FACTORS AFFECTING ENTREPRENEURIAL INTENTION AMONG GRADUATING STUDENTS AT MIZAN TEPI UNIVERSITY, ETHIOPIA

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ABSTRACT

Entrepreneurial intention is a key concept in research on new ventures creation. Though, there is no clear or consistent definition and an unvarying way to measure entrepreneurial intention. Much is not known whether graduating students today have entrepreneurial intention. However, there is abundance of literature on the effect of demographic factors on entrepreneurial intention among graduating students. This study has been undertaken to investigate the effect of demographic factors on entrepreneurial intention among graduating students at Mizan Tepi University. Theory of planned behavior is adopted to specifically look at the effect of attitude towards entrepreneurship, subjective norms and perceived behavioral control on entrepreneurial intention. Also, as a moderator factors, entrepreneurship education and personality trait are integrated into the model. Graduating students of Mizan Tepi University for the year 2019/20 academic year were considered as a population. The Sampling technique was proportionate stratified sampling with a total sample of 216 respondents. To collect the required data, questionnaires methods with five point Likert scale was used and analyzed via SPSS version 16.0. The findings show that the main effects, namely perceived behavioral control, personality trait, attitude towards entrepreneurship, perceived subjective norm have positive relationship and significant effect on entrepreneurial intention among graduating students. It is also found that entrepreneurship education has a positive and insignificant effect on entrepreneurial intention among graduating students. It also suggests the future is owned by risk takers and not security seekers. So, it is expected of from the policy makers, universities and students to play crucial role in developing entrepreneurial orientation and bringing attitude change in students.

Keywords: Attitude towards Entrepreneurship, Subjective Norms, Perceived Behavioral Control, Entrepreneurship Education, Personality trait, Entrepreneurial Intention, Graduating Students

INTRODUCTION

Background of the Study

The concept of entrepreneurship occupies an increasingly important place in contemporary economies since it is the main source of wealth and its nature in absorbing large set of work force which in turn becomes crucial in the fight against unemployment. Also, entrepreneurship as a field of research has considerable importance from an economic, social and even political point of view (Ladyga, 2015). In this day and age, knowledge and the effect of globalization are the major driving forces the economies of the countries in the world.
So as to keep up with these challenges, the essence creativity, innovation and entrepreneurial intent need to be encouraged and stimulated. In turn, this suggests that the economic condition of a particular country has to be supported by entrepreneurial business (Petros W., & Dawit, T. 2016). It is believed that for fastest growing countries like Ethiopia having large number of population in line with rich natural resources, the economic development is facilitated by the undertaking of entrepreneurial activities within a nation. Entrepreneurship has been suggested as the engine that drives the economy. For Ethiopia, to go forward, both the available human and natural resources have to be used properly. Applications of effective strategy for linking the resources that would provide employment opportunity for huge amount of people would be possible only through encouraging entrepreneurial activities. Currently, the government of Ethiopia has laid emphasis on entrepreneurship.

Thus in the present context, the entrepreneurship activities undertaken by different MSE has assumed a more significant role in the economic development of Ethiopia (Hassan, R. & Wafa, S., 2012). Davey, et al. (2011) indicated that students from developing/merging economies were more likely to envisage future careers as entrepreneurs and were more positive towards entrepreneurship than their industrialized European counterparts. Giacomin et al. (2011) examined whether differences exist among American, Asian and European students in terms of entrepreneurial intentions and dispositions. Their findings indicated that the entrepreneurial disposition and intentions differ by country, nevertheless that students across countries were motivated and/or discouraged by similar variables.

Iakovleva, et al. (2011) investigated entrepreneurial intentions in developing and developed countries and they exhibited that the students from developing countries had stronger entrepreneurial intentions than those from developed countries. Policymakers, economists, academics and even University students are fascinated by entrepreneurship Henry, (2003). This is mainly due to the importance of entrepreneurship in driving economic development and employment opportunities and overall competitiveness Meyer, (2017). Entrepreneurial Intention is the stepping stone for a comprehensive and stretched process of starting new ventures Karimi, S. (2015). Intention is the most important factor that an individual is willing to entrepreneurship. Therefore, there is a need for more studies in the developing countries particularly in Ethiopia, because only few studies relating to this context are available. In addition, the Testing the theory will add to the existing literature of entrepreneurial intention. Thus, this study is intended to investigate the factors affecting entrepreneurial intention among graduating students at Mizan Tepi University, Ethiopia.

**Statement of the Problem**

In today’s competitive job environment, total job opportunities are inevitably limited and thus one must compete to secure a job as supply of jobs is limited. As a result, many graduates are unable to get a job upon graduation. Students are now apparently searching for a business education that can equip them with the necessary entrepreneurial knowledge and skills to succeed in running businesses or to create a job from seizing existing entrepreneurial opportunities Henry, (2003). The future is owned by risk takers and not security seekers, as the more entrepreneurs seek security, the less security they have and the more they pursue opportunities, the more security that will be achieved.

Many universities and colleges in Ethiopia has trying to respond to the increasing graduates by introducing entrepreneurial courses and programs to students in an effort to promote entrepreneurship as well as a professional entrepreneurship career.
On top of this, many dialogues, forums and training programs organized by educational institutions (Universities, Colleges, Institutes, schools, Ministry of Education, Management Institutes of Ethiopia) are all in favor of entrepreneurship development apart from being the subject taught at colleges and universities. Definitely, all these are being done with one major goal, namely to foster entrepreneurial spirit and expect attitude change in students, after undertaking entrepreneurial courses. Notwithstanding these efforts, a recent study found that entrepreneurship education and entrepreneurial activities are at their infant stage at Ethiopian universities. Lack of strategy, organizational capacity, innovative teaching methodologies, student de-motivation, and low cooperation with businesses are the main problems Mudde, et al. (2015). Entrepreneurial intention is the best predictors of entrepreneurial behaviors and activities Aloulou, (2016). Moreover, Entrepreneurial Intention is considered as the sapling of an entrepreneurial tree and first step towards the creation of new venture Karimi, (2015). There is limited number of researches on the intentions of graduating students towards entrepreneurship at Ethiopian universities, Mizan Tepi University particularly. This is a focal point for the present study. Keeping this background in mind, the main aim of this research is to investigate the factors affecting entrepreneurial intention among graduating students at Mizan Tepi University.

OBJECTIVE OF THE STUDY

General Objective

The overall aim of this study is to investigate the factors affecting entrepreneurial intention among graduating students at Mizan Tepi University, Ethiopia.

Specific Objective

The specific objectives of the present study are the following:
1. To assess the determinants of entrepreneurial intention among graduating students at Mizan Tepi University.
2. To examine the relationship between Theory of Planned Behavior factors and entrepreneurial intention.
3. To examine the extent of influence of Theory of Planned Behavior factors on entrepreneurial intention.

Significance of the Study

The study of factors affecting entrepreneurial intention among graduating students at Mizan Tepi University is important in providing information that can enable to take effective measures by the universities and policy makers to improve the entrepreneurial spirit and culture. If measures are taken base on the research findings there will be high opportunities in creating sustainable job opportunity and improving the standard of living of the graduates and community at large. Therefore, the outcome of the study is highly useful to identify innovative options and institutional arrangements that would serve as an input and finally for fostering the intention of students towards entrepreneurial behavior and activity. For policy makers in formulating entrepreneurship policy particularly on students, it is highly important.

REVIEW OF LITERATURE

Entrepreneurial Intention

Entrepreneurial intent is the first act in the entrepreneurial process. It could be defined as a “Self acknowledged conviction by individuals that they intend to set up a new business venture and consciously plan to do so at some point in the future” (Thompson, 2009).
It is believed that every human action is a result of intention, and intention implies a planned behavior Uygun & Kasimoglu (2013). Entrepreneurial intention can be also defined as a mental state that directs action toward self-employment rather than corporative employment Souitaris, et al. (2007). It is an acceptable predictor for entrepreneurial behavior as entrepreneurial actions always arise from intentional behavior. Undertaking a study on entrepreneurial intention provides valued insights for researchers to understand entrepreneurial process and predict entrepreneurial activities in better way through identifying factors of entrepreneurial intention Davisson, (1995); Bird (1998); Krueger et al., (2000). An individual will venture out and initiate entrepreneurial behaviors when the intention is high with respect to a specific opportunity. A number of Studies Reynolds, (1995), Krueger et al. (2000); Thompson, (2009) have proven that entrepreneurial intention to be “primary predictor” of entrepreneurial behaviors. Therefore it becomes pertinent to explore how it is formed.

Factors Affecting Entrepreneurial Intention

As stated by Ajzen (1991), a general rule of the theory is: “the more favorable the attitude and subjective norm with respect to a behavior, and the greater the perceived behavioral control, the stronger should be an individual’s intention to perform the behavior under consideration.” Theory of Planned Behavior also described as one of the most recognized, reliably validated, and prominent of the theories of entrepreneurial intention that offer the well-developed theory based Owoseni, & Akambi, (2010). The researcher considers attitudes towards entrepreneurship, subjective norms and perceived behavior control as the main effects and entrepreneurship education and personality trait as the moderator factor.

Attitudes towards Entrepreneurship

Attitude is a readiness to react to certain objects in the environment as an appreciation of the object Efendi & Makhfudli, (2009). An object in the environment, in the study of these objects is entrepreneurship. People develop attitudes based on the beliefs they hold about the consequences of performing the behavior Schlaegel & Koenig (2014). Attitude towards the behavior reflects the individual’s positive or negative evaluations of performing a particular behavior. Generally, the more favorable the attitude towards the behavior, the stronger should be the individual’s intention to perform it Armitage & Conner (2001). So, the research hypothesis can be formulated as follows:

**H1:** Attitudes towards entrepreneurship have a significant positive effect on entrepreneurial intention among graduating students

Perceived Subjective Norms

Perceived subjective norms are the views considered important by individuals who advise the individual to perform or not perform certain behaviors and motivation accompanied by a willingness to do or not do something that is considered important Wedayanti, & dan Giantari, (2016). The subjective norms are positively related with entrepreneurial intentions Karimi, (2015). In contrast of that, subjective norms have little explanatory power for entrepreneurial intentions as mentioned by Ridder, (2008). It shows the individual’s viewpoints of the values, thinking, beliefs, and norms held by significant others who have a huge influence on them or whom they really respect Krueger, et al. (2000). It is argued that the impact and predictive power of social norm would be weaker for individuals who strongly desire to achieve and highly
orientate to implement the behavior Henry (2003). Therefore; the hypothesis can be formulated as:

**H2:** Perceived subjective norms has a significantly positive effect on entrepreneurial intention among graduating students

**Perceived Behavioral Control**

Perceived behavioral control refers to an individual’s belief and confidence in his/her capability in performing as an entrepreneur and realizing control and success in entrepreneurial activity Ajzen (2002). It is based on the notion that individuals usually choose to perform behaviors that they think they will be able to control and master Moriano et al. (2012). Perceived behavioral control also refers to people’s perceived ease or difficulty to perform a given behavior (Krueger et al., 2000). Perceived behavioral control is a precept of the person’s perceived personal ease or difficulty to perform entrepreneurial behavior Maes et al. (2014). The study conducted by Mumtaz et al. (2012) also found that behavioral control had a positive relationship with entrepreneurial intention. Kolvereid (1996) found that perceived behavioral control has the most significant influence on the level of self-employment intentions among the postgraduate students in Norway. Therefore, the hypothesis can be formulated as:

**H3:** perceived behavioral control has a significantly positive effect on entrepreneurial intention among graduating students

**Entrepreneurship Education**

Entrepreneurship education is a conscious effort by individuals to increase knowledge about entrepreneurship Gerba (2012). Entrepreneurial education is among the fundamental factors that influences students’ entrepreneurial intention Adelaja & Arshad (2016) & Karabulut, (2014). On a contrary, Entrepreneurship education has no changes in students’ intention towards entrepreneurship after exposure to entrepreneurial education Barral et al. (2018). The relationship between entrepreneurial education and students’ entrepreneurial intentions using TPB is gaining the interest of academics and professionals Izquierdo & Buelens, (2008); Lüthje & Franke (2003); Kolvereid & Moens, (1997) With few exceptional research Von Graevenitz et al. (2010); Oosterbeek et al. (2010), education in general is confirmed to have a positive impact on entrepreneurship Kuttim et al. (2014). Therefore; the researcher has set a hypothesis as:

**H4:** Entrepreneurship education has a significantly positive effect on entrepreneurial intention among graduating students

**Personality trait**

There is positive relationship between entrepreneurship intentions and personality traits (Yosuf et al. 2007); Gartner (1988); says that the entrepreneurs are individuals with distinctive and specific personality traits. Personality traits have direct impact on many entrepreneurial activities including the intention to launch a new business, success in business, and enhance entrepreneurial set up Shaver & Scott, (1991). Personality traits, is a construct to explain regularity in community behavior, and assist to explain why one has different reaction in the same situation (Cooper, 1998). Environmental factors which influence entrepreneurial intentions are social, economic, political, infrastructure development and market emergence factors.
The intention and market-oriented behaviors of an entrepreneur should also be influenced by the existing and anticipated economic and political infrastructure of the home country (Lüthje & Franke, 2003). Thus, the researcher has set a hypothesis as:

**H5:** Personality trait has a significantly positive effect on entrepreneurial intention among graduating students

### RESEARCH METHOD

#### Research and Sample Design

Descriptive, cross-sectional, and explanatory study designs were research design for this study. Descriptive research design was employed in order to assess the current situation of graduating students’ entrepreneurial intention and cross-sectional where data were collected at one point in time during a period of one month to assess the effect of demographic factors on the entrepreneurial intentions of graduating students in Mizen Tepi university and to make conclusion concerning entrepreneurial intention, entrepreneurial attitude, subjective norms, perceived behavioral control, and entrepreneurial education. And also it is explanatory study design with the intention of discovering the influence of entrepreneurial attitude, subjective norms, perceived behavioral control, entrepreneurial education and personality trait on entrepreneurial intention.

#### Population and Sample Size Determination

Graduating students of Mizan Tepi University for the year 2019/20 are the population of the study. This comprises the different faculty prospective graduates of the year 2019/20 G.C. These are considered relevant because they are the ones who are completing their study in the university and are on the way to start their future career and deemed as prospective entrepreneurs. As for this study, multistage sampling method was used to select the sample. First six colleges were selected purposively from the total of eight colleges. Second, from those selected colleges, there are a total of 38 departments, and 18 departments were selected again purposively. At the end, the researcher implemented proportionate stratified sampling technique to select 216 graduating students from the selected departments.

#### Data Source and Data Collection Instruments

The choice of particular method of collecting data depends upon the purpose of collecting data, the information being collected, and the resources available for the researcher and the skills of the researcher (Kothari, 2004). Accordingly, the data for this study was collected from both primary and secondary sources. Primary data is collected over a period of 3 months from graduating students of Mizen Tepi University. As the population was quite large to be interviewed, survey method was considered the most appropriate method for measuring the entrepreneurial intentions of the students. So, the researcher was interested to collect original data from the respondents through Survey instruments by questionnaire. Secondary data were obtained from published articles in business journals, books, theses, company reports and publications, websites and related studies on entrepreneurship.
Data Collection Instruments

To obtain the study data, 216 questionnaires were distributed to all the respondents. Respondents are graduating students of Mizan Tepi University in 2019/20. Entrepreneurial Intention Questionnaire (EIQ) scale was assumed and used in this study. The items were designed as 5-point Likert type scales.

In this study, the questionnaire contained six subscales: attitudes towards entrepreneurship, subjective norms, perceived behavioral control, and entrepreneurship education, personality trait and entrepreneurial intention. The questions were adopted from Entrepreneurial Intention Questionnaire Linan, & Chen, (2009) & Ajzen (1991). Reliability and validity of the questionnaire were already verified to ensure that each pool of questions is related to same subject and each subject corresponds to the required measure Linan & Chen, (2009). The entrepreneurial intention questionnaire form contained 32 mandatory questions grouped into six main parts. The attitude towards entrepreneurship section included five and also the subjective norms section had five items. The perceived behavioral control section consisted of six items. The entrepreneurship education section included five items. The personality trait section contained six items and finally the entrepreneurial intention section consisted five items.

All questions were measured using a 5-point Likert scales, starting from 1-strongly disagree to 5-strongly agree except for items pertaining to demographic background.

Model Specification

Multiple regressions were conducted to determine the extent to which the independent variables affect the dependent variable. Multiple linear regression equation is as follows:

\[ Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon \]

Where;

\( Y = \text{Entrepreneurial intention} \)

\( \beta_1X_1 = \text{coefficient of attitude towards behavior} \)

\( \beta_2X_2 = \text{coefficient of subjective norms} \)

\( \beta_3X_3 = \text{coefficient of perceived behavioral control} \)

\( \beta_4X_4 = \text{coefficient of entrepreneurship education} \)

\( \beta_5X_5 = \text{coefficient of personality trait} \)

\( \varepsilon = \text{Residual} \)
RESULTS AND DISCUSSION

Results of Descriptive Statistics Analysis

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<tr>
<th>Table 1</th>
<th>DESCRIPTIVE STATISTICS</th>
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<tr>
<td>Attitude Toward The Behavior</td>
<td>216</td>
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<tr>
<td>Subjective Norms</td>
<td>216</td>
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<td>Perceived Behavioral Control</td>
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<tr>
<td>Entrepreneurship Education</td>
<td>216</td>
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<tr>
<td>Personality Traits</td>
<td>216</td>
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<tr>
<td>Entrepreneurial Intention</td>
<td>213</td>
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<td>Valid N (listwise)</td>
<td>213</td>
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</tbody>
</table>

Source: Survey Result

From the mean value in table 1, it is found that graduating students have above moderate entrepreneurial intention. Regarding the attitude towards entrepreneurship, graduating students have high attitude towards entrepreneurship. Graduating students have less than moderate subjective norms. Graduating students have moderate perceived behavioral control. Regarding the moderating variables, graduating students rate both the presence of entrepreneurship education and personality trait above moderately.

Correlation Analysis.

<table>
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<tr>
<th>Table 2</th>
<th>RESULTS OF THE CORRELATION ANALYSIS.</th>
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<td>Attitude Toward The Behavior</td>
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<td>Pearson Correlation</td>
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<td>Entrepreneurship Education</td>
<td>Pearson Correlation</td>
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</table>
The correlation result that shown in the table 2 reveals that there is a significant and positive relationship between perceived behavioral control and entrepreneurial intention (β = .763; p = 0.000) at 1% level of significance. There is a significant positive but weak relationship between attitude towards a behavior and entrepreneurial intention with the result of (β = .372; p = 0.000). Also, there is also an insignificant positive but weak relationship between subjective norms and entrepreneurial intention (β = .130; p = 0.000) at 1% level of significance. Regarding the moderating variables, There is a significant positive but weak relationship between personality trait (β = .422; p = 0.000). Again, there is a significant positive but weak relationship between entrepreneurship education and entrepreneurial intention with the same result of (β = .372; p = 0.000).

Results of Regression Analysis

From table above, it has been seen that R-value is .774\(^a\). Therefore, R-value (.774\(^a\)) for attitudes towards entrepreneurship, subjective norms, perceived behavioral control, and entrepreneurship education, and personality trait suggested that there is a strong correlation with entrepreneurial intention.

From the table, it can also observed that the coefficient of determination i.e. the R-square (R\(^2\)) value is (.598), which representing that (59.8%)
variation of the dependent variable (entrepreneurial intention) is due to the independent variables (attitudes towards entrepreneurship, subjective norms, perceived behavioral control, and entrepreneurship education, and personality trait).

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<th>S.no</th>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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<td>1</td>
<td>Regression</td>
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<td>10.914</td>
<td>77.456</td>
<td>.000a</td>
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<tr>
<td></td>
<td>Residual</td>
<td>29.308</td>
<td>208</td>
<td>.141</td>
<td></td>
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<td></td>
<td>Total</td>
<td>72.963</td>
<td>212</td>
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</table>

a. Predictors: (Constant), Personality Traits, Subjective Norms, Perceived Behavioral Control, Entrepreneurship Education  
b. Dependent Variable: Entrepreneurial Intention  

Source: Survey Result.

From table 4 above, it is identified that the value of F-stat is 77.456 and is significant as the level of significance is (p<0.01). This indicates that over all, the model used for the study is significantly good enough in explaining the variation of dependent variable which is entrepreneurial intention in case of this study.

Hypothesis Testing

Drawing on the previous literature, the researcher identifies entrepreneurial attitude, subjective norms, perceived behavioral control, entrepreneurial education and personality trait as an independent variable and entrepreneurial intention as a dependent variable. Generally, the study offers a theoretical basis in the above linkage between the main and moderating effect of entrepreneurial education and personality traits. Except hypothesis two i.e. there is a positive influence of subjective norms on entrepreneurial intention among graduating students, all hypothesis are accepted at (p < 0.01) significance level.

CONCLUSION

The study relied on the adoption of variables from theory of planned behavior i.e. attitude towards entrepreneurship, subjective norms, perceived behavioral control, entrepreneurship education and personality trait to assess the entrepreneurial intention of graduating students of Mizan tepi university for the year 2019/2020. This study makes contribution to the fields of entrepreneurial intention and their influencing factors through a comprehensive review of literature and empirical study available in the area. That is, the moderating effects of both entrepreneurship education and personality trait on the entrepreneurial intention are tasted.

Thus, this study supports attitude towards entrepreneurship, subjective norms, perceived behavioral control has positive relationship and significantly affecting entrepreneurial intention among graduating students. Entrepreneurship education has a positive moderating effect on entrepreneurship intention but personality trait has no moderating effect on entrepreneurship intention among graduating students.
Recommendations

Based on the above conclusions, the researcher provided the following implications to the government, policy makers, universities and students. As the finding of the study indicates, the policy makers should improve on the policy of developing entrepreneurial development programs by giving consideration to facilitate on how to access resource and by removing unnecessary conditions that hinders the development of entrepreneurs. Beyond offering entrepreneurship courses, universities should contribute in the introduction of targeted entrepreneurship programs, internships, creation of business incubators, creation of industry and university partnerships can be very productive in nurturing the entrepreneurial intention among students. In addition, entrepreneurship educational programs should focus beyond the technical aspects of new business creation to aspects related to the individual and entrepreneurial initiative. So, it is better to invite successful entrepreneurs to lecture or share their business experiences by making contact with local entrepreneurs. Finally, the future is owned by risk takers and not security seekers. Therefore, students need to be self-motivated to read books, discuss with family and successful entrepreneurs, gain experience, and entrepreneurship training program and look at the business in the local or international market and conduct market research so that interest will be able to grow business opportunities and develop a sense of confidence in the ability to manage the business.

REFERENCES


