

## Determinants of Entrepreneurial Intention Among Prospective Graduates of Higher Institutions Case of Wolaita Sodo University

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### Abstract

This study entitled “Determinants of Entrepreneurial Intention among Prospective Graduates of Higher Institutions, Case of Wolaita Sodo University” aimed at profiling entrepreneurship among graduating class students at WSU and identify determinants of their entrepreneurial intentions. The study used survey design and collected information through structured questionnaire from prospective graduates who took entrepreneurship course at least once. The results of the study indicated that respondents were mainly male, between the ages of 21 and 24 years, with parents with primary education, and occupation in the private or self-employment sector. A simple linear regression revealed that father’s education was a significant factor to improving entrepreneurship among young university students. Professional attraction, Locus of Control and Motivation for Achievement were identified as significant dimensions of entrepreneurship among the studied population. Based on these findings, the study recommends improving father’s education and providing motivational trainings to prospective graduates of WSU using real life inspirational figures and entrepreneurs.

**Keywords:** Entrepreneurial Intention

### Justification

Entrepreneurship is at the heart of the current economic growth debate. It is a multidisciplinary endeavor that tries to understand the forces behind successful entrepreneurs, tap into their psyche and modes of conduct. Knowing this helps in many ways. For example, one can use the information obtained from such studies to identify individuals with a predisposition so that they can be supported with finance and technical trainings to join the pool of business creators. Another example where such studies come in handy is where there is the intent of ‘awakening’ these so called entrepreneurial skills among targeted groups of people.

Studies show that entrepreneur education at colleges and universities could make a difference in equipping potential entrepreneurs with the much needed skills and technical tool and even in creating some entrepreneurs (Lucas & Cooper, 2012). Therefore, the study has targeted graduating class students of colleges in WSU where entrepreneurship is offered at least as one course.

Entrepreneurship has long been recognized as one of the four key resources in economic growth. Moreover, it is rather unique from the other resources in that it represents the capacity to combine the other three resources – land, labor and capital - and bring forth something of value. Therefore, it is important that entrepreneurship should be studied rigorously and learns the junctures and nodes where it can be improved and enhanced. One potential place to do this is tertiary education. The time students spend in a university given a fertile ground to make or break their entrepreneurial intentions. Graduation is the dividing line between human capital development and the labor force. It is the right place and time to pose the question of how prepared they are to join the labor force and how their stay in university helped them in this preparation.

The concept of entrepreneurship has been interpreted and defined differently by many scholars from multiple disciplines in the social science. To a psychologist, an entrepreneur is one who takes a goal directed action for the fulfillment of need. The goal directed behavior of the entrepreneur creates value. To an economist, an entrepreneur is identified as a factor of production. An entrepreneur combines the other factors and makes their value greater than before and also introduces changes and innovations. To a businessman, an entrepreneur is one who accepts the risk to start and run a business that creates wealth for others as well as finds better ways to utilize resources, reduce waste and produce jobs others are glad to get (Briggs, 2009).

The entrepreneurial potential of potential entrepreneurs has emerged as a frontline national agenda item and succeeded to attract the interest of policy makers, educationists and development agencies all over the world (McLarty, 2005, Sobel& King, 2008). This is because entrepreneurship is consider as an engine of economic progress, job creation and social adjustment, a potential catalyst and incubator for technological progress, product and market innovation, (Ali, Topping, & Tariq, 2011). This is due to the fact that entrepreneurs are the persons who usually organize and develop their own businesses and benefit from a range of fields, including various knowledge areas, hands on experience, creative visions and insights, network support, and risk taking (Pihie, 2009).

According to Fayolle (2006), higher education institutions are aware that College and University graduates have enormous potential for innovation and economic development. Hence, mobilizing students for entrepreneurial career, enhancing their entrepreneurial skills, and rendering support service for business set-up

are essential and new duty for higher education institutions.

In developing countries, like Ethiopia, the primary bottleneck to economic growth is often not so much a shortage of capital, labor or land, rather it is shortage of dynamic entrepreneurs who can integrate these resources together and market in the market (UNDP, 2007).

Now day's Ethiopian higher education institutions are producing skilled human power that could contribute to the development of the economy. The number of students graduating from these institutions and joining to the labor market is increasingly exceeding from labor demand that the economy can absorb (labor supply is greater than labor demand). This in turn increases the unemployment rate and its associated evils. This is mainly because those work forces want to be employed than being an entrepreneur. In Ethiopia Entrepreneurship has been considered as a solution to the ever growing unemployment problem and a drive for Economic growth. In addition, entrepreneurship is also considered as an engine to achieve the five year growth and transformation plan which aims at transforming the economy from agriculture to industry.

To augment interest in entrepreneurship the Ethiopian government is widely preaching the philosophy of "creating employers instead of employees" among Ethiopians given that new ventures contribute significantly to the gross domestic product and new job creations. But in reality, it is difficult to say that government's objective of creating employers than employee has achieved. Possible reason for this is lack of knowledge regarding factors that actually affect entrepreneurial intention. And this leads to misuse of scarce resources in attempt to promote entrepreneurship. In order to promote entrepreneurship, knowing factors that affect entrepreneurial intention is crucial so as to direct resources towards those variables.

### Objectives

- To identify variables that affect entrepreneurial intention
- To measure to what extent each variable affects entrepreneurial intention
- To profile entrepreneurial intention of prospective graduates in the study area

### Methodology

The study used a survey research design. In order to achieve objective of the study, primary data was collected through structured questionnaire from prospective graduates of Wolaita Sodo University. The following variables were identified as entrepreneurial intention *Demographic Variables (DEM)*, *Education and Experience (EXP)*, *Entrepreneurial Knowledge (EK)*, *Professional Attraction (PA)* *Social Valuation (SV)* *Entrepreneurship Education (EE)* and *Entrepreneurial Capacity (EC)*

### Sampling

The study picked as its population all graduating class students of WSU that take entrepreneurship as a course at least once in their duration. The research team followed a systematic sampling technique with stratification.

Target population of this study was prospective graduate students of higher education institution of both private and public institutions found in Wolaita zone. To determine the sample size we used Yamane's (1973) sample selection formula. According to Yamane, for any sample, given the estimated population proportion of 0.5 and 95% confidence level Out of a total population of 867 students, a final sample size of 200 is calculated. Regarding the sampling technique, the study employee proportional sampling was used to determine the number of samples allotted to each department.

The data were collected from within WSU in a period of four weeks. Questionnaires were administered using class representatives and a close supervision was done by researchers on the process of questionnaire distribution, filling and collection.

Quality control of collected data was done both at the point of data collection and while data and at office level. Researchers checked for consistency and completeness of the responses. Entered data was checked further for consistency using skip rules and count rules.

Both descriptive and inferential analyses were utilized to analyze the data. Descriptive statistics like mean, standard deviation, frequency and percentage were employed to present the collected data in a meaningful and summarized form. Tables and different types of graphs will also be used to depict descriptive analysis.

## Results and Discussion

### Profiling Entrepreneurial Intentions of Graduate Students of WSU

#### Demographic characteristics of respondents

**Table 1: Gender of surveyed respondents**

sex	Freq.	Percent
male	153	80.53
female	37	19.47
<b>Total</b>	190	100

Source: Own calculations

Around 80 percent of the respondents were male students as table 1 indicates.

**Table 2: Age of surveyed respondents**

age	Freq.	Percent
20	10	5.81
21	22	12.79
22	47	27.33
23	40	23.26
24	38	22.09
25	11	6.4
26	1	0.58
27	1	0.58
31	1	0.58
36	1	0.58
<b>Total</b>	172	100

Source: Own calculations

According to Table 2, the majority of the respondents were between the ages of 21 and 24. This is the expected age for university students at graduating year of a three or four year undergraduate degree program.

**Table 3: Educational attainment of respondent's father and mother**

Educational attainment	father education		mother education	
	Freq.	Percent	Freq.	Percent
Primary	93	50.27	26	57.78
Secondary	45	24.32	14	31.11
Vocational	21	11.35	2	4.44
University degree	24	12.97	3	6.67
Illiterate	2	1.08		
<b>Total</b>	185	100	45	100

Source: Own calculations

Of the total responses obtained the level of education of over half of mothers and fathers achieved a primary level of education. It will be interesting to see if the education past primary level of a parent could have any significant impact of the entrepreneurial intention of surveyed students.

**Table 4: Occupation of respondent's father and mother**

Occupation	father occupation		mother occupation	
	Freq.	Percent	Freq.	Percent
Private sector employee	63	34.05	38	21.11
Public sector employee	35	18.92	21	11.67
Self-employed or entrepreneur	53	28.65	72	40
Retired	11	5.95	4	2.22
Unemployed	7	3.78	18	10
Other	16	8.65	27	15
<b>Total</b>	185	100	180	100

Source: Own calculations

Again, Table 4 shows that the dominating type of occupation is private sector, either private sector employment or self-employment.

### Respondent's previous education in Entrepreneurship

According to Table 4.8, very few of respondents have previous experience in businesses and even that is of short period type.

**Table 5: Length of business experience of respondents**

If you had that experience, for how long was it (in years)	Freq.	Percent
0	11	52.38
1	2	9.52
3	2	9.52
4	2	9.52
5	2	9.52
12	1	4.76
14	1	4.76
<b>Total</b>	21	100

Source: Own calculations

Table 5 gives the profile of respondents in terms of entrepreneurship courses. A good number (over eighty five percent) of respondents have taken at least one course. Again a good number (94 percent) of those who took the course have been able to develop a business plan, and how to create a business plan.

### Entrepreneurial dimensions

The study explored the entrepreneurial dimensions of respondents as well. Ten different dimensions were explored using multiple questions ranked by five levels of agreeableness 1 being strongly disagree and 5 being strongly agree.

**Table 6: Entrepreneurial dimensions of respondents**

Dimension	Response rate	Average Value	sd
<b>(A) Professional Attraction</b>			
Salaried work	185	2.686486	1.318382
liberal profession	180	2.861111	1.180682
Entrepreneur	189	3.042328	1.48335
<b>(B) Perceived social Valuation</b>			
4	188	3.031915	1.34802
5	188	3.037234	1.263937
6	187	2.962567	1.188516
7	189	2.846561	1.221593
8	189	2.730159	1.2574
9	190	2.773684	1.21121
10	191	2.900524	1.216358
11	189	2.883598	1.33177
12	188	3.010638	1.232316
13	188	3.058511	1.28412
14	188	2.994681	1.423625
<b>(C) Entrepreneurial capacity</b>			
15	192	2.932292	1.376922
16	192	3.135417	1.295338
17	191	3.073298	1.362996
18	188	3.085106	1.373232
19	192	3.166667	1.343331
20	190	3.115789	1.359763
21	188	3.079787	1.410054
22	190	3.1	1.278847
23	189	3.089947	1.347715
24	190	3.015789	1.323281
25	190	3.173684	1.307828
26	188	3.111702	1.317619
27	190	3.078947	1.190384
<b>(D) Locus of control</b>			
28	187	2.754011	1.279878
29	187	2.903743	1.047956
30	190	2.778947	1.231672
31	187	3.026738	1.333736
32	190	3.057895	1.353739
<b>(E) Desire to change</b>			

	33	191	3.120419	1.357688
	34	191	3.020942	1.321714
	35	190	3.010526	1.272374
	36	192	2.895833	1.345764
<b>(F) Competitiveness</b>				
	37	192	3.145833	1.538199
	38	191	3.209424	1.43934
	39	188	3.287234	1.470729
	40	189	3.216931	1.317044
	41	191	3.282723	1.48454
<b>(G) Valuation of money</b>				
	42	191	3.089005	1.360122
	43	188	3.005319	1.346405
	44	188	3.335106	1.266365
	45	185	3.243243	1.184258
	46	188	3.138298	1.198047
<b>(H) Motivation for achievement</b>				
	47	189	3.132275	1.308103
	48	187	3.15508	1.308579
	49	191	3.198953	1.350321
	50	187	3.208556	1.284453
<b>(I) Autonomy</b>				
	51	185	3.183784	1.301653
	52	179	3.005587	1.278593
	53	190	3.184211	1.350196
	54	187	2.935829	1.350488
<b>(J) Entrepreneurial intention</b>				
	55	191	3.366492	1.606476
	56	190	3.257895	1.501962
	57	190	3.284211	1.509498
	58	190	3.252632	1.576738
	59	190	3.221053	1.557905

Source: Own calculation

Table 6 reveals that there is overall a marked variation in responses among students as depicted by the marked variation in the values of the standard deviations. The table also reveals that Entrepreneurial intention, Autonomy, Motivation for achievement, Valuation of money, Competitiveness, Desire to change, and Entrepreneurial capacity fair to be agreeable to. On the other hand, Professional Attraction, Perceived social Valuation, and Locus of control dimensions appear to be disagreeable among respondents.

## Determinants of Entrepreneurship

### Demographic factors as determinants

One of the objectives of this study is to identify the determinants of entrepreneurial intention of respondents. The literatures make it clear that demographic variables are among these determinants. So we ran a simple linear regression to determine the statistically significant determinants.

**Table 7: Demographic determinants of entrepreneurial intention**

EI_Score	Coef.	Std. Err.	P>t
Sex	.4745336	.3057117	0.123
Age	-.0466782	.063969	0.467
Religion	.0096884	.1087811	0.929
Father education level	.1311817	.1064562	0.220
Mother education level	-.1428352	.1073246	0.185
Father's occupation	.2364695	.0901394	0.010
Mother's occupation	.014691	.0804356	0.855
Previous business experience	-.4748745	.3471303	0.174
Taken the course entrepreneurship	.4092822	.4255567	0.338
cons	4.429802	1.471817	0.003

Source: Own calculation

According to Table 7, autonomous factors, represented by the constant stand out as the statistically significant determinant of entrepreneurial intention. Another important demographic factor that returned as a significant determinant of EI is father's education. It determined EI positively meaning higher level of education

of the father associated with higher EI of a student.

### Entrepreneurship dimensions as determinants

We have also tried to identify the significance of entrepreneurship dimensions. Dimension indices were constructed using the average of the responses to statements constituting the given dimension. Using these indices, we ran a simple linear regression. The result is given in the table below.

**Table 8: Entrepreneurship dimensions as determinants**

EI Score	Coef.	Std. Err.	P>t
PA Score	.311858	.0894617	0.001
PSV Score	-.2102279	.1399033	0.136
EC Score	.229687	.1179898	0.054
LC Score	.046214	.1117605	0.680
DtC Score	.0757431	.1056803	0.475
Co Score	.4546061	.1033452	0.000
VM Score	-.0175121	.0863306	0.840
MfA Score	.3202057	.1019417	0.002
Au Score	.0245992	.096579	0.799
cons	-.5889431	.264906	0.028

Source: Own calculation

According to Table 8, PA Score, Co Score and MfA Score come out as significant determinants of entrepreneurial intention at 5 percent level of significance. It is important to note that each of these coefficients have positive signs.

### Conclusion and Recommendations

#### Conclusions

- Eighty percent of the respondents are male graduating class students of WSU
- And they fall within the expected age of 21 to 24 years of age
- Over half of the respondents' parents have a primary level of educational achievement
- Parents employment is dominated by private employment
- Very few of respondents have previous business experience and even that is limited to less than a year
- Results show that except for Professional Attraction, Perceived social Valuation, and Locus of control dimensions, respondents appear to have an above average score on entrepreneurial dimensions
- Among the demographic variables, father's education was found to be a statistically significant determinant demographic variable of entrepreneurial intention (EI).
- Among the entrepreneurial dimensions, Professional Attraction, Locus of Control and Motivation for Achievement Score came out as significant determinants of entrepreneurial intention (EI).

#### Recommendations

- Family education, particularly father's education should be focused on to improve the enterprising inclination of young university students
- Particular emphasis should be given to improving the professional attraction of young university students. Also any work that aims to improve the entrepreneurial intention of young university students should focus on improving their locus of control and achievement drive traits. Studies show that these components are improved, if at all, through inspirational and motivational trainings. Therefore, these young university students should be exposed to not only technical trainings in business making but also to real life figures that will have inspiring stories.

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