers, white-collar workers and skilled workers in 1992 were overrepresented among those who felt like enterprising and did enter into business later.

Among “forced entrepreneurs”, too, above-average was the rate of men, younger people and those with higher qualifications, those who lived in the capital or a large town, those who had managerial experience and middle-class identity. As for occupational groups, forced entrepreneurs were overrepresented among the professionals. Since compared to the population as a whole, the group of entrepreneurs is meager, former socialist party membership and the variable of entrepreneurship used here are not significantly correlated. It is however worthy of note that among the forced entrepreneurs, former party members numbered one and a half times more than the average. This data points out that although the political turn did not take place amidst great social upheavals or loss of existence on a mass scale, and the respondents did not think their careers had more highs and lows than the average, there was probably an above-average rate among former party members who were pressed to change their careers.

The category of “day-dreamers” shows fewer socio-demographic characteristics. Perhaps the only noteworthy feature is that skilled workers were overrepresented among them. Another characteristic found among them was that an even higher rate than those who *behaved consistently* (that is, those attracted by the thought of entrepreneurship and then translating the thought into practice) comprised those who *thought consistently*, that is, they were inclined to entrepreneurship years after the first interview as well. That may somewhat neutralize the possible negative connotations of the label, suggesting that under the intentions and inclinations that failed to be realized there was consistent opinion. Ideas and feeling that are not followed by acts are not necessarily and exclusively attributable to immaturity and eventuality, but also to the enormity of obstacles or constraints hindering realization. Indeed, the social conditions of the potential entrepreneurs who failed to become entrepreneurs were unfavorable in comparison with conscious and forced entrepreneurs. Thus, instead of the term “day-dreamers” it is more accurate to describe their attitude with “interestedness”. But there was a far smaller rate among them who were hatching concrete plans of undertaking or trading. Their curiosity proved lasting but did not come close to being realized.

Among those who turned down the idea of entrepreneurship, the effect of some bare social factors can be discerned: in this group, the elderly, the inactive, the women, the uneducated and those in ill health were overrepresented.

7. Controlled effect of entrepreneurial inclination upon the entrepreneurial career

It is to be tested whether the long-term effect of entrepreneurial inclination upon an entrepreneurial career remains unchanged if it is controlled with such powerful explanatory factors as the demographic features, origin, schooling and labor market activity, which had their impact on entrepreneurial inclinations, too. A model is to be chosen in which the variables for the situation in 1992 or before can be compared to the status in 1993 and after.

The logistic regression model reveals that potential entrepreneurship is in significant positive correlation with a subsequent entrepreneurial career even if its effect is examined together with the effect of the inherited and acquired social background variables. School qualification has a considerable and positive effect, while older age has a significantly negative effect on becoming an entrepreneur. Also positive but less marked influence is exerted on an entrepreneurial career by the higher qualifications of the parents and by being a man. Economic activity lost its significance, just as the place of residence and one-time wealth of parents did.

Table 8. Explanation of entrepreneurial career (Logistic regression model -1)

Variable	B	Wald	Exp(B)	significance
vh92	.80	22.6	2.2	.000
anyaisk	.36	4.6	1.4	.039
nem	.33	4.2	1.4	.040
kor	-1.1	19.1	0.3	.000
isk	1.3	29.7	3.7	.000
constant	-3.4	185.7	0.03	.000

N= 1742; Forward stepwise method, cut point: 0.5
Cox&Schnell= .086; Nagelkerke= .17; correctly ranged= 88.6;
Variables not in the equation: Bp, aktinakt, szvagyon
Where vh92 (1= potential entrepreneur and it dep. in 1992); anyaisk (1= mother's schooling above 8 elementary grades); nem (1= male); kor (1= 50 and above); isk (1= respondent's schooling above 8 elementary grades); Bp (1= Budapest resident); aktinakt (1= active); szvagy (1= parents used to have shop, factory, rental housing, land of 20+ acres)

It was also examined what impact some other attitude variables of the starting situation had on entrepreneurial careers. How did concrete plans for some undertaking or trading activity influence the entry into the entrepreneurs' stratum in addition to entrepreneurial inclination, and how satisfied were the respondents with their 1992 income, how much did they feel their income covered their expenses?

Table 9. Explanation of entrepreneurial career (Logistic regression model -2)

Variable	B	Wald	Exp(B)	significance
Vh92	.71	15.85	2.03	.000
kor	-1.04	17.39	.35	.000
isk	1.41	29.22	4.07	.000
vtkt	1.01	19.07	2.47	.000
constant	-3.39	159.45	.04	.000

N= 1652; Forward stepwise method, cut point: 0.5
Cox&Schnell= .095; Nagelkerke= .186; correctly ranged= 88.6;
Variables not in the equation: Bp, aktinakt, szvagyon, anyaisk, nem, eljöv, fedezi, középoszt
Where vh92 (1= potential entrepreneur and it dep. in 1992); anyaisk (1= mother's schooling above 8 elementary grades); nem (1= male); kor (1= 50 and above); isk (1= respondent's schooling above 8 elementary grades); Bp (1= Budapest inhabitant); aktinakt (1= active); szvagy (1= parents had shop, factory, rental housing, land of 20+ acres); eljöv (1= satisfied with income); fedezi (1= income covers outlay); középo (1= ranks himself in middle class) vkt (1= plans to launch undertaking, business, trading activity)

The involvement of attitude variables somewhat enhanced the explanatory power of the model. The variable incorporated in the model was the one that inquired about the plans of a concrete undertaking or business. Origin and gender lost their significance. Oddly enough, however, the concrete plans did not eliminate or even considerably weaken the explanatory

force of entrepreneurial inclinations. Older age still had a strongly negative, and higher qualifications a considerably positive impact on entrepreneurial chances in the long run. The indicators of satisfaction with income and subjective class position – illuminating important connections in the table statistics – did not have significant explanatory power in the model. This may perhaps be attributed to the fact that these attitude variables themselves were influenced by the same background variables as was the attitude to entrepreneurship in general.

The other aspect examined in this way was to see which of the above factors had influence upon the family enterprise, whether together with, or independently of, the respondent other family members had also become entrepreneurs. In addition to the negative impact of age and positive influence of schooling, origin and middle-class identity influenced family entrepreneurship, together with the respondent's initial opinion about the personal chances of entrepreneurship. Concrete plans and satisfaction lost their effect in this broader context.

7.1. Impact of potential entrepreneurship on income chances

Various average incomes in 2007 are significantly correlated with entrepreneurial inclination in 1992. This applies first of all to the income from the full-time main job, which was over one and half times as much among potential entrepreneurs than the income of the rejecters of entrepreneurship. It also applies to a household's entrepreneurial profit and return on capital in 2007, since the ratio between the income of the rejecters of entrepreneurship and that of the potential entrepreneurs was 1 to 3. The per capita income of a household, however, no longer showed considerable differences along the dimension of earlier entrepreneurial inclinations. Moreover, even the earlier rejecters appeared to have some, but not significant, advantage in this regard.

Income chances are more massively influenced by active than by potential entrepreneurship. The entrepreneurial profit of the household was about fourteen-fold, the return on capital was eight-fold above the respective incomes of non-entrepreneurs. More moderate but significant advantage was found for entrepreneurs concerning per capita household income as well. When not only the personal but also family entrepreneurship is taken into account, the capital income exceeds by 25 times the corresponding incomes of households without family enterprise.

Table 10. Attitudes towards entrepreneurship and average incomes in 2007 (HUF)

	Annual personal income from main job	Total personal income per year	Entrepreneurial profit of household per year	Total capital income of household per year	Per capita household income per month
Rejecter	309697	845342	7283	12140	59459
Interested	510013	910281	16506	28285	54922
Forced entr.	706665	1344076	113699	119655	70251
Conscious entr.	796712	1164056	153041	164966	64873
Average	431230	911630	26230	34031	58786
N	1795	1795	1795	1795	1795
Eta	.228	.151	.215	.199	.094
F	32.7***	13.9***	28.9***	24.7***	5.7**

An intriguing connection is revealed by the comparison of average incomes and categories of attitude types to entrepreneurship. Those who were interested in the personal perspective of entrepreneurship but did not launch a business were found to have a more favorable income position than those who discarded the idea of entrepreneurship from the start. This advantage was found considerable for each studied income type excepting the per capita household income, along which dimension the conscious non-entrepreneurs were better off. Far greater than the above categories was the advantage of those who did start private enterprises. At first glance, there is a paradox here: forced entrepreneurs – who originally rejected the idea of entrepreneurship and later joined the entrepreneurs for various reasons – did not only acquire higher incomes than the rejecters and the potential entrepreneurs but their total personal income and per capita household income also exceeded the respective incomes of those who became entrepreneurs purposefully. Something similar was found by the panel survey of entrepreneurs between 1993 and 1996. It was found that the survival chances were greater of forced entrepreneurs than of those who wanted to try out a market idea (Lengyel 2002).

The correlations can be controlled by models in which the effects of socio-demographic and cultural differences are measured. Regression models reveal that former entrepreneurial inclination did positively influence entrepreneurial profit in 2007 even beside the effect of the social background variables. (Moreover, it also influenced similarly, even more strongly, other family capital incomes.) However, potential entrepreneurship did not influence the whole of later personal and household incomes. It only had an effect on one of their components, which was related to business, hence this effect, though lasting, was limited. This effect is, however, retained when examined together with the more concrete ‘plans to launch enterprise, shop, business’ whose effect did not prove significant on the income chances. By contrast, the actual entrepreneurial experience has naturally a decisive impact on this type of capital income distribution, overwriting the effect of all other variables. Nearly significant was the explanatory power of entrepreneurial inclination and gender, but it dropped out of the model as did schooling in the explanation of profit after the involvement of the entrepreneurial variable. It must be added that potential entrepreneurship, education and the entrepreneurial status itself only contribute a weak explanatory force to entrepreneurial incomes, and eventually, to the explanation of the distribution of success.

As mentioned above, regarding the whole of the household and personal income, entrepreneurial inclination has no explanatory force. By contrast, highly influential are age, school qualifications, place of residence, and even the schooling of the parents. Current income chances are no longer considerably influenced by the parents’ one-time financial standing. In the explanation of household incomes naturally gender plays no role, but it does influence personal income with at least as much force as schooling. It is noteworthy that attitudes to entrepreneurship displayed fifteen years ago influenced capital incomes significantly, although far less than the actual entrepreneurial experience.

8. How entrepreneurial inclination correlates with subjective well-being?

Potential entrepreneurship expressed fifteen years ago correlates with present-day subjective well-being in that potential entrepreneurs are now far more satisfied with their state of health and a little more with their future prospects than the average. Otherwise there is no noteworthy correlation with other dimensions of satisfaction or with happiness. Potential entrepreneurs were dissatisfied with their work, home, and income, and satisfied with their health and future prospects more than the average in 1992. This correlation with

dissatisfaction disappeared and the one with satisfaction remained by 2007. One of these factors reflects upon an aptitude – even though subjectively – which can only be influenced within limits. Someone either does or doesn't feel any health problems, and it is secondary how well grounded these feelings are because they may hinder activity in any way. The other – satisfaction with future prospect – is also a question of mental constitution. It is unjustified to state, even despite the temporal difference, that there is an exclusive causality between entrepreneurial inclination and these two dimensions of satisfaction, with the former being the cause. What is justified to be stated is that there is a lasting positive connection between them. In the short run it can be presumed that dissatisfaction with the material circumstances is one of the – negative – sources of the entrepreneurial inclinations. In the same way, it can also be presumed that a positive source of potential entrepreneurship is optimism. This assumption may be right even if these correlations can be traced back to further causal components.

When the potential and actual entrepreneurs are examined, it is found that acting entrepreneurs are more satisfied with their current lives than the non-entrepreneurs. Those who were interested in entrepreneurship but eventually did not enter the group of entrepreneurs were more dissatisfied with their income and standard of living than both the actual entrepreneurs and those who rejected this entrepreneurial option. The potential entrepreneurs self-reported to be in far better health than the rejecters. Conscious entrepreneurs judged their life chances slightly more favorably and were more satisfied than the forced entrepreneurs.

9. Conclusion

In the paper above I first examined entrepreneurial inclination and entrepreneurship in the European context. I found that these vary according to regions and that the Hungarian data are close to the European average. In Hungary there was extremely strong correlation between potential entrepreneurship and the prospect of investing an accidental jackpot, and potential entrepreneurs were also strongly correlated with the concrete plans to enter the business sphere or change jobs. Entrepreneurial inclination was in connection with the “push” factors – components of material dissatisfaction – in the short run. Potential entrepreneurs in the 1990s were dissatisfied with their current material conditions and satisfied to an above-average degree with their prospects and personal performance (in that they did not see decisive hindrances to it). In the studied period, about half the potential and a quarter of the acting entrepreneurs were new from year to year. Both groups showed considerable volatility, though evidently there was greater fluctuation in verbal utterances than in deeds. Two-thirds of the starting entrepreneurs between 1993 and 1997 were earlier inclined to entrepreneurship, one-third rejecting this career option earlier.

In two-thirds of the 2007 sample the initial attitude to entrepreneurship displayed in 1992 is known. Some one-third did not discard the idea of entrepreneurship – they were either ready to set up on their own or gave “it depends” answer, but later they did not actually become entrepreneurs. Every twelfth respondent was a potential, and later actual entrepreneur, while every twenty-second did not want to choose the entrepreneurial career and still he became an entrepreneur. In what appeared essential correlations, the younger ones, males and higher educated were overrepresented among both those with a consistent entrepreneurial attitude and the forced entrepreneurs, with intellectuals being also overrepresented among “push”-type entrepreneurs.

Despite the experienced volatility, entrepreneurial inclination exerted a significant positive effect on entrepreneurial career chances even when the correlation was tested with social background variables and attitudes. This effect persisted even when potential entrepreneurship and concrete entrepreneurial intentions were included in the same model. The panel survey thus revealed that *inclination* and *intention* influenced the chances of becoming independent with nearly identical force, *not cancelling out each other's effect*. By contrast, the “push” factor of initial dissatisfaction with work and material conditions lost significance. A similar conclusion can be inferred from an analysis of the long-term relation of entrepreneurial inclination and subjective well-being. It has been found that the *correlation of entrepreneurial inclination with dissatisfaction fades in the long run*, while *its correlation with satisfaction persists*. If the target of the explanation is not the chance of becoming an entrepreneur but entrepreneurial success measured by the income, entrepreneurial inclination also has a positive explanatory force, while the concrete intentions to launch a business does not prove as important.

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