

UNDERSTANDING THE CHALLENGES OF STARTING A BUSINESS FOR GENERATION Z

Marcin GOŁEMBSKI^{1*}, Sebastian NAROJCZYK²

¹ Poznań University of Economics and Business; marcin.golembki@ue.poznan.pl,
ORCID: 0000-0003-3787-6543

² Poznań University of Economics and Business; sebastian.narajczyk@ue.poznan.pl,
ORCID: 0000-0001-7153-5326

* Correspondence author

Purpose: The study aims to identify, characterize, and classify the key barriers to undertaking entrepreneurial activity among representatives of Generation Z.

Design/methodology/approach: The research is based on a survey conducted in Poland among a sample of 262 university students, employing factor analysis to identify major meta-factors of obstacles. This methodological approach enables the extraction of the principal dimensions of barriers to entrepreneurship.

Findings: The results reveal four main categories of barriers: lack of experience and ideas, financial constraints, time management difficulties, and psychological concerns. The findings confirm the need for comprehensive support measures encompassing financial assistance, education, and confidence-building initiatives.

Research limitations/implications: The study is exploratory in nature and based on a non-representative sample of young people in Poland, which limits the generalizability of the results. This implies the need for further research involving larger and more diverse samples.

Practical implications: The results highlight the necessity of providing financial, educational, and psychological support to enhance young people's propensity toward entrepreneurship. The findings suggest the implementation of entrepreneurship education programs and initiatives aimed at reducing economic and mental barriers.

Social implications: Supporting youth entrepreneurship may contribute to increased innovation and competitiveness of the economy, thereby improving overall quality of life and social attitudes toward risk-taking.

Originality/value: This study offers a novel contribution by examining entrepreneurial barriers among Generation Z students, using recent quantitative data and advanced factor analysis, which had not been previously applied to this group.

Keywords: Generation Z, youth entrepreneurship, barriers to entrepreneurship development.

Category of the paper: research paper.

1. Introduction

The dynamic transformations occurring in the contemporary labor market present the young generation with entirely new challenges and opportunities in shaping their career paths (Lazar et al., 2023). Globalization, digitalization, and the development of new technologies have a profound impact on the structure of employment, the forms of work, and the expectations placed upon employers (Elayan, 2022). Increasingly, the traditional career model—based on stable employment within a single organization—is being replaced by more flexible forms of professional activity, including self-employment and entrepreneurship (Ma, Fang, 2024). In this context, entrepreneurship emerges not only as a means of fulfilling professional ambitions but also as an adaptive strategy for navigating the changing economic environment (Narojczyk, Nowak, 2025).

The current labor market is characterized by the coexistence of several generations that differ in their experiences, values, and approaches to work. Among them, Generation Z has attracted particular attention from researchers, as its members are now entering adult professional life. Born after 1995, these young individuals grew up in an era of ubiquitous access to digital technologies, social media, and instantaneous information flow (Vieira et al., 2024). They are characterized by a strong need for self-fulfillment, flexibility, and a pronounced desire to maintain a balance between professional and personal life. At the same time, they expect greater transparency, opportunities for development, and the ability to influence decision-making processes within organizations. Notably, new technologies have also created broader opportunities for young people entering the labor market to demonstrate entrepreneurial attitudes and behaviors (Lopes et al., 2024). In the face of these transformations, a growing number of Generation Z representatives are increasingly considering alternative career paths — including the establishment of their own businesses.

The aim of this article is to identify, characterize, and classify the key barriers to undertaking entrepreneurial activity among representatives of Generation Z. This approach allows for a better understanding of the factors that hinder young people from transitioning from stated entrepreneurial intentions to actual engagement, as well as the support mechanisms that could foster the development of their entrepreneurial potential. In the context of a rapidly changing labor market, increasing competition, and evolving expectations toward employers, this issue gains particular significance for both educational policy and business practice. To address the research objectives, a quantitative methodology was employed. The study is based on a structured survey conducted among 262 university students in Poland, all representing Generation Z. Data were analyzed using descriptive statistics and factor analysis to identify major dimensions of entrepreneurial barriers. The primary research hypotheses formulated in this study are: (1) Representatives of Generation Z identify distinct categories of barriers to undertaking entrepreneurial activity, and these barrier types are systematically associated with

their individual characteristics, motivations, and perceived risk levels; (2) These barriers can be classified into several specific meta-factors.

2. Literature review

A systematic review of current research was undertaken utilizing Google Scholar, ResearchGate, and ResearchRabbit to thoroughly examine the state of knowledge regarding entrepreneurial barriers among young adults. This synthesis revealed that while the issue is gaining considerable attention in contemporary scholarly discourse, most studies have focused on broader populations or older generational cohorts. Through critical evaluation of publication trends and findings, several 'holes' remain—especially in understanding the barriers distinct to Generation Z in Poland. According to the sources we were able to find, there are no studies referring and reporting on the comprehensive classification of entrepreneurial barriers specific to Generation Z within this national context. This substantiates both the relevance of our research and its contribution to filling a meaningful gap in current academic literature. In view of the above, the literature review cites findings from studies whose contextually relevant results correspond with the objectives adopted for this article.

In the study by Liguori et al. (2020) entrepreneurship is conceptualized as a conscious career choice associated with a high level of risk, uncertainty, and responsibility. The authors emphasize that the decision to establish a business constitutes a complex cognitive-motivational process, strongly dependent on individual attitudes, beliefs, and the socio-economic context. Utilizing the framework of the Social Cognitive Career Theory (SCCT), the researchers indicate that entrepreneurial intentions are shaped by both individual factors (such as self-efficacy and the need for autonomy) and environmental factors (e.g., institutional support, perceived risk, and expected benefits). The findings of these studies confirm that entrepreneurial intentions are among the most accurate predictors of actual entrepreneurial actions, surpassing the significance of variables such as personality or demographics. The authors also note that social and educational factors—including the entrepreneurial climate of higher education institutions—can either reinforce or weaken motivation to engage in entrepreneurial activity. For Generation Z, this implies that the decision to pursue entrepreneurship is not spontaneous but results from a prolonged process of intention formation, which requires appropriate conditions and support. Simultaneously, the complexity of this process means that young people often encounter cognitive and contextual barriers that hinder the transition from intention to action. From the perspective of research on entrepreneurial barriers among Generation Z, the SCCT framework helps to understand how environmental and personal factors interact to shape decisions regarding entrepreneurial career paths.

In the process of identifying and classifying barriers, attention should also be given to the research by Anjani and Darto (2023), which demonstrated that financial literacy, income, and self-control have a significant and positive influence on the financial behaviors of Generation Z. The strongest relationship was observed for self-control, suggesting that the ability to self-regulate plays a key role in responsible financial management. Financial knowledge promotes rational financial decision-making, while higher financial resources are associated with a more active approach to finances, although not necessarily with greater savings. These findings indicate that appropriate attitudes and competencies are more important than financial resources alone.

In contrast, Kılıç (2022) highlighted the relationship between entrepreneurial tendencies and life satisfaction among Generation Z, providing deeper insight into the motivations and barriers accompanying young people's engagement in entrepreneurial activity. The results show that an increase in entrepreneurial propensity is associated with higher levels of life satisfaction, suggesting that entrepreneurship constitutes an important aspect of self-fulfillment for this generation. At the same time, income levels were found to significantly differentiate attitudes toward entrepreneurship—individuals with lower incomes exhibited a higher need for achievement and a greater willingness to take risks. This may indicate that financial barriers do not necessarily discourage but rather motivate some members of Generation Z to seek alternative professional development paths through entrepreneurship. Consequently, the results suggest that the perception of barriers and opportunities among young people is closely linked to their aspirations, lifestyle, and individual sense of agency.

Entrepreneurial activity among Generation Z has recently attracted growing attention in both Polish and international research on youth entrepreneurship (Azoulay et al., 2020; Dzomonda, Neneh, 2023; Milovanska-Farrington, Mateer, 2024). The literature highlights various barriers that hinder this group from starting their own businesses. The most frequently identified obstacles include financial barriers, gaps in entrepreneurial education, psychological concerns, and institutional constraints.

First, financial barriers constitute one of the primary obstacles to the development of entrepreneurship among Generation Z. Authors emphasize that the lack of start-up capital and limited access to funding sources significantly constrain young people's willingness to undertake economic risks (Prakash, Arora, 2025; Wasilczuk, Karyy, 2022). In the Polish context, studies also indicate a deficit in practical financial management knowledge, which further complicates the transition from idea to venture implementation (Hasan et al., 2024; Wasilczuk, Karyy, 2022).

Second, psychological aspects, such as fear of failure, low self-confidence, and lack of experience, frequently inhibit entrepreneurial activity among young people. Research shows that despite high motivation and creativity (Wach, Bilan, 2023), there is a need for psychological support and mentoring to reduce these fears and increase readiness for entrepreneurial action (Prakash, Arora, 2025).

Third, educational barriers are significant. Engaging in entrepreneurship requires appropriate competencies, including knowledge of entrepreneurship and digital skills. Studies on Generation Z emphasize the need to strengthen educational programs that address the specific needs of this group, particularly in financial and digital literacy (Hasan et al., 2024; Wasilczuk, Karyy, 2022).

Furthermore, research on institutional barriers highlights issues related to bureaucracy, limited support from public institutions, and policies that are not adapted to the realities of young entrepreneurs (Wach, Bilan, 2021; Wasilczuk, Karyy, 2022). Cultural and social challenges are also noted, influencing Generation Z's approach to entrepreneurship, including attitudes toward risk and employment stability (Dvorský et al., 2019).

From this literature review, two main conclusions emerge. First, Generation Z faces multiple complex barriers to establishing their own businesses, requiring an interdisciplinary approach that combines financial, educational, and psychological support, as well as institutional reforms tailored to the needs of young entrepreneurs. Strengthening these areas is crucial to increasing entrepreneurship levels and leveraging this generation's potential in the labor market. Second, the reviewed studies highlight the need to fill a research gap by providing a comprehensive understanding of the barriers to entrepreneurial activity faced by Generation Z.

3. Methods

The empirical study on the barriers to undertaking entrepreneurial activity among Generation Z was conducted in June 2024 with a sample of 262 students from the Poznań University of Economics. The research was carried out using a structured questionnaire. Based on the conducted literature review as well as the authors' own observations and experiences, 14 factors were identified as elements hindering the initiation and management of business activities. The selection of respondents was based on a non-random, purposive sampling method targeting typical cases. The primary criterion for inclusion was belonging to Generation Z, defined as individuals born after 1995 and before 2012.

Table 1.
Characteristic of the survey sample

No.	Characteristic	No. of indications N = 262	Share (in %)
Gender			
1.	Female	155	59,16
2.	Male	105	40,08
3.	I will not give an answer	2	0,76
Study degree			
1.	I Degree	119	45,42
2.	II Degree	143	54,58

Source: own study based on empirical data.

The processing of empirical data was carefully controlled. The collected empirical material was verified, reduced, and subsequently transformed into an alphanumeric format using specialized software. For this purpose, the Statsoft Statistica 12 statistical package was employed, supplemented by Microsoft Excel spreadsheets. The processed data were then analyzed using descriptive statistics and factor analysis methods.

In an era of a rapidly changing labor market and technological progress, understanding the career aspirations of the younger generation becomes crucial for shaping future economic strategies. Generation Z, now entering the labor market, brings with it new values, expectations, and approaches to professional careers. One particularly significant aspect attracting research interest is their attitude toward starting their own businesses.

To better understand these aspirations, the study posed the question: "How do you envision your professional future?" This question aimed not only to map the general career intentions of this group but also to assess their readiness and willingness to establish their own enterprises. The distribution of responses is presented in Figure 1.

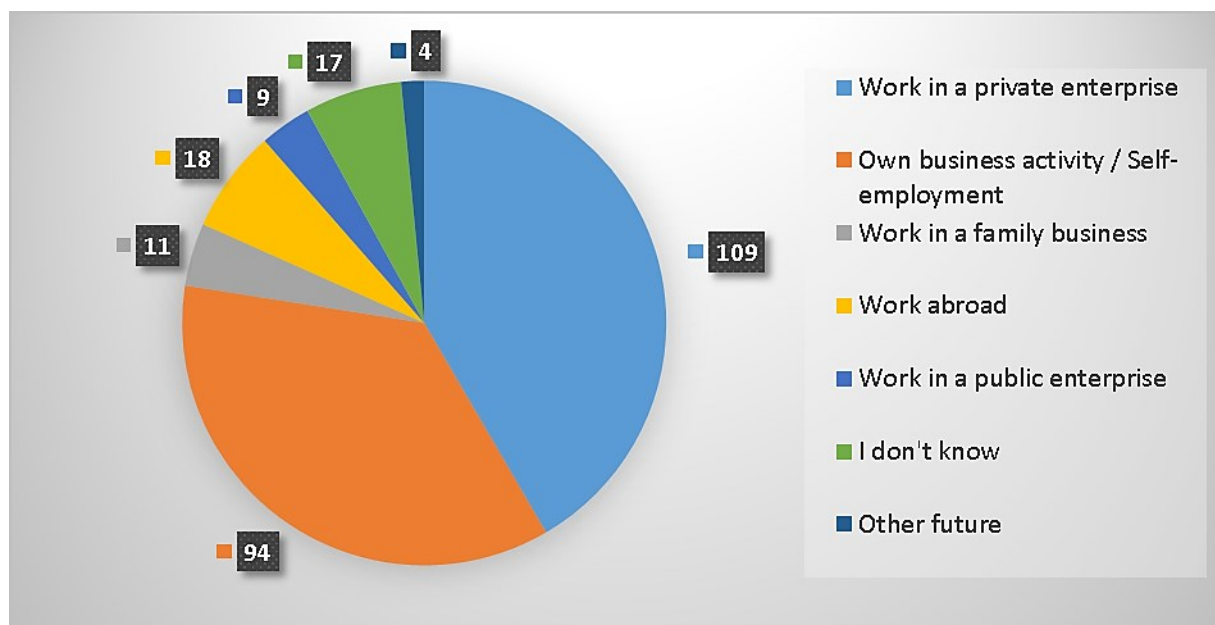


Figure 1. How do you envision your professional future?

Source: own study based on empirical data.

The conducted study on career aspirations among Generation Z reveals a diverse approach of young people toward professional paths. The largest group of respondents, 109 individuals (41.60%), envision their professional future within a private enterprise. This dominant response indicates a significant interest in stable employment within the private sector.

The second most common choice was starting their own business, indicated by 94 respondents (35.88%). This group demonstrates strong aspirations to independently shape their careers and manage their own companies, highlighting the high entrepreneurial potential within Generation Z.

Another group consists of individuals who see their future working abroad, selected by 18 respondents (6.87%). Additionally, 17 individuals (6.49%) had not yet defined their career plans, choosing the option "I don't know".

Working in a family business was indicated by 11 respondents (4.20%), suggesting the continuation of family professional traditions. Employment in a public enterprise was preferred by 9 individuals (3.44%).

A small group of respondents (1.53%) selected the category "other future," providing various individual career visions in free-text responses. Examples included: "Working abroad, own business", "I don't want to work", "I would like to work in a private company, but I would also like to try something of my own", and "Own business + part-time job to take vacations". These responses demonstrate that some young people seek unconventional solutions and combine different career models, reflecting their flexibility and creativity in planning their professional futures.

In summary, although the majority of respondents envision working within private enterprises, starting their own business represents a significant element of career aspirations among Generation Z. Strong entrepreneurial tendencies among young people may therefore play a crucial role in shaping the future economic landscape.

The next question posed in the study was: "Do you already run your own business?" The distribution of responses is presented in Table 2.

Table 2.

Do you already run your own business?

Response	Number of response	Percentage (in %)
No	250	95,42
Yes	12	4,58

Source: own study based on empirical data.

The vast majority, 250 individuals (95.42%), responded negatively, indicating that they do not currently run their own business. Only 12 respondents (4.58%) declared that they already manage their own company. These results are unsurprising given the young age of the respondents and the fact that many are still pursuing their studies, often at the university level. At this stage of life, it is natural that most young people focus on acquiring knowledge, professional experience, and personal development, which may translate into a lower propensity to take the risks associated with running a business. At the same time, particular attention should be given to the 12 respondents (4.58%) who already operate their own enterprises. It is commendable that despite their young age and ongoing education, they have decided to take on the challenge of managing their own business. Their courage, determination, and entrepreneurial spirit are worthy of recognition and may serve as an inspiration for other young individuals considering a similar career path.

The next question posed in the study was: "Do you plan to run your own business in the future?" Analyzing responses to this question allows for an assessment of the future entrepreneurial aspirations among Generation Z. The total number of responses in this category amounted to 250, which aligns with the previous question where 12 individuals were already operating their own businesses. The distribution of responses is as follows:

Table 3.

Do you plan to run your own business in the future?

Responde	Number of response	Responde
Definitely not	3	1,15
Rather not / Probably not	41	15,65
I don't know / Unsure	47	17,94
Rather yes / Probably yes	103	39,31
Definitely yes	56	21,37

Source: own study based on empirical data.

These results indicate that a significant portion of respondents express a positive attitude toward running their own business. As many as 103 individuals (39.31%) answered "rather yes", while another 56 respondents (21.37%) chose "definitely yes". In total, 159 respondents (60.68%) declare a willingness to operate their own business in the future. This high level of interest in entrepreneurship among young people suggests that Generation Z is ready to take risks and has strong aspirations to independently shape their professional careers. It may also indicate that young people seek greater autonomy and control over their professional lives, which is characteristic of their approach to work and career development.

4. Results

Generation Z has grown up in an era of rapid technological development and changing socio-economic conditions. This group of young people is often perceived as more flexible, innovative, and willing to take risks compared to previous generations. However, despite these positive attributes, there are numerous barriers that may hinder their ability to successfully start and manage their own businesses. Understanding and identifying the obstacles faced by Generation Z on the path to entrepreneurship can be crucial for the development of effective support programs, including those provided by the state.

Based on a review of the literature as well as the authors' own experiences and observations, a range of barriers affecting plans to undertake entrepreneurial activity has been identified. Analyzing their cognitive significance, these barriers were subsequently classified into the following groups (Table 4):

- Financial factors – encompassing all aspects related to business financing, such as capital availability, operational costs, and financial stability.
- Legal and regulatory factors – relating to the legal and regulatory requirements that entrepreneurs must face.
- Psychological factors – associated with personal fears, motivation, and self-confidence.
- Operational factors – concerning the daily challenges of managing a company and practical aspects of running a business.

Table 4.

Barriers to undertaking entrepreneurial activity according to identified groups

Category	Factors
Financial factors	<ul style="list-style-type: none"> - Lack of financial resources. - High costs of running a business. - Tax burdens (ZUS, tax office). - Lack of external funding. - Lack of regular income.
Legal and regulatory factors	<ul style="list-style-type: none"> - Applicable legal regulations. - Financial and legal responsibility. - Need for constant monitoring of the market situation.
Psychological factors	<ul style="list-style-type: none"> - Lack of self-confidence. - Fear of bankruptcy. - Risk of business failure.
Operational factors	<ul style="list-style-type: none"> - Lack of sufficient knowledge about running a company. - Lack of a good idea. - Irregular working hours.

Source: own study based on empirical data.

Within the conducted study, respondents were asked to evaluate these factors using a five-point Likert scale. Participants could indicate that a given factor had no significance by assigning 1 point, 2 – of little significance, 3 – of moderate significance, 4 – of high significance, and 5 – of very high significance. To determine the relative importance of the barriers, the arithmetic mean was calculated, defined as the significance coefficient. Subsequently, all variables were ranked from the highest to the lowest coefficient. Detailed data, including the mean score for the entire population, mode, frequency of the mode, and standard deviation, were organized in descending order of the significance coefficient and are presented in Table 5.

Table 5.

The significance of barriers to undertaking entrepreneurial activity

Factor	Descriptive statistics			
	Mean	Mode	Modal Frequency	Standard deviation
Lack of financial resources	4,15	5,00	117	0,96
High costs of running a business	3,93	4,00	118	0,89
Lack of a good idea	3,84	4,00	92	1,07
Risk of business failure	3,71	4,00	108	0,99
Tax burdens (ZUS, tax office)	3,67	4,00	98	1,03
Lack of sufficient knowledge about running a company	3,66	4,00	125	1,01

Cont. table 5.

Applicable legal regulations	3,53	4,00	112	0,98
Financial and legal responsibility	3,52	3,00	85	1,06
Lack of regular income	3,47	4,00	85	1,08
Lack of self-confidence	3,42	4,00	74	1,18
Fear of bankruptcy	3,38	4,00	83	1,16
Lack of external funding	3,35	3,00	104	0,95
Need for constant monitoring of the market situation	3,17	3,00	81	1,08
Irregular working hours	2,43	2,00	84	1,17

Source: own study based on empirical data.

Based on the importance indicator results presented above, an analysis was conducted of the three highest and three lowest rated barriers.

The lack of financial resources was assessed as the most significant barrier to undertaking entrepreneurial activity by Generation Z. The mean score of 4.15 indicates that young people consider access to capital as a key challenge that may substantially hinder starting one's own business. High initial costs, lack of financial support, and difficulties in obtaining credit are the main aspects of this barrier.

The second highest rated barrier is the high costs of running a business, with a mean score of 3.93. Generation Z recognizes that maintaining a company involves many fixed costs, such as renting premises, utility fees, employee salaries, and other expenses, which may pose a considerable financial burden.

The lack of a good business idea was rated at 3.84. Young people often grapple with the difficulty of finding a unique and profitable concept that could attract customers and stand out in the market. Creativity and innovation are key elements of success, and their absence constitutes a serious obstacle to starting a business.

Conversely, the lowest rated barrier was irregular working hours, with a mean score of 2.43. It appears that Generation Z does not perceive work time flexibility as a significant barrier. This may stem from their greater adaptation to remote work and flexible hours, which are becoming increasingly popular in the modern business environment.

The necessity of constant monitoring of the market situation, with a mean score of 3.17, is also assessed as less important relative to other factors. Young entrepreneurs are probably more open to dynamic market changes and adaptation, which may explain the relatively lower rating of this barrier.

The lack of external funding, with a score of 3.35, is also perceived as one of the less significant barriers by Generation Z. Although it remains an important issue, young people may be more inclined to seek alternative sources of financing, such as crowdfunding, angel investors, or startup support programs.

The results confirm Hypothesis 1, demonstrating the systematic association of barrier categories with individual characteristics and motivations.

However, the conducted analysis does not allow for an exhaustive interpretation and assessment of variables of priority significance. Some of the listed barriers have a similar cognitive load and exhibit high to moderate interdependence, which results in a rather chaotic and unclear overall picture. This issue should be addressed by reducing the number of primary variables and assigning them appropriate ranks. Therefore, in the next stage of the study, factor analysis was conducted, enabling the simplification of the complex structure to a format that allows for explanation of the issues on the basis of a limited number of significant mega-factors.

It was first necessary to determine the number of mega-factors describing the phenomenon under study. For this purpose, Cattell's scree plot was used (1966, pp. 245-276), which is the basis for identifying the point at which to choose the number of significant mega-factors. The essence of this criterion is the search for a gentle decline in eigenvalues. According to Cattell's concept, to the right of this point appears the so-called "factor scree", containing factors that marginally explain the analyzed phenomenon. On the presented plot (Figure 2), it is clearly visible that there is a gentle decline in eigenvalues between the fourth and fifth points. Therefore, in accordance with the adopted criterion, four mega-factors should be classified for further analysis.

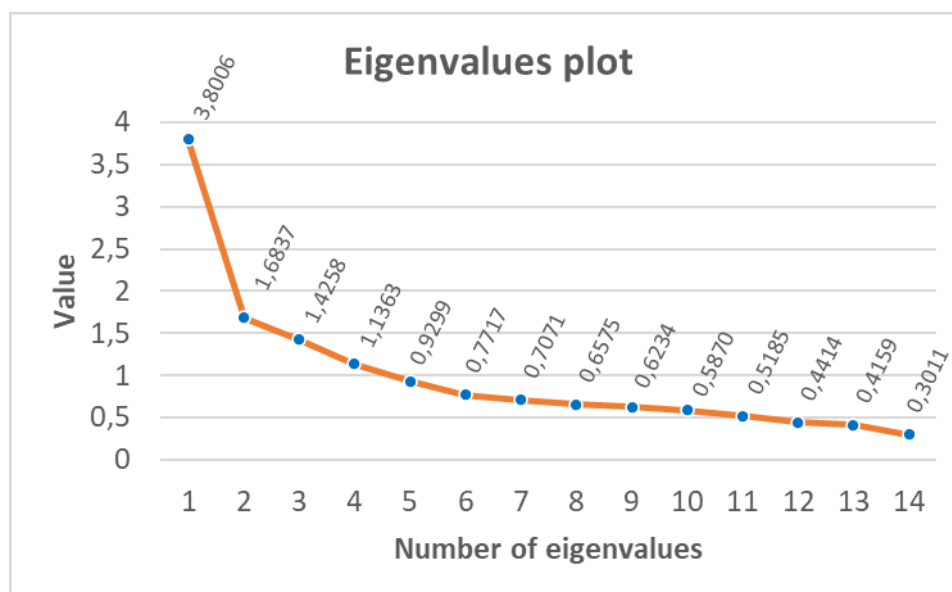


Figure 2. Cattell's scree plot for the assessment of barriers related to undertaking own business activity.

Source: own study based on empirical data.

To confirm the correctness of the selected number of mega-factors, the eigenvalues of the four identified main variables were verified, as presented in Table 6. In summary, it should be emphasized that the cumulative eigenvalue of all mega-factors amounted to 8.05, with the first factor obtaining an eigenvalue of 3.8.

Table 6.

Eigenvalues corresponding to successive mega-factors for the assessment of barriers related to undertaking own business activity

Mega-factors	Eigenvalue	Cumulative eigenvalue
F1	3,80	3,80
F2	1,68	5,48
F3	1,43	6,91
F4	1,14	8,05

Source: own study based on empirical data.

Subsequently, the rotation of raw factor loadings was performed using the Varimax method, which enables the maximization of the variance of these variable loadings (also referred to as factor purification) (Stanisz, Tadeusiewicz, 2007, p. 233). In practice, it is assumed that loadings exceeding a value of 0.7 have a significant impact on cognitive value, and this threshold was also adopted in the present analysis. Significant factor loadings, which represent the correlation between the extracted factor and the primary variables, are presented in Table 7.

Table 7.

Factor loadings matrix after raw Varimax rotation for the assessment of barriers related to undertaking own business activity

Variable	Factor loads			
	Factor 1	Factor 2	Factor 3	Factor 4
Lack of sufficient knowledge about running a company	0,77	0,11	0,07	0,09
Lack of a good idea	0,72	-0,13	0,12	0,19
High costs of running a business	0,03	0,74	0,06	0,19
Lack of self-confidence	0,33	-0,09	0,17	0,71
Fear of bankruptcy	0,01	0,20	0,05	0,88
Tax burdens (ZUS, tax office)	-0,13	0,75	0,16	0,08
Irregular working hours	-0,04	0,06	0,76	0,07
Need for constant monitoring of the market situation	0,13	0,05	0,77	0,13
Lack of regular income	0,17	0,14	0,71	0,09

Legend: Factor analysis with raw Varimax rotation was applied; in the construction of mega-factors, loadings with a value greater than or equal to 0.70 were used. The presented data include only those factors classified as main factors.

Source: own study based on empirical data.

The extracted mega-factors explained nearly 60% of the variance of the research problem. Each mega-factor was named in a way that reflects the unique characteristics of Generation Z.

The first mega-factor (Inexperienced Innovators), which explained 27.10% of the variance, was constructed from the following factors: lack of sufficient knowledge about running a company and lack of a good idea. Generation Z, often characterized by innovation and a desire to introduce new ideas, may encounter barriers resulting from a lack of experience and knowledge in managing their own business. Although many young people have ambitious ideas, a lack of adequate educational and mentoring support makes them feel unprepared to take the risks associated with entrepreneurship. This group of young people needs access to knowledge and tools that will help them transform their innovative ideas into successful businesses.

The second mega-factor (Financial Startup Barriers), which explained 12.00% of the variance, was composed of the following factors: high costs of running a business and tax burdens (ZUS, tax office). One of the greatest challenges facing Generation Z is the financial barriers related to starting a business. High initial costs, such as administrative fees, equipment purchases, and premises rental, can effectively discourage young entrepreneurs. Additionally, tax burdens and bureaucracy constitute further obstacles, impeding a smooth business start. As a result, many young people abandon their dreams of their own business in favor of more stable, albeit less satisfying, career paths.

The third mega-factor, named "Time Jugglers", which explained 10.20% of the variance, consisted of the following factors: irregular working hours, the need for constant monitoring of the market situation, and lack of regular income. Generation Z, which values flexibility and work-life balance, often experiences pressure linked to irregular working hours and the necessity of continuous market monitoring. The lack of income stability can cause stress and uncertainty, which in turn negatively affects their motivation to start their own business. Young people fear that starting their own business will require sacrificing a significant portion of personal life and free time, which contradicts their desire for harmony between work and personal life.

The fourth mega-factor, defined as "Uncertainty of Tomorrow", explained 8.10% of the variance and consisted of the following factors: lack of self-confidence and fear of bankruptcy. Uncertainty and apprehensions related to entrepreneurship are strong barriers for Generation Z. Lack of belief in one's own capabilities and fear of bankruptcy effectively inhibit their willingness to take the risks associated with starting a business. A heightened sense of financial uncertainty, especially in the face of a dynamically changing market, means that young people often choose safer professional options. They require psychological support and practical tools that will help them overcome their fears and build self-confidence.

Detailed data concerning the construction of factors, their eigenvalue, and degree of variance explanation are presented in Table 8.

Table 8.
Summary of mega-factors

Megafactor	Factor loads	Percentage of variance explanation	Cumulative percentage of variance explanation
Inexperienced Innovators	- Lack of sufficient knowledge about running a company - Lack of a good idea.	27,10	27,10
Financial Startup Barriers	- High costs of running a business. - Tax burdens (ZUS, tax office).	12,00	39,20
Time Jugglers	- Irregular working hours. - Need for constant monitoring of the market situation. - Lack of regular income.	10,20	49,40
Uncertainty of Tomorrow	- Lack of self-confidence. - Fear of bankruptcy.	8,10	57,50

Source: own study based on empirical data.

The above descriptions of the mega-factors and the variable table provide a more comprehensive picture of the phenomenon under study. Each of these mega-factors offers valuable insights into the challenges and obstacles that young people from Generation Z encounter on their path to entrepreneurship. The factor analysis validates Hypothesis 2 by classifying the barriers into specific meta-factors, reflecting financial, psychological, time-management, and experience-related constraints.

5. Discussion

Based on the results of the conducted research, several important conclusions can be drawn regarding the future of Generation Z and their potential impact on the labor market and entrepreneurship. Each of these meta-factors points to specific challenges that require appropriate strategies and support.

- The need for education and mentoring – The meta-factor "Inexperienced Innovators" highlights the necessity of providing young people with appropriate entrepreneurship education and mentoring. To overcome these barriers, governments, universities, non-profit organizations, and educational platforms should implement a wide range of online courses covering entrepreneurship, business management, marketing, finance, and law. Governments and universities possess the resources and authority to develop educational programs tailored to market needs, while non-profit organizations and educational platforms can introduce innovative and flexible teaching methods. Furthermore, the establishment of business incubators and accelerators by NGOs, financial institutions, and corporations can offer mentoring, financial support, and access to business networks. Local chambers of commerce, entrepreneurs, and educational institutions can also organize regular workshops and webinars focusing on the practical aspects of starting and managing a business.
- Financial and regulatory support – The meta-factor "Financial Start-up Barriers" emphasizes the need for financial support programs and simplification of tax and bureaucratic regulations. To overcome these barriers, governments, NGOs, and financial institutions should establish grant programs and microfinancing options to help young entrepreneurs cover the initial costs of running a business. Governments and local authorities have legislative power to introduce tax reliefs that reduce financial burdens on new enterprises. Promotion of crowdfunding platforms and angel investor networks by NGOs can also assist young entrepreneurs in obtaining funds and mentorship support.

- Promotion of work-life balance and flexible work arrangements – The meta-factor "Time Jugglers" suggests that Generation Z values flexibility and balance between professional and personal life. Technology companies, start-ups, and educational institutions should promote and provide access to tools for time management and work organization, such as Trello, Asana, or Slack. Outsourcing companies, employment agencies, and NGOs can encourage young entrepreneurs to use outsourcing services to focus on the core aspects of their businesses. Employers, non-profits, and public health institutions should promote flexible working hours and remote work opportunities, while also providing psychological support and stress management workshops.
- Psychological support and confidence-building – The meta-factor "Uncertainty of Tomorrow" indicates the need for psychological support and programs that enhance self-confidence. Young entrepreneurs often fear risks associated with failure and bankruptcy, making training and coaching sessions essential for coping with anxiety and stress. NGOs, chambers of commerce, and universities should create coaching and mentoring programs where experienced entrepreneurs share their knowledge and support young people in building confidence. Consulting firms, educational institutions, and non-profits can organize risk management training, showing young entrepreneurs how to identify and mitigate business risks. Media, NGOs, and government agencies can promote entrepreneurship through public campaigns highlighting the successes of young entrepreneurs and inspiring others to take similar initiatives.

With appropriate support and implementation of these measures, Generation Z can contribute to the creation of innovative start-ups, promote flexible and sustainable work models, increase the number of social enterprises, and accelerate the digital transformation of the economy. Educational, financial, and psychological support will be crucial to their success and their ability to transform the labor market.

Based on the research findings, several directions for future studies on barriers to entrepreneurship among Generation Z can be formulated:

- Psychological aspects of entrepreneurship – One important avenue for future research is to examine the impact of psychological support on young people's self-confidence and entrepreneurial success. As a new generation, Generation Z faces challenges related to self-efficacy and fear of failure. Coaching programs, stress management workshops, and other forms of psychological support may be key in building confidence among young entrepreneurs. Future studies could analyze how different types of psychological support influence decision-making, coping with failure, and overall motivation to engage in entrepreneurship.
- Long-term effects of flexible work models – Another important area of research involves analyzing the long-term effects of implementing flexible working hours and remote work opportunities on work-life balance, productivity, and innovation among young entrepreneurs. Generation Z values flexibility and the possibility to work from

anywhere, which may significantly influence their approach to entrepreneurship. Research findings could help determine how flexible work models affect mental health, professional engagement, and the capacity for innovation in entrepreneurial activities, as well as how such models can support or hinder entrepreneurship development in the long term.

- Gender differences in entrepreneurship – A further research direction is to explore differences in entrepreneurial approaches between women and men in Generation Z, as well as to identify specific barriers and support needs for both groups. Studies could focus on the challenges faced by young women and men in starting and managing their own businesses, the strategies they employ to overcome these challenges, and the types of support that are most effective. Understanding these differences may help develop more personalized support programs that address the unique needs of both groups, thereby fostering entrepreneurship across the entire Generation Z cohort.

Throughout the discussion, our results are deliberately and directly compared with those found in the international literature, ensuring a strong link between the review, methodological section, and empirical analysis. By explicitly referencing recent studies and drawing distinctions with our findings, we provide clarity and rigor for readers and reviewers alike.

A key limitation of the present study is that its policy recommendations remain general and are not explicitly aligned with current EU or national regulatory frameworks supporting youth entrepreneurship. At the EU level, strategic initiatives such as the Youth Entrepreneurship Policy Academy (YEPA), the European Commission’s EntreComp framework, and targeted funding instruments—including Erasmus for Young Entrepreneurs and the Youth Start-Up Competition (YSC 2025)—create a robust landscape of support instruments and benchmarks. These frameworks promote the development of entrepreneurial skills across education levels, improve access to finance, and systematically support incubation and mentoring programs for young people.

In the Polish context, national programs such as “Pierwszy Biznes – Wsparcie na Startcie” (First Business – Start-up Support) and the “Młodzi Przedsiębiorcy” (Young Entrepreneurs) initiative provide practical, measurable instruments: low-interest loans, mini-grants, training, and partnerships among universities, business incubators, and government agencies. Additionally, university-level entrepreneurship education—exemplified by curricular modules, business incubators, and national competitions—is regulated and promoted through the Ministry of Family, Labour and Social Policy’s Youth Guarantee Initiative and the activities of PARP (Polish Agency for Enterprise Development).

Future research should systematically examine the tangible impact of these EU and national policy instruments on the reduction of entrepreneurship barriers among Generation Z in Poland. In particular, comparative evaluations of the effectiveness of university-based entrepreneurship curricula, mentorship networks, and financial support programs—measured against both regulatory objectives and benchmarking frameworks such as EntreComp—will be crucial in

developing more targeted and effective recommendations. This approach will directly connect the studied constructs and measurement variables with both educational and policy environments.

Further research in these areas could not only deepen understanding of the barriers facing Generation Z but also contribute to the development of more effective strategies and support programs that enable young people to succeed in the labor market and in entrepreneurship.

6. Summary

The article focuses on identifying and analyzing the key barriers to undertaking entrepreneurial activity among Generation Z in Poland. A survey conducted with a sample of 262 students revealed four main meta-factors hindering youth entrepreneurship: lack of experience and insufficient business ideas, financial barriers, difficulties in time management, and psychological concerns related to risk and uncertainty. The results confirm that despite high entrepreneurial aspirations among young people, their propensity to start businesses is primarily constrained by lack of capital, the cost of running a business, fear of failure, and deficits in practical knowledge. Effective support is considered to include financial programs, comprehensive entrepreneurship education, as well as psychological support and mentoring. Given the survey-based nature of the study, further exploration of this issue across different subpopulations of Generation Z is recommended. From a social perspective, fostering youth entrepreneurship can contribute to increased innovation and improved quality of life by enhancing the economic and social activity of this group.

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