

Universities as Training Grounds of Entrepreneurial Activities in Developing Nations: A Case Study of Fort Hare, South Africa

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ABSTRACT This paper assessed informal entrepreneurial activities demonstrated by post-graduate business management students at the University of Fort Hare (South Africa). To achieve this objective, literature on entrepreneurship, formal and informal entrepreneurial activities was reviewed. A survey was carried out among 40 post-graduate business management students (Honours and Masters). Data was collected through the use of self-administered questionnaires. Data was analysed using descriptive statistics and Chi-square test of association. The empirical results obtained indicate a strong concurrence with other empirical papers. The findings of the paper confirm the existence of informal entrepreneurial activities. Informal entrepreneurs enjoyed both intrinsic and extrinsic rewards though their degree of preference varied on individuals. Further, results indicate that informal entrepreneurial activities were of different types and informal entrepreneurs (post-graduate business management students) were being rewarded by profits. The paper recommends that post-graduate business management students should plan their activities in order for them to succeed both academically and entrepreneurially.

INTRODUCTION

Universities, specifically the faculties of Commerce, Building Science and Engineering, should act as training grounds of entrepreneurship in order to educate their students in such a way that they are able to reflect and behave entrepreneurially (Mudondo 2014: 2). It is thus clear that, Universities as the supplier of entrepreneurship training programmes, ought to do the best they can in creating an entrepreneurial supportive environment that could persuade entrepreneurial activity, which in turn enables students to develop an enterprise culture (Udu 2014: 189). Today, entrepreneurship is regarded as one of the best economic development strategies to develop growth and sustain a country's competitiveness in facing the increasing trends of globalisation. The popularity of entrepreneurship training is largely due to the positive effects it has on many countries as a catalyst that creates wealth and enhances job opportunities (Sandhu et al. 2011: 428).

Graduate unemployment is becoming a key predicament in developing nations and research also suggests that economic growth is now creating fewer jobs than it used to (Pauw et al. 2006: 4). For example, in South Africa, only 1 000 non-

agricultural private sector formal jobs were created in the third quarter of 2013 (Business Day 2013). Resultantly, the economic environment makes it more difficult for people to contend for jobs given that in South Africa, there are about 600 000 unemployed university graduates (Fatoki 2014: 294). One of the solutions to the graduate unemployment predicament is to enter self-employment or establish personal businesses (Sandhu et al. 2011: 429). As a result, many students who graduate and those who are furthering their education are also demonstrating informal entrepreneurial activities at the same time. Examples include selling of selected basic commodities, as well as the provision of car shuttle services amongst others. Students are putting into practice the skills acquired from education to succeed in running their personal businesses by making use of existing entrepreneurial opportunities at campus level.

Throughout the ages, entrepreneurship has been a driving force of sustained economic growth, both in developed nations and emerging economies. Studies in South Africa have indicated that most entrepreneurial activities take place in Small, Medium and Micro Enterprises (Nieman and Nieuwenhuizen 2009: 3). Driver et al. (2001: 22) pointed out that possessing a matriculation certificate increases a person's capacity to pursue entrepreneurial activities and tertiary education increases the durability of entrepreneurial activity. It is in this regard that a

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person would be tempted to conclude that there is a greater probability of entrepreneurial activity demonstration at university level. Empirical evidence in developing countries according to Sandhu et al. (2011) indicated that this area of research is limited as compared to developed countries and studies carried out in developing countries such as the studies of Krueger et al. (2000) (USA), Guerrero et al. (2008) (Spain), Audet (2002) (Canada), Tkachev and Kolvereid (1999) (Russia), Gnoth (2006) (New Zealand), Wang and Wong (2004) (Singapore), Robertson (2001) (UK) and Veciana et al. (2005) (Puerto Rico and Catalonia). The findings of these studies are not adequate to substantiate theories in entrepreneurship.

Studies carried out in developing countries may reach different conclusions from those carried out in developed countries, mainly due to differences in higher education policies, especially with regard to funding and institutional infrastructure and technology. Literature with regards to entrepreneurial practices demonstrated by business management post-graduate students in institutions of higher learning is limited, particularly in South Africa as compared to developed countries. This issue should be examined for an atmosphere of entrepreneurial thinking and action to be promoted at campus level. These entrepreneurial activities could then lead to employment creation which is much sought after and desired for the masses of unemployed South Africans. Fatoki (2014: 294) agrees with this notion and states that university graduates have managed to create jobs for themselves and others through the undertaking of entrepreneurial activities. The problem that was researched in this paper and the answer significant to the question: What are the entrepreneurial activities that are being demonstrated by post-graduate business management students at institutions of higher learning? The answer could then provide a better understanding of entrepreneurship activities being demonstrated at the chosen institution. This will go a long way in aiding efforts of providing an enabling environment to equip post-graduate business management students with further skills in preparation for the non-academic world.

Research Objectives

This paper sought to assess informal entrepreneurial activities demonstrated by post-grad-

uate business management students. Further, the researchers sought to identify the types of informal entrepreneurial activities demonstrated by individual post-graduate business management students at campus level either through the sale of goods or services. In this paper, types of informal entrepreneurial activities were classified; depending on the type of goods or services an individual was selling. Furthermore, the paper sought to determine the rewards of such activities. Robichaud et al. (2001: 200) indicate that entrepreneurial rewards can either be extrinsic or intrinsic. Research has proven that both rewards have a positive influence on the demonstration of entrepreneurial activities. The research was conducted at the University of Fort Hare and only Post-graduate Business Management students (Masters and Honours) were targeted.

Theoretical Framework

When contemplating on students engaging in entrepreneurial activities, the main economic trends of thought on entrepreneurship are that of Baumol (1993) cited in Nieman and Nieuwenhuizen (2009: 6) which proposed two categories of entrepreneurs. He proposed the first category being the entrepreneur-business organiser, and in the second category the entrepreneur-innovator. An entrepreneur-business organiser is the classical entrepreneur described by Say (1803) cited in Nieman and Nieuwenhuizen (2009: 6) as people who grasp business opportunities with a view of making profits and who assume inherent risks. Schumpeter (1934) cited in Nieman and Nieuwenhuizen (2009: 6) described the entrepreneur-innovator as a person who recognises that the fundamental nature of entrepreneurship lies in the insight and discovery of novel opportunities. Entrepreneurship always has to do with bringing about a diverse use of resources through subjecting them to new combinations. Unfortunately, economists have not been able to create a science of the economic behaviour of entrepreneurs (Nieman and Nieuwenhuizen 2009: 6). This limitation led the world to seek further explanation and knowledge from the 'Behaviourists' the famous psychological school of thought which included psychologists, psycho-analysts, sociologists and other specialists in human behaviour after the study of McClelland (1971) cited in Nieman and Nieu-

wenhuisen (2009: 6). The psychological school of thought focuses on different areas and attributes such as need for achievement, locus of control, as well as risk taking ability (Rotter 1966; McClelland 1987; Dyer 1994).

RESEARCH METHODOLOGY

This research made use of the quantitative design which Ghauri and Gronhaug (2005: 204) describe as “studies whose findings are mainly the product of statistical summary and analysis”. The main characteristic of quantitative research is the heavy reliance of the researcher on statistical data analysis to arrive at findings.

Population and Survey

Since it is not always possible to carry out research making use of the population due to reasons such as time limitations and funding, subsets are normally used. Subsets of a population are called samples which are a finite part of a statistical distribution whose properties are studied to gain information about the whole population. This empirical study concentrated on Post-graduate Business Management students at the University of Fort Hare (Alice) in the Eastern Cape Province. The population of 40, which was also used as a census due to limited numbers, comprised full-time post-graduate Business Management students that were confirmed by the Faculty of Management and Commerce office.

Data Collection

Data collection is a procedure of gathering and measuring information on variables of interest to the researcher. Data collection can be carried out through primary or secondary methods. There are three primary data collection methods namely, observation, experiment and survey (Gerber-Nel et al. 2005: 88). This paper used survey research. Surveys can be divided into four major types: personal interviews, telephone surveys, mail surveys and self-administered surveys as pointed out by Gerber-Nel et al. (2005: 94). Data for this research paper was gathered through self-administered questionnaires.

Secondary data collected for use in this paper consisted of an initial review of literature to collect data to provide a theoretical foundation

on entrepreneurial activities. Aaker et al. (2006: 77) define secondary data as data that is readily available, because it was collected for some other purpose other than the problem at hand. This paper made use of journals, conference reports, Internet sources and unpublished Masters Dissertations relating to various fields of entrepreneurship. Other relevant sources of information, such as published data from Ntsika Enterprise promotion Agency, as well as Government of South Africa published Parliamentary proceedings were also used.

Measurement Instrument

The paper made use of self-administered questionnaires for the purposes of primary data collection. According to Cooper and Schindler (2006: 282) self-administered questionnaires are research questionnaires personally delivered to the respondents by the researcher but completed by a respondent with no outside involvement. The researcher employed self-administered questionnaires for the following reasons:

- Anonymity and privacy of the respondents in a questionnaire is ensured, thereby encouraging more candid and honest response.
- Compared to other data gathering techniques, for example mails surveys with self-administered questionnaires have proved to have a higher degree of response rate.
- Moreover, in contrast with other data gathering methods, such as personal interviews where the researcher must be present with respondents at all times, self-administered questionnaires tend to be less expensive.

Data Analysis

Data analysis for this research was carried out by making use of the Chi-square test of association. The Chi-square test of association allows the comparison of two attributes that is qualitative variables in a sample of data to determine whether there is any relationship between them. The idea behind this test is to compare the observed frequencies with the frequencies that would be expected if the null hypothesis of no association or statistical independence were true. By assuming the variables are independent, it

can also be predicted as an expected frequency for each cell in the contingency table (Lomax 2007: 154). If the value of the test statistic for the Chi-square test of association is too large, it indicates a poor agreement between the observed and expected frequencies and the null hypothesis of independence or no association is rejected (Lomax 2007: 154). Data analysis for the purposes of this paper utilised the statistical computer software package (SPSS) with the assistance of the Department of Statistics at the University of Fort Hare. Descriptive statistics are applied to explain the basic characteristics of the data in the research (Gerber-Nel et al. 2005: 204). The descriptive statistics used in this study include frequency distribution, standard deviation and mean, median and mode scores. By making use of questionnaires two aspects were measured which are rewards and profitability.

Measuring Rewards

Rewards were classified into extrinsic and intrinsic. Extrinsic rewards were further categorised into financial benefits for example profits, expected monetary benefits and tangible benefits. Intrinsic rewards were classified into self-fulfilment, personal growth, being own boss, being in control of own destiny, enjoying ultimate responsibility and enjoying making a difference to the society. Respondents were asked to rank rewards ranging from 1 signifying first preference/ most preferred reward to 5 signifying fifth preference/least preferred form of reward.

Measuring Profitability

Respondents were tasked to rate goods and services per item in terms of profitability or returns on a five point Likert scale ranging from 1 strongly agree to 5 strongly disagree. List of questions were structured as follows for goods, "I consider selling of bread to be a profitable exercise"; and for services "I consider repair of computers to be a profitable exercise".

The Entrepreneur and the Informal Economy

The informal economic sector is defined as generally unregulated and unregistered activities falling outside the formally regulated sector of the economy (Callaghan and Venter 2011: 32).

Informal trading is defined as the economic activity undertaken by entrepreneurs who sell legal goods and services within a space deemed to be either private or public, within the informal sector. This specifically excludes any activity that is defined as illegal by any national and/or provincial law. For these entrepreneurs, therefore, the only unlawful aspect of their activity is that some or all of the monetary transactions they undertake are not declared to the authorities when they should be declared for tax and/or benefit purposes (Williams 2007). While the definition as articulated, could include trade undertaken by the public, this paper concentrates on trading activities undertaken by post-graduate students who conduct their informal entrepreneurial activities on university infrastructure.

Katungi et al. (2006), reports that entrepreneurial activities in the informal sector may also play a part in the economic dynamism of a depressed local economy and enhance further entrepreneurial activity as well as skills development. According to the typology of informal economy activity developed by Evans and Syrett (2006), people providing goods and services on an individual basis without any intermediaries, who have not informed the respective authorities, can be categorised as people engaged in an independent informal economic activity, given the above analysis, it is therefore relatively correct to classify post-graduate students as informal entrepreneurs since most of their activities meet the description of informal entrepreneurial activities (Evans and Syrett 2006). In this paper, the term post-graduate students and informal entrepreneurs will be used synonymously.

The definition of informality is contested and, by the nature of the activity, it is difficult to identify those individuals engaged in this type of pursuit, therefore measuring informal economic activity is problematic. Without accurate measurement, it is difficult to ascertain the contribution of informal activities to the South African economy. Nevertheless, regardless of the method used, there is a generalised acceptance that undeclared income is equally important to the South African economy in the same way as declared income. According to Nasser et al. (2003) and Williams (2007), embracing an emerging 'enterprise culture' in the informal sector is considered a potential solution to some of South Africa's economic problems. The Gauteng Provincial Government (2008) and Lighthelm (2006)

support the previous view by indicating that undertaking of entrepreneurial activities *via* the informal sector, forms a vibrant and important part of the South African economy. This is evident, given that such undertakings contribute to 25% of total employment, as well as to 5–6% of total gross domestic product (GDP). According to Zulu (1991: 116), engagement in informal entrepreneurial activities has not only highly successfully provided an alternative form of trade to the practitioners, further it has enhanced their marketing and entrepreneurial capacity.

Given the size and persistence of informal retail trade, it is important to understand its ability to sustain a basic standard of living for the entrepreneur. Previous research suggests that the economic performance of informal activities in South Africa varies greatly. It is possible, nevertheless, to delineate two central categories of informal business, which are survivalist and entrepreneurial (Rogerson 1997). On the one hand, survivalist businesses generate minimal income, while owners wait for formal sector job opportunities. On the other hand, a select group builds lasting businesses, making capital improvement for example, and has the potential to flourish.

Prevalence of Informal Entrepreneurship

The informal economy represents “an incubator for business potential and transitional base for accessibility and graduation to the formal economy” and the informal self-employed display “real business acumen, creativity, dynamism and innovation” (International Labour Organisation 2002a). Until now, however, few have sought to evaluate the extent to which entrepreneurs engage in the informal economy. One of the studies to do so, employs the same direct survey method in three countries, namely Russia, the Ukraine and the United Kingdom (UK).

Results from a survey of 91 entrepreneurs in the United Kingdom, 331 entrepreneurs in the Ukraine and 81 in Russia, reveal that 100%, 90% and 77% of the entrepreneurs surveyed, conducted some or all of their transactions in the informal economy respectively (Williams 2008). There are also significant spatial variations in the propensity to trade informally among entrepreneurs. As Williams and Nadin (2010) identify in English localities, in affluent urban areas, 58% of early-stage entrepreneurs engage in informal

transactions compared with 84% in deprived communities. Similarly, 55% of established self-employed in affluent areas, trade transactions are not formally reported compared with 80% in deprived communities. However, Williams and Nadin (2010) further argue that current evidence on the propensity of entrepreneurs to formally not declare trade transactions is based on very small sample sizes.

The informal economy, by all accounts, is a sizeable sphere and is far from being some marginal cooperative consigned to a few occupations and/or sectors. According to the International Labour Office (2002b) some 48% of non-agricultural employment in North Africa is in the informal economy, 51% in Latin America, 65% in Asia and 72% in Sub-Saharan Africa. The Organisation for Economic Cooperation and Development (2004) report indicates that out of a global working population of some 3 billion, approximately two-thirds (1.8 billion) is employed in the informal sector (Jutting and Laiglesia 2009). This finding is reinforced by many other smaller-scale studies in both advanced economies and post-socialist societies (Bajada and Schneider 2005; Williams and Round 2010).

A large volume of South African retail sales are channelled through informal retailers (Lighthelm 2004). Indeed the retail businesses are found in rural and urban areas, throughout formal and informal settlements, and in all provinces. Martins and Lighthelm (2004) estimated that 37.7% of retail sales (excluding transport equipment, household fuel, and power) were channelled through informal outlets. In 2003, this informal portion of retail trade was estimated to be 142.5 billion South African rand.

One reason that informal businesses dominate trade and commerce in South Africa, is the legacy of isolated and underserved areas like the informal townships outside major cities; that is, the lack of formal retail activities in the townships and homelands under the previous government, led to entrepreneurial opportunities in the informal sector. A ground breaking study by Williams and Nadin (2011) in the UK argues that informal activities are not exclusive to deprived areas, nor are they specific to particular groups, for example, the study reports that individuals living in affluent and deprived areas are engaged in the informal economy both as providers and consumers of goods and services produced and sold without paying respective required taxes

(income tax or VAT). This finding is consistent with other studies in the case of South Africa.

While many of these informal entrepreneurial activities remain small, they nevertheless provide a standard of living above the subsistence level. Moreover, some informal entrepreneurial ventures become growth ventures as they respond to local opportunities (Rogerson 1997). Woodward and Teel (1999) indicate that in South Africa, for example, *shebeens* (unlicensed drinking establishments) have been able to expand their businesses to form restaurants; *spaza* owners become wholesale dealers for beverage companies.

Chindoga (2011) states that informal entrepreneurship represents an erratic, transitory means for survival among Africa's poorest citizens, others may actively pursue available opportunities to generate a sustainable livelihood. Whether opportunity or necessity-driven, hundreds of thousands of South Africans generate their primary income through informal entrepreneurial activities (Rolfe et al. 2010) and, there is a probability that post-graduates students who also demonstrate entrepreneurial activities are among individuals who are benefiting from such income.

Entrepreneurial Activities and Their Distribution

Entrepreneurs can operate wholly in the informal economy or conduct only a portion of their transactions informally. Overall, 70% of South African entrepreneurial activities are concentrated in the retail sector (Lighthelm 2006). Rolfe et al. (2010) argue that while the informal sector encompasses a diverse range of retail activities, the largest concentration in South Africa are retailers that include tuck shops, *spaza* shops, and hawkers, being explained in the sections that follow.

Tuck Shops

Entrepreneurial ventures operating separately from private residences are often called tuck shops. Retail activities in tuck shops primarily involve selling of food, beverages, and various consumer goods. These informal entrepreneurs play a key role in their communities, facilitating trade by breaking bulk, stocking inventory, pro-

viding the products in an accessible location and adding other value to the goods they sell by reducing transaction costs for customers. However, accurate records of these businesses are not available from official sources; but no doubt, there are hundreds of thousands of tuck shops in South Africa (Rolfe et al. 2010) a concept which could be applied advantageously in all developing countries.

Spaza Shops

Informal *spaza* shops originating primarily in black homes are a special prevalent type of retail operation. By definition, *Spaza* shops are "small retail enterprises operating from a residential stand or home and engaged in the trading of consumer goods." *Spaza* shops specialise in consumer goods such as soft drinks, cigarettes, paraffin/candles, maize meal and alcoholic beverages (*Spaza News* 2010).

These businesses operate in a section of an occupied home or in another structure on a stand zone used for residential purposes where people permanently live. Because of their size and amount of inventory that they hold at a given point in time, their average start-up capital amounts to R4 058 and in most cases, they are financed by individual savings and by debt in the form of loans from friends and from relatives. Interestingly to note, the combined turnover of *spaza* retailers is larger than the combined turnover of some branded superettes operating in South Africa such as Kwikspar, 8 Till Late, Seven Eleven, Friendly Grocer, Foodies, Score, Rite Value, Shield and Sentra (Lighthelm 2002; Rolfe et al. 2010; *Spaza News* 2010). *Spaza* shops have 127 000 outlets and a total employment of 320 000, giving them the capacity to support more than a million people in South Africa as a whole. It is estimated that in South Africa in the year 1990, a total number of 66 000 *Spaza* shops country-wide had an estimated annual turnover in the range of R3 billion to R7 billion. According to Mokgabudi (2011), *Spaza* shops play a prominent role in retail trade and the concept could be applied to developing nations as well.

Hawkers

A study by Lighthelm (2006) estimated that South Africa's hawkers have 261 000 outlets and

an estimated total employment of 415 000. Hawkers or street vendors operate from a temporary or permanent structure on a street or sometimes at a taxi rank or at train stations. It therefore implies that hawkers mainly operate in public places where there is human activity who turn to be their trusted customers who thus reward them for their demonstration of entrepreneurial activities.

Entrepreneurial Rewards

According to Robichaud et al. (2001: 200) extrinsic and intrinsic rewards have a positive influence on the demonstration of entrepreneurial activities. Extrinsic and intrinsic factors are discussed separately in detail below.

Extrinsic Rewards

Extrinsic rewards are economic reasons why entrepreneurs undertake entrepreneurial activities. Choo and Wong (2009: 49) mention that extrinsic rewards highly motivate aspirant entrepreneurs to demonstrate entrepreneurial activities. Extrinsic factors are the financial or other tangible rewards that are made possible by the financial performance of the business. According to Volery et al. (1997) as cited in Choo and Wong (2009: 50) the presence of financial rewards can positively influence an individual into following the path of entrepreneurship. In addition, Ashley-Cotleur et al. (2009) agree that extrinsic rewards are the economic reasons why entrepreneurs undertake entrepreneurial activities. Extrinsic rewards for a budding entrepreneur, especially in developing countries include expected monetary rewards reflected in sales proceeds.

Intrinsic Rewards

According to Robichaud et al. (2001: 201) intrinsic rewards are related to self-fulfilment and growth. Intrinsic rewards centre on the satisfaction of being one's own boss, being more in control of your own destiny, and having ultimate responsibility for the success of the venture. Choo and Wong (2009: 49) further indicate that an individual, who has an attitude of making a difference in the society, might demonstrate or undertake entrepreneurial activities to fulfil the interest. This individual would be hav-

ing a perception that, by demonstrating or undertaking entrepreneurial activities, he or she would be able to meet the intended outcome. Such an ambition is consistent with McClelland's (1961) need for achievement theory. According to McClelland, individuals with a higher need for achievement show higher willingness to engage in entrepreneurship.

Extrinsic and intrinsic rewards may not be the only factors that influence an individual to undertake entrepreneurial activities in emerging economies, such factors as market opportunities, access to capital and profitability also play a significant role. Market opportunities refer to the existence of an environment which will allow a business to grow and be successful with the support of customers and good economic conditions. Individuals who perceive the existence of market opportunities are more likely to make the decision to start new entrepreneurial ventures. On the other hand, if individuals have a negative perception regarding the environment of the business, they might decide not to demonstrate or undertake entrepreneurial activities through opening or starting up new entrepreneurial ventures (Choo and Wong 2009: 48).

Access to Capital

Capital is important for the success of the business. Hutton (2008) indicates that access to capital plays a major role in the undertaking of entrepreneurial activities and that capital includes not only financial, but sources of capital, such as human capital and sometimes government support. In South Africa, many support programmes have been established, mainly by the government to encourage and stimulate potential entrepreneurs to undertake entrepreneurial activities. A study by Mutezo (2005) however indicates that the proceeds of some of these support programmes do not reach the intended beneficiaries.

It is thus accepted that the undertaking of entrepreneurial activities by post-graduate students may be because of the awareness of the existence of extrinsic and intrinsic rewards. The entrepreneurial practice might as well be as a result of the existence of a ready market, hence efforts to exploit the given opportunity which is then only possible when capital as well as relevant skills are also available.

RESULTS

This section broadly examines and discusses the empirical findings of the paper.

Response Rate and Demographics

A census of 40 respondents, who are full time registered post-graduate business management students at the university of Fort Hare, was carried out. Self-administered questionnaires were distributed to the respondents and of the 40 distributed questionnaires 32 were returned, giving a response rate of 80% which allowed the research to be proceeded with and the results rendered as valid. Results indicated that of the 32 students who participated in the study, 18 were males; representing 50% and 18 were females, also representing 50%. The results as well indicate that both sexes equally participate in entrepreneurial activities contradicting a study by Wilson et al. (2007: 391) who suggested that women worldwide have lower entrepreneurial participation as they are affected by lack of confidence and preparedness.

Age of the respondents distributed into five categories, namely below 21, 21-25, 26-30, 31-35 and above 35. The distributions showed that the majority of respondents in the study were between 21-25 with 71.8%, followed by the 26-30 with 21.9% and 31-35 with 6.3%. The below 21 and above 35 had no representation. This result may lead to the conclusion that post-graduate business management students are in the 21-25 age range.

Independent Informal Entrepreneurial Activities

From the study findings 56.25% of the respondents indicated that they were demonstrating informal entrepreneurial activities through selling goods and 43.75% indicated that they were not involved in the actual selling of goods. 43.75% indicated that they were selling services and 56.25% also indicated that they were not involved in the selling of services. Study results may indicate that entrepreneurial activities practiced by students include selling of goods and rendering of services as well. Amongst students who were involved in informal entrepreneurial activities at campus level, 96% sold goods and services from university residences where stu-

dents are housed and 4% conducted their entrepreneurial activities outside the university auditoriums.

Types of Goods Sold and Services Rendered

Types of goods were categorised into basic commodities (bread, soft drinks, eggs etc) deodorants, study material (textbooks), electronic gadgets (laptops, cell phones etc) and clothing. Services were categorised into sewing, electronic services, consultancy, video and photo shooting and insurance broker services. Table 1 and Table 2 indicate the findings of the types of goods and services sold by post-graduates business management students at campus level respectively.

Findings in Table 1 show that 55.56% of the respondents who sell goods were selling basic commodities, making it the common type of informal entrepreneurial activity. The selling of clothing is the second highest with 16.67%, thereafter deodorants with 11.11% and lastly textbooks represented by 5.56%.

Table 1: Goods type sold

<i>Goods type</i>	<i>Frequency</i>	<i>Valid percent</i>
Basic commodities	10	55.56
Deodorants	2	11.11
Textbooks	1	5.56
Electronic gadgets	2	11.11
Clothing	3	16.67
Total	18	100

Results in Table 2 outline that among post-graduate business management students who demonstrate informal entrepreneurial activities through the selling of services, consultancy stands at 53.33%, better than electronic services (repairs, data and soft ware installations) with 20%, followed by sewing with 13% and lastly video and photo shooting as well as insurance broker services with 6.67% each.

Table 2: Types of services rendered

<i>Service type</i>	<i>Frequency</i>	<i>Valid percent</i>
Sewing	2	13.33
Electronic services	3	20
Consultancy	8	53.33
Video and photo shooting	1	6.67
Insurance broker services	1	6.67
Total	15	100

Rewards of Informal Entrepreneurial Activities

Intrinsic and extrinsic rewards were identified to be the major rewards of entrepreneurs. Respondents were asked to prioritise each type of intrinsic and extrinsic rewards on a scale of 1-5, where 1 indicated first priority and five representing the least (fifth priority). In this study, prioritising each reward as first, second or third implied that informal entrepreneurial activities were highly rewarding.

Results in Table 3 outline the findings and they indicate that to the question of intrinsic rewards, the majority of respondents were represented by 60%, prioritised financial benefits first compared to those who also prioritised expected monetary rewards and tangible benefits in the same category with 36% and 28% respectively. This indicates that post-graduate business management students are undertaking informal entrepreneurial activities because there are intrinsic rewards associated with informal entrepreneurial activities.

With regards to extrinsic form of rewards, by comparing their valid percentages on the first priority category, the self-fulfilment scored highest with 40%. Personal growth came second with 36%, whereas being your own boss, enjoying ultimate responsibility and enjoying making a difference to society were third with 32% and

being in control of own destiny was fourth with 28%. Overall rewards findings in table 3 indicate that there are both intrinsic and extrinsic rewards in entrepreneurial activities and it can be concluded that individuals prefer an intrinsic form of rewards rather than extrinsic rewards.

Hypotheses Testing

This section of the study focuses on the process of selecting between competing hypotheses about a probability distribution based on observed data from a distribution.

Hypothesis One

H_0 : There are no informal entrepreneurial activities being demonstrated by post-graduate business management students.

H_1 : There are informal entrepreneurial activities being demonstrated by post-graduate business management students.

Hypothesis one was the primary hypothesis of the study and was intended to determine whether informal entrepreneurial activities exist and post-graduate business management students take part in the demonstration of such activities. A Chi-square test was used to test the association between the demonstration and existence of informal entrepreneurial activities and results appear in Table 4.

Table 3: Entrepreneurial rewards

Reward	Form of reward	Frequencies on priorities					Total
		First	Second	Third	Fourth	Fifth	
Intrinsic	Financial rewards	15	1	1	2	6	25
	Valid Percent	60	4	4	8	24	100
	Expected Monetary rewards	9	9	2	2	3	25
	Valid Percent	36	36	8	8	12	100
Extrinsic	Tangible rewards	7	7	7	2	2	25
	Valid Percent	28	28	28	8	8	100
	Self-fulfilment	10	5	2	6	2	25
	Valid Percent	40	20	8	24	8	100
	Personal growth	9	8	1	3	4	25
	Valid Percent	36	32	4	12	16	100
	Being own boss	8	6	2	4	5	25
	Valid Percent	32	24	8	16	20	100
	Being in control of own destiny	7	8	5	3	2	25
	Valid Percent	28	32	20	12	8	100
	Enjoying ultimate responsibility	8	5	5	4	3	25
	Valid Percent	32	20	20	16	12	100
Enjoying making a difference to the society	8	4	6	4	3	25	
Valid Percent	32	16	24	16	12	100	

Table 4: Chi-square test on existence and demonstration of informal entrepreneurial activities by post-graduate students

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.621	5	0.028
Likelihood ratio	1.76	3	0.271
Linear-by-linear association	2.875	1	0.053
N of valid cases	32		

In Table 4, results indicate a Chi-square value of 6.621 and 5 degrees of freedom with a probability value of 0.028. Since the p-value 0.028 is less than 0.05, researchers therefore reject the null hypothesis and conclude that there are informal entrepreneurial activities being demonstrated by post-graduate business management students. Results are consistent with the findings by Sandhu et al. (2011) who indicate that post-graduate students do undertake informal entrepreneurial activities implying that informal entrepreneurial activities do exist.

Hypothesis Two

H_0 : Informal entrepreneurial activities being demonstrated by post-graduate business management students are not of different types.

H_2 : Informal entrepreneurial activities being demonstrated by post-graduate business management students are of different types.

Table 5: Chi-square test on types of informal entrepreneurial activities

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-square	6.105	2	0.047
Likelihood ratio	5.950	2	0.051
Linear-by-linear association	.9663	1	0.046
N of valid cases	32		

In Table 5, a Chi-square test of association was performed by cross tabulating goods type and services type. This was done in order to determine whether there was a relationship between the types of informal entrepreneurial activities. From the results, a Chi-square value of 6.105 and 2 degrees of freedom with a probability value of 0.047 were obtained. Since the p-value is less than 0.05, it therefore means that

the null hypothesis is rejected and concluding that informal entrepreneurial activities were of different types. The findings are consistent with findings of Vesper (1999) as well as Verheul et al. (2002) who also confirm that entrepreneurial activities are of different types.

Hypothesis Three

H_0 : Informal entrepreneurial activities being demonstrated by post-graduate business management students are not rewarding.

H_3 : Informal entrepreneurial activities being demonstrated by post-graduate business management students are rewarding.

Table 3 presented frequencies of the priorities which were a measure on whether informal entrepreneurial activities were rewarding or not. A Chi-square test of association was further performed to determine whether there was an association between the intrinsic and extrinsic rewards which in the study had been regarded as rewards of entrepreneurship.

Table 6: Chi-square test on informal entrepreneurial rewards

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.702	2	0.021
Likelihood ratio	8.900	2	0.012
Linear-by-linear association	6.994	1	0.008
N of valid cases	32		

From Table 6, the hypothesis testing procedure for this hypothesis resulted in a Chi-square value of 7.702 and 2 degrees of freedom with a probability value of 0.021. Since the p-value is less than 0.05, it therefore means that the null hypothesis is rejected thus, the alternative hypothesis is supported that states that informal entrepreneurial activities being demonstrated by post-graduate business management students are rewarding. Choo and Wong (2009: 53) also found out in their study in Singapore that entrepreneurs are motivated by the rewards (that is, intrinsic and extrinsic rewards) that are associated with entrepreneurial activities.

CONCLUSION

The overall purpose of the study was to assess informal entrepreneurial activities demon-

strated by post-graduate business management students at the university of Fort Hare. The research targeted post-graduate business management students in order to examine the types of informal entrepreneurial activities, what they consisted of, determine rewards of informal entrepreneurial activities and also to find out whether they were profitable. The results of this study confirmed that informal entrepreneurial activities consist of various types. Informal entrepreneurial activity types in this study was based on types of goods and services which were being sold by post-graduate business management students. Types of goods ranged from basic commodities, cosmetology (deodorants), jewellery, electronic gadgets, study materials (textbooks) and clothing (male and female clothing). Services on offer varied from sewing, transport (car shuttle services), electronic services (repairs and software installation), consultancy, home decoration, video and photo shooting among others.

Conclusively, it was observed that informal entrepreneurial activities were rewarding. Informal entrepreneurs enjoyed both intrinsic and extrinsic rewards though their degree of preference varied on individuals. The majority of respondents rated informal entrepreneurial activities as very profitable.

RECOMMENDATIONS

It is of no doubt that entrepreneurial students do reflect on issues to determine if they will succeed, this can be carried out through different methods such as writing down a list of viable plans.

Planning

Post-graduate informal entrepreneurs need to strike a balance between academic and entrepreneurial activities, which however are fields that demand great commitment. This is essential in order for them to succeed both academically and entrepreneurially. This is only possible through carrying out trend analysis of past activities, where areas they succeeded and areas where their targeted goals were not met, can be easily compared. Further they may as well refer to past order plans, to analyse inventory movement. This will help in identifying goods that have a high turnover and as a result they could

stock more of such inventory and enhance their entrepreneurial success.

Networking and Support

Networking is the process of meeting people, building relationships that can benefit all those involved, in sharing information and ideas and getting one's business on the map. Entrepreneurial students need to spend most of their time socialising with other students who in turn happen to be their customers. This will bring about the required constant touch with customers. Being constantly in touch with customers gives entrepreneurial students an advantage of learning about the ever-changing needs of others and provide means how to satisfy them.

Develop Relationships with Suppliers

Other retail outlets in the university have established close business relations with bakeries such as Sasko Bread, Star Bread and Elite Bread especially for delivery purposes. Informal entrepreneurial students should as well grasp this opportunity and enter into mutual relations with suppliers of basic commodities which they sell more often. This will result in cost reductions which are highly precipitated by transport charges and this problem could be eliminated by engaging important suppliers in the supply chain. Resultantly they will be able to provide bread and other products at a lower price than before.

Recommendations to Policy-makers

One of the aims and objectives of policy-makers, especially in developing countries should specifically include the creating of a suitable environment for informal entrepreneurs regardless of where they operate from. Advantageous policies could assist informal entrepreneurs to take their entrepreneurial skills to higher levels as long as they realise that their efforts are making a difference to the community. The following improvements are recommended to policy-makers.

Access to Entrepreneurial Skills

Universities as well as government need to maintain a comprehensive database of all informal entrepreneurs and together with other stake-

holders, supply more intensive training programmes related to all business skills. Further entrepreneurial skills training enhances chances of success and could reduce the high failure rate of entrepreneurial activities. This should go a long way in ensuring that informal entrepreneurs graduate from operating small scale activities which are mainly in place to cater for survival purposes. These entrepreneurs need to be guided from grassroots level as their success has a great contribution in building the nation's economy through attainment of improved living standards as well as employment creation.

FUTURE STUDY

It is recommended that further studies can be carried out to investigate to what extent students implement knowledge and skills of entrepreneurship they learn from universities in undertaking informal and formal entrepreneurial activities during and after schooling. Further studies can as well be carried out to investigate whether a relationship exists between entrepreneurial start-ups and the academic qualifications that an individual holds.

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