Impact of Year of Study, Entrepreneurship Inexposure and Financial Constraints on Entrepreneurial Interest among University Students in South Africa

Apelele Ganati1, John K. Aderibigbe2* and Tendia Chimucheka2#

1Department of Industrial Psychology, University of Fort Hare, X1314, Alice 5700, South Africa
2Department of Business Management, University of Fort Hare, X1314, Alice 5700, South Africa
E-mail: 1<201513424@ufh.ac.za>,*<jaderibigbe@ufh.ac.za>, #<tchimucheka@ufh.ac.za>


ABSTRACT The study was conducted to investigate the impact of year of study, entrepreneurship inexposure and financial constraints on entrepreneurial interest with a sample of 366 male and female university students in South Africa, using survey research design, and a structured validated questionnaire. Hypotheses were tested using multiple regression analysis. The results revealed that there is a significant joint impact of year of study, entrepreneurship inexposure and financial constraints on entrepreneurial interest. There is a significant independent impact of year of study on entrepreneurship interest. However, there is no significant independent impact of entrepreneurship inexposure and financial constraints on entrepreneurial interest. The findings are valuable to policy makers and professionals in promoting the spirit of entrepreneurship among the youth.

INTRODUCTION

Entrepreneurship has gained momentum, and spilled over to non-business students in fields such as the sciences, technology studies, humanities, creative arts and design. The need to produce more university graduates that are self-reliant, business oriented, and driven by a high sense of responsibility to society and the nation at large, creates the necessity to incorporate entrepreneurship studies into the tertiary education’s curriculum (Zhang et al. 2014). Despite the fact that entrepreneurship studies are now offered in some South African universities as part of the curriculum, it is evident that the practice of entrepreneurship by the youth, especially among the university students in South-Africa, is still at the infant stage (Herrington and Kew 2016). Hence, this study investigated the impact of year of study, entrepreneurship inexposure and financial constraints on entrepreneurial interest.

Although there is a proliferation of entrepreneurship literature, research on the phenomenon remains inconclusive. Many previously conducted studies in the area of student entrepreneurship interest focused on the developed countries (Gnoth 2006; Guerrero et al. 2008; Sandhu et al. 2011). Only a few entrepreneurship investigations have recently been conducted in the Eastern Cape Province of South Africa (Ngorora and Mago 2018; Kanonuhwa and Chimucheka 2016). These last mentioned studies did not focus on barriers to entrepreneurship interest.

Furthermore, barriers to entrepreneurship interest differ across different potential entrepreneurs in the developing countries. Their concerns also differ from those in the developed countries because the developed countries have more institutional support and advanced education systems, thus reducing possible barriers (Sandhu et al. 2011). Besides, a review of literature on student entrepreneurship interest reveals that previously, scholarly attentions were mainly concentrated on investigating either undergraduate (Sakede et al. 2017; Looi and Khoo-Lattimore 2015; Alsaaaty et al. 2014) or postgraduate students (Hayter et al. 2017; Mubarka et al. 2012). The present study, however, focused on bridging the identified gaps in the literature, by exploring perceived barriers to entrepreneurial interest among final year undergraduates and postgraduate ‘honours’ students at a university situated in the Eastern Cape Province of South-Africa.

In a study on university students’ entrepreneurial mindset and their intention to start a new
business, Israr and Saleem (2018) investigated the deterring factors which restrict the mentioned students from desiring self-employment. The researchers did this investigation by means of a structured questionnaire to generate primary data. The findings of the study showed that previous educational grades have a negative relationship with entrepreneurial intentions. In another related study, Ramesh et al. (2018) investigated the relationship between socio-personal variables and entrepreneurial orientation among a sample of 120 agriculture and animal sciences undergraduates, using the exploratory research design. The study’s findings showed that the level of educational performance had a significantly negative correlation with entrepreneurial orientation.

Ching and Kitahara (2017) explored the impact of entrepreneurial education exposure on entrepreneurial intentions with a sample of 230 undergraduate business students at a Brazilian university throughout a period of eight semesters. The outcomes of the study showed that exposure to entrepreneurial education positively influences students’ entrepreneurial intentions. Wah et al. (2017) examined the factors that are affecting entrepreneurial intentions among students in higher education institutions in the northern regions of Malaysia, using a sample of 199 male and female respondents to gather information for the study. The study outcome showed that entrepreneurship education has a significant relationship with entrepreneurial intention. However, a similar study (and also in the northern regions of Malaysia) conducted by Jwara and Hoque (2018), using the stratified random sampling and a self-administered questionnaire to collect data from 366 respondents, found that there is no significant relationship between entrepreneurial intentions and current education.

Agbenyagah’s (2018) study determined the effect of selected social capital elements and risk factors on rural entrepreneurship using a quantitative approach of data collection through a self-administered questionnaire, with the snowball and convenience sampling techniques to sample a population of 282 respondents. The descriptive statistics, t-test and Pearson correlation analysis were performed to test the hypothesis of the study. The research findings revealed that some social capital elements including risk factors, lack of skills, funding and lack of collateral are significantly interrelated, and have a significant joint impact on entrepreneurship. In addition, Peng et al. (2012) conducted a study on entrepreneurial intentions and their influencing factors among 2,010 senior university students in China, using a survey instrument to elicit research information from the participants. The results of the study revealed that attitude, self-efficacy, family background factors and social environment factors influence entrepreneurial intention.

Objectives

The study aimed at achieving the following objectives:
- To examine the independent impact of year of study on entrepreneurial interest.
- To explore the independent impact of entrepreneurship exposure on entrepreneurial interest.
- To investigate the independent impact of financial constraints on entrepreneurial interest.
- To investigate the joint impact of years of study, entrepreneurship exposure and financial constraints on entrepreneurial interest.

Hypotheses

Based on past studies reviewed, and in line with the stated objectives, the study states the following hypothesis:
- There would be a significant independent impact of year of study on entrepreneurial interest.
- There would be a significant independent impact of entrepreneurship exposure on entrepreneurial interest.
- There would be a significant independent impact of financial constraints on entrepreneurial interest.
- There would be a significant joint and independent impact of year of study, entrepreneurship exposure and financial constraints on entrepreneurial interest.

MATERIAL AND METHODS

Research Design, Sample and Procedure

The study adopted the ex-post facto research design to examine the impact of the independent variables on the dependent variable. The ex-post facto research design was considered adequately relevant to the study, because it is a survey
design that enabled the researchers to investigate the relative impact of year of study, entrepreneurship exposure and financial constraints on entrepreneurial interest, without any active manipulations of the variables. The variables had already occurred before the study, and the research participants were conscious of the existence of the variables. The researchers therefore only sought the opinions of the respondents using a structured validated questionnaire. Hence, the study’s methodology was built on the principle of the positivist approach, by means of quantitative data generation and hypothesis testing (Bhattacherjee 2012). The dependent variable of the study, therefore, was entrepreneurial interest, while year of study, entrepreneurship exposure and financial constraints were the study’s independent variables.

The Raosoft software which was used in calculating the sample size was considered appropriate for the study because it is survey software that is mostly applicable in determining how many people to engage in survey research in order to get results that reflect the target population as precisely as needed. Further, the Raosoft software was chosen for the study because it also makes provision for the confidence interval (margin of error) and confidence level of the calculated and recommended sample size, based on the available population size. The available population of the study was approximately 4000. In view of this, Raosoft, however, calculated and recommended 351 (confidence interval = 5%, confidence level = 95%) as the appropriate sample size for the study. Hence, the researchers were ninety-five percent confident of the population sampled being a true representation of the study’s target population. Eventually, a total of 366 male and female final year undergraduate and honours level postgraduate university students constituted the sample size of the study.

Furthermore, the study adopted the purposive and convenience types of the non-probability sampling method to select participants for the study. During the first stage of the selection process, the convenience sampling method was used in selecting the University of Fort Hare out of the three universities in the Eastern Cape Province of South-Africa, as the site of the fieldwork. The University of Fort Hare was chosen because the institution is categorised by the Department of Higher Education as one of the historically disadvantaged institutions in the country. Although

Another reason for applying the convenience sampling technique is that it was easier for the researchers to reach the research participants at the University of Fort Hare than engaging those in the other universities in the country. This is because the researchers are more familiar with the University of Fort Hare’s campuses. The fieldwork was scheduled for the end of the academic year, a time when it was difficult to obtain the ethical approval of management of other universities due to the said busy schedule. The fieldwork thus became easier when the convenience sampling technique was applied as a strategy to meet the research participants in the lecture-rooms, student centre, campus student residences and other relaxation places like the sport pavilion and under the shields around the campus premises.

Furthermore, since the study was designed only for the final year undergraduate and postgraduate honours students, the purposive sampling technique was also introduced and applied to ensure that participants in the study were in the aforementioned academic/study level during the period of the fieldwork, and that they were registered students at the University of Fort Hare. The sample comprised 205 (56%) male and 161 (46%) female university students. Ninety-nine (27%) were final year undergraduate students and 267 (73%) were postgraduate honours students. The research participants’ ages ranged from 18 years old – minimum (0.8%) to 55 years old – maximum (0.3%), mean (27.01) and standard deviation (5.73). The majority of the participants were 22 years old (18.8%).

Data were collected by means of paper-pencil inventories (structured validated questionnaires), which were distributed to research participants in the lecture-rooms during the week and in the halls of residence, student centre and sport pavilion during the weekend, within the Alice Campus of the University of Fort Hare.

The participants’ voluntary participation was obtained through the informed consent form, which each of the participants needed to sign. The participants were informed about the impor-
tance of the study as the findings from the study may positively influence the government policy in reviewing South African higher education curricula to cater for innovative and practical entrepreneurship education in the universities. Moreover, assurance was given to the participants in respect of confidentiality of all information they supplied.

Furthermore, the participants were instructed not to indicate any means of identification such as name and student identity number. With the utmost sense of sincerity, information concerning the study and its outcomes were accurately submitted to the appropriate institutions. Thus, it was ensured that no instance of misleading actions was demonstrated in the course of the study. The researchers also ensured that the study was conducted in a conducive environment that would not expose the participants to any physical or psychological hazard. The Institutional Research Ethics Committee granted approval for ethical clearance of the study.

Three validated scales of measurement were used to assess entrepreneurial interest, entrepreneurship inexposure, and financial constraints, while year of study was measured as a demographic variable with discrete data.

Entrepreneurial Interest

A 6-item scale of entrepreneurial intention that was developed and validated by Liñán and Chen (2009) was adapted to measure entrepreneurial interest. The construct consisted of three different kinds of intention measures – desire, self-prediction and behavioural intention, with a 5-point Likert-type of response format ranging from 1 (Strongly disagree) to 5 (Strongly agree). Liñán and Chen (2009) reported a Cronbach alpha coefficient score of 0.94 for the scale, while the present study yielded a Cronbach Alpha coefficient score of 0.95 for the scale of entrepreneurial interest.

Entrepreneurship Inexposure

A 2-item scale of entrepreneurial inexposure that was developed and validated by Li et al. (2016) was applied to measure entrepreneurial inexposure. The scale was designed with a 5-point Likert-type response format ranging from 1 (Strongly disagree) to 5 (Strongly agree). Li et al. (2016) reported a Cronbach Alpha coefficient score of 0.60 for the scale, while the present study yielded a Cronbach Alpha coefficient score of 0.68 for the scale of entrepreneurial inexposure.

Financial Constraints

A 2-item scale of financial constraints that was developed and validated by Weiss (2015) was applied to measure financial constraints. The scale was designed with a 5-point Likert-type response format ranging from 1 (Strongly disagree) to 5 (Strongly agree). Weiss (2015) reported a Cronbach Alpha coefficient score of 0.89 for the scale, while the present study yielded a Cronbach Alpha coefficient score of 0.89 for the scale of financial constraints.

The data generated from 366 screened questionnaires were analyzed based on the hypotheses stated, using version 25 of the Statistical Package for the Social Sciences (SPSS). The hypotheses was tested using multiple regression analysis.

RESULTS

The results in Table 1 show that years of study, entrepreneurship inexposure and financial constraints are significant joint predictors of entrepreneurial interest, $F(3,362) = 5.548; R^2= 0.036; p<.05$. This implies that the combined barrier factors of years of study, entrepreneurship inexposure and financial constraints have a significant impact on entrepreneurial interest, to the extent that the three factors jointly accounted for approximately four percent ($R^2= 0.036$) of the variations observed in entrepreneurial interest.

<table>
<thead>
<tr>
<th>Variable</th>
<th>$R$</th>
<th>$R^2$</th>
<th>$\beta$</th>
<th>$T$</th>
<th>$F$</th>
<th>$P$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial inexposure</td>
<td>0.090</td>
<td>0.083</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial constraints</td>
<td>0.074</td>
<td>0.154</td>
<td>-0.169</td>
<td>-3.277</td>
<td>5.548</td>
<td>0.001</td>
</tr>
</tbody>
</table>

a. Dependent variable: Entrepreneurial interest

b. Predictors: (Constant), Years of study, entrepreneurship inexposure and financial constraints

Table 1: A summary table of multiple regression analysis showing the joint and independent impact of years of study, entrepreneurship inexposure and financial constraints on entrepreneurial interest
Moreover, the results indicate that year of study independently impacted entrepreneurial interest, ($\beta = -0.169; t=3.277; p < .05$). This means that year of study is a significant barrier factor to entrepreneurial interest. However, the results show that entrepreneurship exposure is not a barrier factor to entrepreneurial interest, ($\beta = 0.090; t=1.741; p>.05$). Likewise, financial constraint is not a barrier factor to entrepreneurial interest, ($\beta = 0.074; t=1.428; p>.05$). In view of these results and the interpretation thereof, the hypothesis is partially accepted.

**DISCUSSION**

The above presented and interpreted results established the postulated joint impact of years of study, entrepreneurship exposure and financial constraints on entrepreneurial interest. While the hypothesised independent impact of year of study was confirmed, the results showed that entrepreneurship exposure and financial constraints did not independently influence entrepreneurial interest.

Moreover, the results show that there is a significant joint impact of years of study, entrepreneurship exposure and financial constraints on entrepreneurial interest. The results suggest that the collective influence of years of study, entrepreneurship exposure and financial constraints is significant enough to cause discouragements from engaging in entrepreneurship, since the three identified independent variables are yoked together to account for a whole four percent impact on entrepreneurial interest, even in the presence of numerous other factors that also contribute, but were not considered in the study. The present findings are supported with the findings of Agbenyegah (2018), which revealed that some social capital elements including risk factors, lack of skills, funding and lack of collateral are significantly interrelated, and have a significant impact of entrepreneurship. In addition, Peng et al.’s (2012) study revealed that attitude, self-efficacy, family background factors and social environment factors influence entrepreneurial intention.

In addition, the results demonstrate there is a significant independent impact of year of study on entrepreneurial interest, while entrepreneurship exposure and financial constraints did not independently influence entrepreneurial interest. This is because the desire of most university students is to be gainfully employed after graduation, coupled with their belief that degree certifications automatically link persons with the fortunes in white collar jobs. Thus, the higher that university students progress in educational levels and move closer to graduation, the stronger their search for employment opportunities with little or no interest in business opportunities. In other words, higher educational achievement is a barrier to entrepreneurial interest. Israr and Salcme (2018) reported that previous educational grades have a negative relationship with entrepreneurial intentions. This corroborates the findings of the present study. In another related study by Ramesh et al. (2018), the findings reveal that the level of educational performance has a significant negative relationship with entrepreneurial orientation.

**CONCLUSION**

The study makes the following conclusions:

- Higher educational achievement, entrepreneurship exposure and financial constraints are joint barriers to entrepreneurial interest.
- Year of study is a significant barrier to entrepreneurial interest.
- Entrepreneurship exposure and financial constraints are not significant barriers to entrepreneurial interest.

**RECOMMENDATIONS**

In view of the above discussion and conclusion, the researchers offer the following practical recommendations:

The tertiary education system of South Africa should consider providing a holistic education to the higher institution students, such that will realistically groom the youth, shape their personality and modify their psyche towards thinking ‘outside the box’. This is necessary because it will assist in producing business-minded graduates who are economically driven and self-reliant, as the era of mainly theoretical-based education is wearing off while global education is now designed more for innovation, creativity, and problem-solving.

Moreover, the present study’s findings have revealed that the South African socio-cultural environment is not business inclined. Consequently, not many South African graduates have
business mentors, advisors, role models or supporters in their immediate socio-environment that could attract their admiration and create a strong and lasting impression of “I can also become a CEO of my legitimate private business.” The few available influential people of such calibre are the foreigners among whom many are already victims or potential victims of Xenophobic attacks, and therefore, afraid of forming an intimate relationship with the locals. In view of the above, the present study strongly recommends that the government should by all means create a more conducive, enabling and supportive business-friendly environment to the youth, especially the university students.

Furthermore, the tertiary institution students should rather consider themselves as agents of economic transformation, and wake up from their slumbering and irrational thought that every graduate must be provided a job. The university students should start to think of themselves as potential job givers, job creators and employers, not job seekers.

Lastly, all stakeholders, including the NGOs, government, educators, parents and students should collaborate efforts in ensuring that the economic potentials of the youth population of South Africa are gainfully concerted to actual entrepreneurial practices.

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REFERENCES


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