Review

An investigation of higher education student’s entrepreneurial intention in Ethiopian Universities: Technology and business fields in focus

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Purpose: purpose of this study aims at seeking to understand whether entrepreneurial intentions exist among university students. Methodology: Survey research method was employed involving total of 210 students from four public Universities found in the Ethiopia. Sample of respondents from selected Universities were drawn by using systematic sampling techniques. The study used both primary and secondary data. Pertaining to data analysis both qualitative and quantitative data analysis techniques mainly descriptive analysis using percentages, tables and graphs were employed. While for inferential statistics like distribution based of determinant factors of entrepreneurial intention of undergraduate students multiple regression analysis was conducted to identify which variables are significant for the model. Regression analysis was used to explain the effect of independent variables on a dependent variable. Additionally mean scores and standard deviations were calculated to identify the most important factors that determines students Entrepreneurial intentions in the selected Universities. Findings: the study proposes five factors contributing to the development entrepreneurial intention in selected universities. Accordingly subjective norms, perceived self efficacy, university environment, perceived educational support and students attitude toward entrepreneurship were significant determinants for entrepreneurial intention in selected public universities. Practical implications: the finding specifically imply that the universities are advised to give attention to the impact of social influences, identify the way to enhance students confidence to perform entrepreneurial roles and tasks, allow university stakeholder participations such as Supervisor and Lecturer to guides students well and encouraged students to pursue their own ideas. Finally, Ethiopian ministry of education is expected look at university environment to creates environment which can boost entrepreneurial intention of the students.

Keywords: Entrepreneurial intentions, social influences, perceived educational support. Perceived entrepreneurial self-efficacy

INTRODUCTION

Background of the study

Entrepreneurship has increasingly evolved to such an extent of not only becoming a career but also a desirable employment option for most people these days. There are more small businesses being created. This has been evidenced by the growing number of people specializing in the conduct of small businesses. On the other hand professional or rather office jobs employment is no longer a fashion as people remains with less chances for getting salaried jobs. We have less prospects of being employed in established organizations. Probably this can be taken as a contributing factor that forces many people to seek opportunities for self employment. This has brought about the heuristic characteristics among many people who behave entrepreneurially.
Still political and academic interest in support of entrepreneurship as a career choice is on the rise probably because of the link between new venture creation and the economic development. In Teixeira et al., (2006) are quoted to show that the continued economic uncertainty, corporate and government downsizing and a declining number of corporate recruiters on the education system have been fostering the appeal of self-employment. But it is also being noted as common for tertiary education to prepare students not only as job seekers but mostly as job creators by becoming self-employed (Gelderen et al., 2008).

The main argument asserts of entrepreneurial intention as the pre-condition for undertaking entrepreneurship is that signs that people show to behave in a particular way can help in telling the ways in which people will end up behaving. In the same line, we will find established evidence that someone’s intention to act towards something in a certain manner is the most obvious indicator of his actual behavior.

Krueger and other colleagues have discussed entrepreneurial intentions to show that people will not indulge in starting new firms as a reflex, but rather they consider the option much more carefully and quite well in advance (Krueger et al., 2000, Scutjen and Stam 2006). The drive comes from within an individual who intend to set up a business venture. Even though researchers still tell that situational as well as individual attributes serve as poor predictors of new business formation, the fact remains that it is an individual who personally envisages and articulate into business ideas. As mentioned above, it is apparently normal in course of living for people to choose entrepreneurship as a career. This makes it is a norm to conjecture that the entrepreneurship process is or can be regarded as a pre-intended behavior in which people eventually delve in. Following this argument the established thrust for entrepreneurial intentions investigation gathers grounds. The same intentions are regarded as best predictors of planned behaviour which in this study is the act of starting a new business. Entrepreneurial intentions as such have accorded merits and academicians strive in efforts so that it is established on the ground of what trigger people to behave entrepreneurshipally.

Various societal and organizational attributes as well as organizational and individual aspects are accounted to be of essence in deriving entrepreneurs and entrepreneurship in any community (Gelderen et al., 2008). Dutta and L. Thornhill admit that entrepreneurs form a stock of heterogeneous people with regard to setting or even grow business (Dutta and Thornhill 2008). Prior theoretical and empirical research shows diversity of individual intentions to start business. With this in mind, the following study draws most of its attention on the incorporation of attitudinal factors as well as characteristics of individual students for the assessment of intentions for new venture creation. The researchers believe it is the inherent personal factors of individuals that dispose them to engage in entrepreneurial behaviours. Extant studies on entrepreneurial intentions mostly focus on the impact of business training to determine the level of entrepreneurial skills among students (Gaddam, 2008, Gelderen et al., 2008, Souitaris et al., 2007, Raab et al., 2005).The fact remains that those studies have led to deeper understanding of business intentions among students, but the same studies have not exhausted conclusions on general students to incorporate a dynamic aspect for changes in attitude and economic environment keep on revolving. Thus findings on this same subject can contradict with the finding at this yet another moment in time. This study will contribute to this ongoing literature by learning and establishing the entrepreneurial variables among students at the university those took entrepreneurship courses.

We are in an age where the entrepreneurial culture should flourish to the extent that entrepreneurship needs to be regarded as a career that is desirable to every individual. It is within this framework that a proposition is made that students and especially university students, form a significant portion of potential entrepreneurs.

Literature Review

Factors Affecting Entrepreneurship Development

Most scholars mention educational systems, socio cultural and economic factors as having a strong influence on the development of entrepreneurial behavior of a given society. For instance, Ardichvilia et al., (2000), identified the Major factors that influence this core process of opportunity recognition and development leading to business formation to be: entrepreneurial alertness; information asymmetry and prior knowledge; social networks; personality traits, including optimism and self-efficacy, and creativity; and type of opportunity itself. Similarly, Haftendorn and Salzano (2003) stresses the socio cultural factor due to the fact that cultures that encourage entrepreneurial behaviour – curiosity, motivation by success, willingness to take risk, identification of opportunity and tolerance of uncertainty; tend to promote entrepreneurship development while those cultures that are against these entrepreneurial behaviours are less likely to develop entrepreneurship.

According to (Desai, 1997) the framework of conditions for entrepreneurial development include the availability of financial resources for starting new business ventures, government policies and programs to support new business ventures, the level of education and provision of training for those who wish to be or already are entrepreneurs, access to professional support service
and physical infrastructure, internal market openness, as well as cultural and social norms. Rutashoby and Olomi (1999) identified four factors that have the potential to influence entrepreneurial behavior and outcomes. The first factor is the personal characteristics and psychological make-up of the individual. The second factor is the feature of the business where the entrepreneur operates, such as the age, size, form of ownership and others. Third, the strategies, practices and system adopted by the entrepreneur. Fourth, the external environments like economic, political and socio-cultural variables.

Ardichvilia et al, (2000) tried to build a theory of entrepreneurial opportunity identification based on empirical studies in the area of entrepreneurial opportunity identification and development. According to them “opportunity development” rather than “opportunity recognition,” should be the focus in the effort to develop entrepreneurship. Another scholar, Doss and Mazzarol (2004) believes that triggers and barriers influence the intention, and ultimately the decision, to launch the business (when triggers prevail over barriers) or to give up the idea (when barriers prevail over triggers).

Desai (1999) explores five the most common factors that encourage someone to be an entrepreneur. These are early childhood experiences, the need to gain control over an uncertain world, frustration with traditional organizational careers, challenge and excitement; and the moral encouragement of role models.

Lerner et al, (1997), on the other hand, give emphasis to five perspectives and the demographic variables which refer to the individual level variables, which are expected to be differentially associated with performance. These five perspectives are: (a) motivations and goals, (b) entrepreneurial socialization, (c) network affiliation, (d) human capital, and (e) environmental factors.

This study, therefore, will be based on the conceptual framework developed by taking different factors identified to be important in the enterprise formation or entrepreneurship development intention. These factors are demographic characteristics, individual behavior (psychological make-up), human capital enterprise situation and entrepreneurial environment. When it comes to the socio-cultural environment of Ethiopia, Andualem (1997) argues there is a dearth of entrepreneurship in Ethiopia due to the past cultural background in which trading was considered a despised means of earning an income.

This study, therefore, will try to investigate what determines higher education students’ entrepreneurial intention in Ethiopia.

Intentions

Intentions reflect an individual’s willingness or plans to engage in a particular behavior, and have several antecedents. The ultimate purpose of intentions research is the prediction of behavior. Psychologists have been interested in the study of behavioral intentions for many years (Assagioli, 1973; James, 1950; Lewin, 1935) and over time cognitive psychologists (Fishbein and Ajzen, 1975; Rotter, 1966; Searle, 1983) have developed three divergent theories (Bird 1988); (1) linguistic theory, (2) attribution theory and (3) expectancy theory. The Theory of Planned Behavior is based on the expectancy theory model whereby individuals learn to favor behaviors where they expect favorable outcomes, and to form unfavorable attitudes towards behaviors associated with undesirable outcomes (Ajzen, 1991).

Sample of the Study and Sampling Method

To select the sample of respondents from the 22 universities, the combination of probability (systematic) and non-probability (judgmental) sampling methods were employed one after the other.

From all universities, four Universities were judgmental selected, because in each University there are similar operation experiences. Accordingly the selected Universities were: - Jimma, Addis Ababa, Adama and Haramaya.

From each sampled universities, 33% of colleges were taken as a sample from each sampled universities using judgmental sampling method. To determine sample size the researcher used the following formula:

**Sample Size Determination Formula:**

\[ n = \frac{z^2pq}{E^2} = \frac{(1.96)^2(0.5)(0.5)}{(0.05)^2} = 386 \]

Where \( z \) = required sample size

\( E \) = margin of error (maximum error tolerable) to within .05

\( p \) = population proportion at which the sample size is maximum (at \( p=0.5 \) and \( q=0.5 \), \( p^q=0.25 \))

Where \( q=1-p \) Hence, to identify the necessary information, 386 samples were selected.

Model specification

For regression analysis independent variables include perceived desirability of self-employment, social norms, perceived entrepreneurial self-efficacy, university environment, attitude and perceived educational support. Dependent variable is students’ entrepreneurial intention. Control variables include, Participation in entrepreneurship prior activities, activeness in no
Table 1. Entrepreneurial Environment factors that affect entrepreneurial intention

<table>
<thead>
<tr>
<th>Entrepreneurial Environment</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to finance</td>
<td>121</td>
<td>59.00</td>
<td>59.00</td>
<td>59.00</td>
</tr>
<tr>
<td>Business support and physical infrastructure</td>
<td>20</td>
<td>9.76</td>
<td>9.76</td>
<td>68.76</td>
</tr>
<tr>
<td>Government regulations</td>
<td>14</td>
<td>6.80</td>
<td>6.80</td>
<td>75.56</td>
</tr>
<tr>
<td>Education, Skills &amp; Training</td>
<td>50</td>
<td>24.40</td>
<td>24.44</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>205</td>
<td>100.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research data 2012

curricular activities (student union), working besides studying and former work experience.

\[ Y_i = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \epsilon \]

\( \epsilon \) = Error Term, Where \( x_1, x_2, x_3, x_4 \) and \( x_5 \) are independent variables.

\( X_1 \) = perceived desirability of self-employment
\( X_2 \) = social norms (social influences)
\( X_3 \) = perceived entrepreneurial self-efficacy
\( X_4 \) = university environment,
\( X_5 \) = Perceived educational support

\( \beta_0 \) = the estimated value of \( Y \) when \( X_1, X_2, X_3, X_4 \) and \( X_5 \) are zero

\( \beta_1 \) = the estimated impact of perceived desirability (attitude) of self-employment on entrepreneurial intention
\( \beta_2 \) = the estimated impact of social norms on entrepreneurial intention

\( \beta_3 \) = the estimated impact of perceived entrepreneurial self-efficacy on entrepreneurial intention
\( \beta_4 \) = the estimated impact of university environment on entrepreneurial intention

\( \beta_5 \) = the estimated impact of Perceived educational support on entrepreneurial intention

data analysis

As table 1 shows (59%) and 24.44% of respondents believe that access to finance and Education, skills and Training were the major factors that can affect Entrepreneurial intention of the students in selected universities respectively. And the remaining 9.76% and 6.80% of the respondent believe that Business support and physical infrastructure and Government regulations can determine entrepreneurial intention of the students. Therefore from the above we can conclude that access to financial support is leading factors in the support of entrepreneurship and enhancing entrepreneurial intention.

Multiple regression analysis

For this study, number of dependent and independent variables were used. To identify the impact of independent variables on dependent the researcher used multiple regression analysis method.

The stepwise regression method is used to determine the combination of possible independent variables that best explains the dependent variables (Argyrous2005).

Dependent variable in this study was students Entrepreneurial intentions. To select dependent variable the researchers calculated correlation coefficient between each independent variable and dependent variables. Accordingly the dependent variable which has high correlation with independent variables was students’ preference to run their own business rather than participating in a lower-risk business after graduation. The independent variables were abbreviated for analysis purpose as follows. SN for Subjective Norms, PS for Perceived Self Efficacy, UE for University Environment, PE for Perceived Educational Support and AT for Attitude.

The table 2 shows the result on the relationship between Subjective Norms, Perceived Self Efficacy, University Environment, Perceived Educational Support and Attitude against students’ preference to run their own business or participating in a lower-risk business after graduation. The result show there is positive relationship between Perceived Self Efficacy and dependent variable but there is negative relationship between University Environment and dependent variable.

In other words the contribution of Perceived Self Efficacy to students Entrepreneurial intentions was 17.2% but University Environment was negatively affected students Entrepreneurial intentions by 25%. This could be due to University Environment which discourages students to be entrepreneur.

The result also shows that at significant level of (\( p = 0.05 \)), there is statically significant difference between Perceived Self Efficacy, University Environment and dependent variables since the significance level for Perceived Self Efficacy and University Environment is less than 0.05. This implies that there is significant difference between the two independent variables and the dependent variable. This means Perceived Self Efficacy and University Environment were the determinant factors of students Entrepreneurial intentions.

At significant level of (\( p = 0.05 \)), there is no statically significant difference between Subjective Norms, Perceived Educational Support, Attitude and dependent variable. Since the significance level for these factor
Table 2. Multiple regression analysis for variables predicting students Entrepreneurial intentions after graduation

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.470</td>
</tr>
<tr>
<td></td>
<td>SN</td>
<td>.013</td>
</tr>
<tr>
<td></td>
<td>PS</td>
<td>.042</td>
</tr>
<tr>
<td></td>
<td>UE</td>
<td>-.033</td>
</tr>
<tr>
<td></td>
<td>PE</td>
<td>.005</td>
</tr>
<tr>
<td></td>
<td>AT</td>
<td>-.003</td>
</tr>
</tbody>
</table>

R=.242 R² =0.058; Adjusted R= .035

were greater than 0.05. From the model in general 5.8% variation in students Entrepreneurial intentions is explained by independent variables which was to weak while the remaining 94.2% influence by other factors that are not explained in the model.

CONCLUSION

The main objective of this study was to identify whether entrepreneurial inclinations exist among university students. It strives to help in establishing if the drive toward entrepreneurship prevails among the same students, regarding to risk-taking propensity of the students, most of respondents 134 (63.8%) replied they have high risk taking propensity. Majority 166(79.0%) of respondents respond that they will not follow their friends and family to do something. That means students in selected Universities posses' self-efficacy and they can make their own decisions when they have necessary skills to pursue a path of action.

As findings shows that 122(58.1%) of respondents responded that if they decided to do something nothing can stop them from what they want to do and students in selected Universities posses internal locus of control. That means they can control their future events and outcomes as a result of their own actions.

Regarding to desire for independence of respondents. Two questions were asked to evaluate students’ desire for autonomy. Accordingly 137(65.2%) and 145(69.0) of the respondents replied that they will not wait for notice from someone if they want to do something and they will try what they find out by themselves respectively. Therefore from the above result we can conclude that the majority of the respondents have desire for autonomy which could be the reason for new venture creation.

Concerning to student’s future attitude about continuous employment and fixed salary, 40% of the respondents replied that continuous employment and fixed salary will not satisfy them at all and only portion of the student will be satisfied by continuous employment and fixed salary after graduation.

Findings also revealed that the majority (78.1%) respondents were capable to meet challenges in the job market.

Per findings shown above Subjective norms (social influence) can affect students' entrepreneurial intentions, specifically believe of people who are important to someone and closest family and partners were significantly determines once intention toward self-employment.

Regarding to Perceived self-efficacy of higher education students in selected universities almost all respondents agreed that perceived self-efficacy factors can affect their entrepreneurial intentions.

Supportive university environment is very important to develop entrepreneurial intentions among university’s students. By providing adequate knowledge and inspiration for entrepreneurship and providing the possibility of choosing an entrepreneurial career might increase among young people but per findings of the study university environment in promoting Entrepreneurial intention in selected universities was low. Particularly per findings Supervisors were not this much helpful and guide well students. In addition different university stakeholders were not actively encouraged students to pursue their own ideas and Lecturer was not this much helpful and guides students well.

Professional education in universities is an efficient way of obtaining necessary knowledge about entrepreneurship and effective education on entrepreneurship can be a factor to push people towards an entrepreneurial career Therefore, academic institutions might have critical roles in the encouragement of young people to choose an entrepreneurial career. As finding shows over all education support variables in selected universities was good but the needs for rearrrangement (reversing) the subject was not appreciated by students as weighted mean shows.

Perceptions of desirability of entrepreneurship affected
ones personal attitudes, values and feelings, which are a result of their unique social environments (e.g. family, peer groups, educational and professional influences). In other words, an individual needs to first see the act of self-employment as desirable before it is likely self-employment intentions will be formed.

Regarding to the higher education students attitude toward entrepreneurship. The overall weighted mean for student’s attitude toward entrepreneurship was about 3.79. That means almost all respondents have good attitude and desire to be entrepreneur. But students were not interested to face constant change to remain stimulated and didn’t consider earning high income as an indication of success in life as the weighted mean shows.

Entrepreneurial activities may be explained by the influences of the surrounding business environment such as government policy, availability of logistic infrastructure, financial support, and externalities. In additions physical infrastructure, corporate physical assets, R&D laboratories and intangible (human capital,) Education, Skills and training opportunities can foster entrepreneurial intention.

Regarding to entrepreneurial environment 59% of respondents believe that access to finance and was the major factors that can affect Entrepreneurial intention of the students in selected universities

Concerning to the impact of independent variables on dependent variables multiple regression analysis shows that Perceived Self Efficacy and University Environment were the determinant factors that can significantly affect students Entrepreneurial intentions in selected universities.

REFERENCE


