Socio-Economic Background and Entrepreneurial Entry and Success: Evidence from Roma Communities in the Western Balkans

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Motivation and Research Question

The study is motivated by substantial differences in entrepreneurial activity across groups and contexts. While a large literature documents intergenerational persistence in education, labor market outcomes, and earnings, much less is known about whether similar mechanisms apply to entrepreneurial outcomes, such as entrepreneurial entry and entrepreneurial success.

This paper investigates to what extent the transmission of advantage and disadvantage through family background extends to entrepreneurship in the Roma communities in Western Balkans, and whether these patterns differ between entrepreneurial entry and success.

Relation to the Literature

The paper connects two lines of literature. It builds on research on inequality of opportunity, particularly studies examining how circumstances beyond the individual's control, such as parental education and family background strongly shape later-life outcomes Björklund et al., 2012; Chevalier et al., 2010; Bricard et al., 2020). Second, it contributes to entrepreneurship research on inequality in entrepreneurial activity across demographic groups and settings. Existing studies often indicate that entrepreneurship may offer an alternative route for individuals facing exclusion from formal labor markets (Van der Zwan et al., 2016). At the same time, outcomes in entrepreneurship are influenced by unequal access to resources, information, and networks (Brändle et al., 2025).

Data and Methods

For the analysis, secondary cross-sectional data on Roma communities in the Western Balkans is used. The data was collected in Spring 2022 and it involved mapping undertaken by an NGO that is supporting Roma entrepreneurs and their communities in the region. In total, 1,451 respondents were reached in both countries, with most observations coming from, with 743 from North Macedonia (743), and 655 from Serbia. The data entails information on respondents' socio-economic outcomes, entrepreneurial activity, and family background. Socio-economic background is measured by parental education.

The empirical analysis proceeds in two steps. First, it investigates whether standard patterns of intergenerational transmission observed in broader populations also hold within Roma communities, in terms of education, income and employment. Second, it analyzes whether similar patterns are present for entrepreneurial outcomes.

A distinction is made between:

- **entrepreneurial entry**, defined as whether an individual becomes an entrepreneur, and
- **entrepreneurial success**, measured by firm size.

The analysis entails multivariate individual-level regressions relating education, employment, income, entrepreneurial entry, and entrepreneurial success to parental education and related background characteristics.

Main Findings

The results indicate that the patterns of parental advantage and disadvantage transmission for the Roma population in North Macedonia and Serbia are similar to other populations in Europe, with parental education having a significant positive effect on children' s education, employment and income. Maternal education has a significantly stronger effect on these outcomes than paternal education.

Regarding parental education's effect on becoming an entrepreneur, the analysis surprisingly indicates a significant positive effect, the opposite of what was hypothesized. These findings are in line with the literature highlighting that high barriers to entrepreneurship, such as access to financial resources and human capital are a deterrent to initiate entrepreneurship (Dodd& Keles,2014; Jayawarna et al, 2014).This finding suggests that even within a relatively constrained population, relative advantage matters for access to entrepreneurship.

Contribution and Fit with the Conference

The empirical analysis contributes to research on the determinants of differences in entrepreneurial activity across demographic groups by providing evidence from an understudied and historically discriminated group in an international setting. It also contributes to the entrepreneurship literature by challenging the assumption that entrepreneurship necessarily functions as an equalizing mechanism for disadvantaged populations and highlights the importance of family-based resources and inherited advantage.

The paper speaks to the conference's interest in international evidence and empirical analyses of the factors driving differences in entrepreneurship across groups and contexts. It examines a key determinant of inequalities in entrepreneurial activity and provides evidence on how inherited advantage and disadvantage shape entrepreneurial participation and performance within a demographic group that faces barriers in terms of economic participation.

Acknowledgements and Disclosure

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