

ENTREPRENEURIAL INTENTIONS AND YOUTH EMPLOYABILITY IN NIGERIA: A STUDY OF FRESH GRADUTES EMPLOYABILITY

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Abstract

The study investigated the determinants of entrepreneurial intentions and fresh graduates' employability. The study applied correlation and multiple regression approach and establishes empirical support for some premises made in the literatures. Regression Coefficients showed that there was positive relationship between personality traits and entrepreneurial intention. A unit increase in positive personality traits was found to cause about 0.447 unit increase in entrepreneurial intention significant at 1%. Therefore, the null hypothesis was rejected; thus, there was positive relationship between personality traits and entrepreneurial intention. Hypothesis three stated that family background does not significantly impact future business potentials. There was a statistically significant relationship between family background and future business potentials. The correlation value of 51.0% was high significant with p-value of 0.000. This implies that family background positively brings about increase in future business potentials. It was concluded from the findings that there was positive entrepreneurial attitude and intention exist to a remarkable degree among Nigerian undergraduates.

Keywords: *Entrepreneurial intention, Employability, Fresh Graduate, Educational support and Family background*

Background to the Study

The current inclusion of entrepreneurship in the Nigerian university system is due to the growing need for entrepreneurship education as a basic skill in the Nigerian educational system. The most fundamental reason for thinking about entrepreneurship education at the university level is to find a sustainable and lasting solution to the rapid growing unemployment that is now widespread among university graduates in Nigeria.

The integration of entrepreneurship studies in the university education system is to prepare the youths to be responsible enterprising individuals who will become entrepreneurs and contribute to economic development in Nigeria. It is generally believed that a career in entrepreneurship

offers substantial chances for individuals to achieve; financial independence and benefit their countries economy by contributing to job creation, innovation, and economic growth as today's university students are tomorrow's potential entrepreneurs. Entrepreneurial intention is also the starting point of the decision to engage in any business or venture, making it a more important predictor of future entrepreneurial engagement compared to entrepreneurial trait, demographic structure, attitudes and other external factors which are usually situational (Krueger *et. al.*, 2000). Entrepreneurial intention is defined as a state of mind that promotes the development or establishment of new businesses.

A strong entrepreneurial intention should result to an eventual attempt to start

a business despite immediate changes in circumstances like marriage, childbearing, graduation, employment which may cause delays. Few researches have been made for developing countries making this study to have strong relevance for the area under study. Researches and articles related to entrepreneurial intention in developing countries like Nigeria are minute, therefore there is need to extend this research to developing countries like Nigeria.

Statement of Research Problem

A larger percentage of graduates fail to make use of entrepreneurial aspect of their training but are left in the world of work either searching for employment or being underemployed despite their exposure to entrepreneurial education. Education serves as a preparatory function in relation to new venture creation, transferring of knowledge and the relevant skills that increase the self-efficacy (Bandura, 1986) and effectiveness of the potential entrepreneur. There is also preliminary evidence that entrepreneurial attributes can be positively influenced by educational programs and that many entrepreneurship programs and courses are able to build awareness of entrepreneurship as a career option and to encourage favorable attitudes toward entrepreneurship (Soomro & Shah, 2015).

A high percentage of confirmed and aspiring entrepreneurs have closely observed one or both parents, and at times siblings and relatives who are self-employed in business. Persons who have a close relationship with someone with entrepreneurial experience are more likely to be self-employed as there is a transfer of entrepreneurial skills from parents who expect their children to eventually take over the firm.

However, indirect relationship between family background and

entrepreneurial intentions as they pointed out that the intention to start a new business is indirectly influenced by prior exposure to entrepreneurship. Many individuals without parental role models choose entrepreneurial careers, suggesting that other environmental and social learning experiences influence career decisions. It is against this backdrop that this research on the determinants of entrepreneurial intentions and fresh graduates' employability in Odeda Local Government Area, Ogun State is conducted.

Literature Review

Entrepreneurship

Scholars often highlight creativity and novel solutions as key part of the entrepreneurial process or as a characteristic of entrepreneurial behavior. Entrepreneurship and innovative business behavior have been synonymously described as an act of creativity (Ward, 2006). The connection between the two concepts is explained by the idea that a critical part of entrepreneurship is the newness and novelty (Davidsson, 2002) that can influence the market process. Therefore, entrepreneurs most formulate creative ideas for new goods/services. Since novelty and effectiveness are the hallmarks of creative ideas (Amabile, 1996), it is expected that students' creative dispositions should affect their eagerness to engage in entrepreneurship.

Entrepreneurship is the process by which individual pursue opportunities regardless to the resources they currently control. Fred Wilson stated that entrepreneurship is the art of turning ideas into a business.

Entrepreneurship Education

Entrepreneurship education is based on a dynamic and social process where individuals, alone or in collaboration, identify opportunities for innovation and act upon

these by transferring ideas into practical and targeted activities, whether in social, cultural or economic context. Akinnawo (2013) sees entrepreneurship education as the purposeful intervention by educator in life of the learner to survive in the world of business. Entrepreneurship education is viewed as learning about opportunities recognition, marshalling of resource in the presence of risks and building or establishing business venture.

Entrepreneurship education in this study is seen as an educational process which is geared towards imparting requisite entrepreneurial skills in students to enable them become entrepreneurs so as to be useful to themselves in the society.

Entrepreneurial Intentions

An individual may have potential to be an entrepreneur but not make any transition into entrepreneurship unless they have such intentions (Mohammad *et al.*, 2009). Birds (1988) proposed that entrepreneurial intention refers to individuals' states of mind that aimed at creating new venture, developing new business concept or creating new value within existing firms. It is an important factor in facilitating towards new venture establishment and has significant impact on the firms venture success, survival and growth. He suggested that intentional process often begins based on an entrepreneur's personal needs, values, wants, habits and beliefs.

According to Ajzen (1991), intention refers to the indication of how hard people are willing to try, of how much an effort they are planning to exert, in order to perform the behavior. It is practical to study intention because actual behavior is difficult to be measured in a research (Wu, 2010). Entrepreneurial intention is closely related to entrepreneurship behavior. Ajzen (1991) has

mentioned that intention is a direct predictor of behavior. Add to this, Krueger *et al.* (2000) has also explained that entrepreneurial behavior is intentional and a planned behavior. It was found that education can affect students' attitudes toward entrepreneurship and their entrepreneurial self-efficacy as lack of entrepreneurial education leads to low level of entrepreneurial intentions of students (Franke&Luthje, 2004).

Perceived Educational Support and Entrepreneurial Intentions

Perceived educational support has been recognized as a determinant of entrepreneurial intention. Previous researchers agree that entrepreneurial education is an efficient method to equip the students with necessary knowledge about entrepreneurship (Mumtaz *et al.*, 2012). In order to survive in today's intensified business world, the university is required to play a key role in promoting entrepreneurship.

A study conducted among university students in Turkey found that university education has a positive impact on entrepreneurial intention (Türker&Selçuk, 2009). Türker&Selçuk (2009) argue that entrepreneurship education is resourceful for acquiring knowledge on entrepreneurship. This is consistent with the cross-cultural study conducted by Moriano *et al.* (2012).

Theoretical Framework

Need for Achievement Theory

The theory explains the reasons why people tend to own their own businesses rather than work for others. It was put forward by David McClelland. It further explained that human beings have a need to succeed, accomplish, excel or achieve. Entrepreneurs are driven by this need to achieve and excel. While there is no research

evidence to support personality traits, there is evidence for the relationship between achievement motivation and entrepreneurship (Johnson, 1990).

The need for achievement propels people to undertake entrepreneurship training and skill development so as to be self-reliance. Risk taking and innovativeness, need for achievement, and tolerance for ambiguity had positive and significant influence on entrepreneurial inclination.

Research Method

This study adopted quantitative data analysis for this study; the survey research design was employed. The scope of the study covers Odeda Local Government Area, Ogun State, Nigeria. The respondent’s lowly local government harbors two federal tertiary institutions; a university and a college of education. Since, the study has to do with entrepreneurship education; it seeks to inquire from the business-inclined students of these two institutions, namely FUNAAB (Federal University of Agriculture, Abeokuta) and FCE, Osiele (Federal College of Education, Osiele).

Primary method of data collection was used for this study through a field survey of fresh graduates with the aid of purposive well-structured questionnaires. The questionnaires instrument was designed using five (5) likert’s scale, as well as through an in-depth personal interview guided by the questions raised in the questionnaire which proved to be most effective due to the fact that most respondents could not fill in their responses or due to time constraints.

A sample of 197 respondents was identified from a population of 389 fresh graduates within the study area using purposive sampling method based on reports of the number of fresh graduates in the various two tertiary institutions in the study area and approximately 90.9% of the administered questionnaires were retrieved. Each of the dependent and independent variables of the research construct were measured by two (2) items each validated by different authors found in extant literature. Pre-test was also conducted through a pilot study which was carried out for the research instrument’s validity test results is 0.780. Split half method of reliability test results on the split halves 0.734 and 0.864 respectively show that research instrument is reliable.

Test of Multicollinearity

Multicollinearity exists when the independent variables are highly correlated (that is $r = .7$ and above). Tabachnick & Fidell (2001) suggested that you ‘think carefully before including two variables with a bivariate correlation of, 0.7 or more in the same analysis. There is need to consider omitting one of the variables.

To check for Multicollinearity, bivariate correlation was conducted in Table 4.2.9.2 below. In the table, the highest correlation was 0.304. It shows low multicollinearity problem among entrepreneurial intention variables (Educational supports, personality traits and family background). Therefore, all the variables are retained

Correlations among Entrepreneurial Intention variables

		EDUCATIONAL SUPPORT	PERSONALITY TRAITS	FAMILY BACKGROUND
EDUCATIONAL SUPPORT	Pearson Correlation	1	.103	.133
	Sig. (2-tailed)		.172	.076
	N	179	179	179
PERSONALITY TRAITS	Pearson Correlation	.103	1	.304**

	Sig. (2-tailed)	.172		.000
	N	179	179	179
	Pearson Correlation	.133	.304**	1
FAMILY BACKGROUND	Sig. (2-tailed)	.076	.000	
	N	179	179	179

** . Correlation is significant at the 0.01 level (2-tailed).

Hypotheses Testing

Hypothesis One

Correlations between Educational support and Graduate employability

		EDUCATIONAL SUPPORT	GRADUATE EMPLOYABILITY
EDUCATIONAL SUPPORT	Pearson Correlation	1	.119
	Sig. (2-tailed)		.001
	N	179	179
GRADUATE EMPLOYABILITY	Pearson Correlation	.119	1
	Sig. (2-tailed)	.001	
	N	179	179

Table shows the relationship between educational support and graduate employability. It shows a statistically significant relationship between educational support and graduate employability. Although the correlation value of 11.9% is

weak but there still exist a significant relationship since the p-value of 0.001 is less than the significant level of 0.01. This implies that as educational support is increasing, graduates employability will also rise and vice versa.

Hypothesis Two

H₀₂: Family background does not significantly impact future business potential

Correlations between family background and business potentials

		FAMILY BACKGROUND	FUTURE BUSINESS POTENTIALS
FAMILY BACKGROUND	Pearson Correlation	1	.510**
	Sig. (2-tailed)		.000
	N	179	179
FUTURE BUSINESS POTENTIALS	Pearson Correlation	.510**	1
	Sig. (2-tailed)	.000	
	N	179	179

** . Correlation is significant at the 0.01 level (2-tailed).

Table shows the relationship between family background and future business potentials. It shows a statistically significant

relationship between family background and future business potentials. The correlation value of 51.0% is high and significant with p-

value of 0.000 which is less than the significant level of 0.01. This implies that as family background positively brings about increase in future business potentials.

Conclusions

The aim of this empirical study is to examine the determinant of entrepreneurial intentions as a means of graduate employability. The study applied correlation and multiple regression approach and establishes empirical support for some conjectures made in the literatures. Given the importance of entrepreneurship in unemployment reduction and poverty alleviation to the economic growth and development of any economy, it becomes expedient the determinant of entrepreneurial intentions as a means of graduate employability.

This finding contrasted somewhat with results of comparable earlier studies which had shown that many undergraduates desire entrepreneurial careers but few plan to start businesses soon after their graduation. Deriving from these findings, the study therefore concludes that positive entrepreneurial attitude and intention exist to a remarkable degree among Nigerian undergraduates.

Recommendations

It then becomes necessary to put forward some measures that would enhance rate of business start-up among Nigerian graduates are suggested. The following recommendations were put forward;

- This will allows graduates to understand those jobs they can do on their so as to generate higher incomes than paid jobs; and that successful entrepreneurship does not necessarily depend on good fortune, but on principles of business management which can easily be taught and imbibed.

- Government agencies such as the Small Enterprise Development Agency and the Small Enterprise Finance Agency should make student entrepreneurship as one of their core missions.
- Learning from peers” or mentorship approach can be instituted by government agencies to help students to get involved in entrepreneurship trainings at tertiary institutions.
- Government guarantee should be extended to graduates to improve access to capital.
- Training seminars should be organized regularly to students involved.
- Awareness campaign of government support instruments should be don

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