THE ROLE OF INSTITUTIONS OF HIGHER LEARNING TOWARDS YOUTH ENTREPRENEURSHIP DEVELOPMENT IN SOUTH AFRICA

Obey Dzomonda, University of Limpopo, South Africa
Olawale Fatoki, University of Limpopo, South Africa

ABSTRACT

The purpose of this study is to investigate the role of institutions of higher learning towards youth entrepreneurship development in South Africa. The study adopted a quantitative research methodology. A sample of 150 university business students was considered. A convenience sampling technique was used to draw the participants. A self-administered questionnaire was used to collect data in a survey. Descriptive statistics was used to analyse data. Reliability was measured using the Cronbach's alpha. The results showed that the university under consideration is doing well in terms of career guidance towards the entrepreneurship career. However, weaknesses were identified in other areas such as practical entrepreneurship education, extending entrepreneurial advice and financial support to young South Africans through their corporate social responsibility programmes and acting as training centres and innovation hubs, hence, weakening youth's confidence to start their own businesses. Universities were recommended to craft different programmes to cater for youth.

Keywords: Career, Entrepreneurship Development, Institution, South Africa, Youth.

INTRODUCTION

The future of South Africa and Africa at large lies in the hands of the youth. Existing literature indicates that Africa is dominated by a youthful generation. It is stated that approximately 60% of Africa’s population is below 35 years of age. However, unemployment among the youth is relatively high in Africa. The National Youth Policy (2009) defines youth as people falling in the 14-35 age groups. Worryingly youth occupy a significant proportion of the South African population. Unemployment in South Africa has become a serious threat to economic growth and development therefore causing unrest on the policy making side. Unemployment as reported by Statistics South Africa (2016) stands at an alarming rate of 27.1%. Unemployment is high among the youth in South Africa (Bhorat, 2009; Fatoki & Chindoga, 2011; Yu, 2012) and the third highest in the world (Fatoki, 2014). Lings (2015) share similar sentiments by indicating that 1 out of 4 youth in South Africa is unemployed. As noted by Sykes & Govender (2015), most youth in South Africa believe in working for large conglomerates and government departments regardless of the difficulty to infiltrate into the system. Consequently, youth in South Africa are marginalised and excluded both economically and socially (Bodibe & Nkungu, 2010; Mothabi, 2010). This deters youth from acquiring the work experience required in the formal sector (Levinsohn, 2008). Furthermore, as indicated by Mothabi (2010), the grant system makes youth reluctant to actively look for opportunities to create jobs for themselves and others as they have developed a dependency syndrome of just waiting for the government to pay them at the end of the month. This calls for a change in the mind set among the youth if the
persistent and soaring unemployment among this group is to be curbed. The youth have to consider an entrepreneurship career as their first priority other than waiting for the public sector to create jobs.

As indicated by Sharma & Madan (2014) as well as Madzivhandila & Dlamini (2015), an entrepreneurship career can be a sustainable solution to the soaring levels of youth unemployment in South Africa. Furthermore, an entrepreneurial career can improve the economic and social inclusion of the disadvantaged and marginalised youth in South Africa. Self-employment through entrepreneurship can offer youth the dignity they deserve, financial independence as well as self-sustenance. Regardless of the growing importance for the entrepreneurship career path, South Africa still occupy the lowest rank in terms total entrepreneurship activity especially among the youth as compared to other Sub Saharan countries (Turton & Herington, 2012). This suggests that entrepreneurial intention is relatively low in South Africa (Fatoki & Chindoga, 2012). There is a misconception among the youth that an entrepreneurship career is associated with income instability. As a result, most youth are languishing in poverty at home as they experience long-term periods of being unemployed. The author of this paper attributes the above to lack of proper career guidance and awareness among the youth on the brighter side of entrepreneurship as a career.

Given this unsatisfactory condition, the role of institutions of higher learning towards equipping and raising entrepreneurship awareness among the youth cannot be underestimated. In South Africa, universities are randomly scattered in each and every province. Therefore, this gives the suggested initiative a solid ground given that each university can take part to educate youth in the surrounding communities about the entrepreneurship career. The author argues that institutions of higher learning can be sustainable vehicles to raise entrepreneurship awareness among the youth because they have the financial muscles to fund such programmes as part of their corporate social responsibility.

Objective

- To investigate the role of institutions of higher learning towards youth entrepreneurship development in South Africa.

LITERATURE REVIEW

Definition of Entrepreneurship

There is no universally acceptable definition for the term entrepreneurship (Gedeon, 2010). Kobia & Sikalieh (2010) attribute the lack of a uniform definition of entrepreneurship due to the fact that different disciplines coin different definitions. However, Rwigema & Venter (2004) define entrepreneurship as the process of conceptualising, organising, launching and through innovation, nurturing a business opportunity into a potentially high growth venture in a complex and unstable environment. Studies such as (Fatoki & Chindoga, 2011) define an entrepreneur as a person who undertakes calculated risk by combining the factors of production in a business venture to realise profit at the end.

The author of this paper believes that an entrepreneurship career improves both the economic and social inclusion of South African youth through self-employment. Economically, self-employment improves the wellbeing of youth by increasing their purchasing power. Similar studies, Sathiabama (2010) as well as Osoro & Areba (2013) associate entrepreneurship with
wealth creation. Self-employment through entrepreneurship improves the livelihoods of people in communities in which the entrepreneurs are imbedded in (Fatoki & Chindoga, 2011). Fatoki (2014) remarks that the role entrepreneurship plays towards socio-political stability of South Africa cannot be underestimated. New venture creation eventually transforms into employment growth, sustainable economic growth and hence prosperity for the entire nation (Nieman & Nieuwenhuizen, 2009; Fatoki, 2014; Madzivhandila, 2014; Sanyal & Hisam, 2015). As indicated by Nicolaides (2011), new businesses through entrepreneurship can lead to new innovations, new products and it improves the exporting capacity of a nation. Mahadea et al. (2011) endorse entrepreneurship as a viable option for youth who are suffering long periods of unemployment. Different policies such as Growth Employment and Redistribution (GEAR), Accelerated and Shared Growth Initiative of South Africa (ASGISA) and the New Growth Path all emphasise the need for job creation in South Africa.

However, youth entrepreneurship is documented to be relatively low in South Africa (Kongolo, 2010, Turton & Herrington, 2012; Cant & Wiid, 2013; Fatoki, 2014). Studies such as Khumalo & Mutobola (2014) and Fatoki (2014) report that the number of youths involved in entrepreneurship is relatively lower than other neighbouring countries. This call for the need to understand the challenges faced by youth to follow the entrepreneurship career and the active role institutions of higher learning can play towards enlightening and equipping youth with relevant information which stimulates the desire for self-employment. A replete of existing literature Gwija et al. (2014), notes that lack of information and awareness about the entrepreneurship career has hampered youth infiltration into this career. A number of youths in the study conducted by Yu (2012) argue that they are clueless about the entrepreneurship career as there is no one in their respective communities to guide them. Majorly is the fact that many black youths come from a disadvantaged background. This emanate from the apartheid era where blacks were economically and socially excluded. Hence in most cases they end up fixated in the bid to look for a job so that they can quickly help out back at home. Mahadea et al. (2011) advocates for the transformation of most South African cultures which inhibit entrepreneurship growth. It has been noted that South African communities are immersed in cultures inclined towards job hunting than self-employment. In most communities an entrepreneurship career tends to be associated with people who have failed in life as well as income insecurity. This has created youth with a negative mind-set towards the entrepreneurship career. A number of youths in South Africa cite lack of lack of skills and lack of entrepreneurship support structures in their communities as crucial factors hindering them to venture into entrepreneurship. Herrington, Kew & Kew (2010) agrees to the assertion by remarking that some young South Africans show a great interest in entrepreneurship but however there are no support structures and mentors to groom them. Furthermore, most youth cite lack of skills and red tape as factors inhibiting them to choose entrepreneurship as a career. In South Africa the business registration process is not flexible enough to motivate new start-ups as the registration centre is only in Pretoria which is inaccessible to many.

This contribution is of the argument that for youth to be transformed from job seekers to job creators there is a strong need for institutions of higher learning to intervene, guide and encourage youth to follow the entrepreneurship career through various methods at their disposal.

The following figure depicts the proposed framework on how institutions of higher learning can mould and guide the youth to become entrepreneurs. Existing literature indicate that some youth in South Africa desire to pursue the entrepreneurship career, but they are somewhat discouraged due to the absence of support structures in their communities. Therefore, to address
this, the author of this study propose that institutions of higher learning can play a crucial role in entrepreneurship development through entrepreneurship education, career guidance, extending entrepreneurial advice and financial support to young South Africans through their corporate social responsibility programmes and acting as training centres and innovation hubs. If well implemented, this strategy can go a long way in grooming successful entrepreneurs in South Africa. Studies such as Keat et al. (2011) noted that recently institutions of higher learning have been tasked with a new role to promote entrepreneurship on top of their traditional mandate. Brown (1999) & Vesper (2004) support the framework in Figure 1 proposed for this study by emphasising that the awareness and entrepreneurship knowledge dispatched to youth by institutions of higher learning should be practical and business specific in the sense that it automatically makes one to consider entrepreneurship as a career choice.

![Institutions of Higher Learning and Youth Entrepreneurship Development Model](image)

**FIGURE 1**
**INSTITUTIONS OF HIGHER LEARNING AND YOUTH ENTREPRENEURSHIP DEVELOPMENT MODEL**

**Entrepreneurship Education**

This study is based on the argument that entrepreneurial skills and awareness can be transferred in various ways. Entrepreneurship education stands as one of the most important ways of improving the skills set among the youth in South Africa. Nafukho & Muyia (2010) concur by asserting that an initiative towards entrepreneurship education and training goes a long way in imparting skills on the youth. Pittaway & Cope (2007) believe that institutions of higher learning can shape the mind-set and attitude of the youth towards considering entrepreneurship as a career option. This can be attained through the programmes they offer in their formal academic calendars and informally through outreach programmes. Youth in sub-Saharan Africa, exhibit low levels of entrepreneurial intention and alertness as most of them dropout from school (Sykes & Govender, 2015). Institutions of higher learning are effective drivers to shape youth entrepreneurship through entrepreneurship education for those youth enrolled at universities and colleges. Sandrock (2011) argue that entrepreneurship education, training and development should focus more on graduates and matriculants if the country is to create a legacy of employers. Entrepreneurship education and career guidance should be introduced as early as primary so to prepare learners for an entrepreneurial career. On that note institutions of learning can help to brew an entrepreneurial culture among the youth. Institutions of higher learning should craft their entrepreneurship programmes in a way which equip the youth to be opportunity seekers as opposed to necessity driven entrepreneurs. The former tend to birth ventures which
are growth oriented, profitable and sustainable compared to the latter which consist of ventures which does not grow at all. In South Africa, a number of universities have started introducing entrepreneurship among the courses they offer (Nieman & Nieuwenhuizen, 2009; Van Rensburg, 2010). However, the education is more theoretical than practical hence it lacks the cutting edge required to groom a generation of youth that will change the face of South Africa in terms of employment creation.

**Career Guidance**

Career guidance forms an important aspect in shaping one’s career choice. Most youth end up pursuing wrong careers because they do not have anyone to guide them. The findings from extant literature indicated that youth in South Africa really want to pursue entrepreneurship but they lack guidance. Several youths in the study conducted by Yu (2012) argue that they are clueless about the entrepreneurship career as there is no one in their respective communities to guide them. In the context of South Africa where the youth are socialised to be job seekers than job creators, universities have a great role to play in changing the mind-set of the youth towards pursuing the entrepreneurship career. Universities and colleges can attain this by organising career guidance days at their institutions as well as community outreach programs. In most cases, they should invite role models who have made it through an entrepreneurship career so that the youth can view it as a reality than a mere myth. According to Hisrich et al. (2005:68), “Role models are ‘individuals influencing an entrepreneur’s career choice or styles.’” These people might have acquired relevant information and experience in the entrepreneurship field which in turn can help to answer the random questions among the youth (Rajkonwar, 2006). According to Turton & Herrington (2012), this enables youth who intend to be entrepreneurs to eventually move a step towards creating a new venture.

**Corporate Social Responsibility Programmes**

Corporate social responsibility has become one of the most aspects which organisation has to seriously take into account. Christensen et al. (2009), indicate that institutions of higher learning have to meet moral obligations just like any other organisation. Corporate social responsibility explains how an organization handle; organizational governance, human rights, labour practices, issues to deal with the environment, fair operating practices, consumer issues as well as community involvement and development ((ISO/DIS, 26000:2009). This study concentrated on how institutions of higher learning can improve community involvement and development by targeting the youth. Nejati et al. (2011) remark that universities can play an important role towards transforming communities they operate in through their different corporate social responsibility programmes. Furthermore, institutions of higher learning can pave way for the youth in the communities they operate in through entrepreneurship mentorship programmes. Kew et al. (2013) indicate that mentorship gives direction to youth interested in starting their own businesses especially at the start-up phase. Studies such as Van der Merwe & de Swardt (2008) and Agbenyegah (2013) indicate that most small businesses are owned by matric holders. Therefore, this raises the need for institutions of higher learning to extend their mentorship programmes and career exhibitions towards this group to equip them with an entrepreneurial mind-set at an early age. This study argues that universities can also set aside money which can be used as seed capital for start-up businesses run by youth.
Training Centres and Innovation Hubs Initiative

Ndedi (2009) believes that institutions of higher learning can improve youth entrepreneurship by acting as business incubators. This will help mostly by acting as centres for entrepreneurship training and development. The state-of-the-art computer labs and science labs in universities can be used to the advantage of youth who aspire to come up with new innovations and inventions. In similar vein Mahadea et al. (2011), remark that institutions of higher learning are very crucial in fostering an entrepreneurship culture among the youth in South Africa. Isaacs, Visser et al. (2007) endorse institutions of higher learning as mechanism through which the youth can be effectively equipped with relevant entrepreneurial skills and acumen.

METHODOLOGY

According to Williams (2007), a research methodology is designed to answer the research problem. This paper utilised a quantitative research methodology. The study area was University of Limpopo and the population were final year business students. This group was chosen because they are the beneficiaries of the university’s initiatives and programmes aimed at entrepreneurship development. Additionally, this group also does entrepreneurship as part of their degree modules. Data collection was conducted using a self-administered questionnaire in a survey. Closed ended questions in form of a Likert scale were utilised to guide the participants in providing their responses. The Likert scale ranged from strongly agree to strongly disagree on a five-point scale. A sample of 150 students was conveniently sought. As indicated by Teddlie & Yu (2007), convenience sampling is a non-probability sampling technique where respondents are selected because of their convenient accessibility and their willingness to participate. On that note, the convenience sampling technique was used because the students were readily available and willing to participate in the study. Reliability was assessed using the Cronbach’s alpha. Validity was ensured by linking the topic to the objectives and the questionnaire questions. Data was analysed using descriptive statistics using the Statistical Package for the Social Sciences (SPSS).

RESULTS AND DISCUSSION

Demographic Information

Gender was the only demographic characteristic considered in this study. The findings showed that 55% of the respondents were females and 45% were males.

Reliability Analysis

Reliability of the scales was measured using the Cronbach’s alpha. As such, a Cronbach’s alpha of 0.78 was established on the overall question with all the scales combined. This shows that the data collection instrument was reliable. This is supported by other researchers such as Bolarinwa (2015) who argued that a Cronbach’s alpha of 0.7 and above shows that the instrument is reliable.
Descriptive Statistics

Table 1
DESCRIPTIVE STATISTICS FOR ENTREPRENEURSHIP EDUCATION

<table>
<thead>
<tr>
<th>Item</th>
<th>N</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The present entrepreneurship education covers all the crucial aspects required for entrepreneurship development.</td>
<td>150</td>
<td>2.89</td>
<td>1.33</td>
</tr>
<tr>
<td>The present entrepreneurship education enables us to do experiential projects by running real businesses.</td>
<td>150</td>
<td>1.66</td>
<td>1.19</td>
</tr>
<tr>
<td>I feel confident that with the entrepreneurship education I got, I can go ahead and open my own business.</td>
<td>150</td>
<td>2.67</td>
<td>0.96</td>
</tr>
<tr>
<td>I feel that the present entrepreneurship education requires substantial change to develop strong entrepreneurial skills in students.</td>
<td>150</td>
<td>4.13</td>
<td>1.12</td>
</tr>
</tbody>
</table>

Table 1 shows the descriptive statistics for entrepreneurship education as a role played by the university to develop entrepreneurship among the youth. Considering the first item, the results (mean=2.89, SD=1.33) shows low score. It can be deduced that students still feel that the present curriculum omits some parts of entrepreneurship which are required for one to start their own businesses. In relation to the second item, (mean=1.66, SD=1.19), the participants strongly disagree that the present entrepreneurship education enables them to do experiential projects by running real businesses. This shows that the current education system is more theoretical than the practical version required to groom entrepreneurs. Considering the statement, “I feel confident that with the entrepreneurship education I got, I can go ahead and open my own business,” (mean=2.67, SD=0.96), the low mean shows that the participants disagree with the statements. It means they do not feel confident to start their own business. As such, most of them (mean=4.13, SD=1.12) feel that the present entrepreneurship education requires substantial change to develop strong entrepreneurial skills in students.

The results of the present study are consistent with existing studies. For example, Turton & Herrington (2012), note that South Africa’s education is only producing graduates who are job seekers than job creators. Institutions of higher learning should craft their entrepreneurship programmes in a way which equip the youth to be opportunity seekers as opposed to necessity driven entrepreneurs. The former tends to birth ventures which are growth oriented, profitable and sustainable compared to the latter which consist of ventures which does not grow at all. In South Africa, a number of universities have started introducing entrepreneurship among the courses they offer (Nieman & Nieuwenhuizen, 2009; Van Rensburg, 2010). However, the education is more theoretical than practical hence it lacks the cutting edge required to groom a generation of youth that will change the face of South Africa in terms of employment creation.

Descriptive Statistics for Career Guidance

Table 2
DESCRIPTIVE STATISTICS FOR CAREER GUIDANCE

<table>
<thead>
<tr>
<th>Item</th>
<th>N</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>My university arranges career guidance for us always.</td>
<td>150</td>
<td>3.88</td>
<td>1.21</td>
</tr>
<tr>
<td>My university invites established entrepreneurs to come and share with us how they made it in business.</td>
<td>150</td>
<td>4.23</td>
<td>1.01</td>
</tr>
<tr>
<td>My university arranges entrepreneurship exhibition week to encourage us to start our own businesses.</td>
<td>150</td>
<td>4.24</td>
<td>1.11</td>
</tr>
</tbody>
</table>
Table 2 shows descriptive statistics for career guidance. The results show that the university is doing well in terms of raising entrepreneurship awareness through career guidance. This is a great step in promoting entrepreneurship development among the youth.

For instance, Hisrich et al. (2005) buttress this by asserting that inviting role models influences an entrepreneur’s career choice or styles as these people might have acquired relevant information and experience in the entrepreneurship field which in turn can help to answer the random questions among the youth. Consequently, this enables youth who intend to be entrepreneurs to eventually move a step towards creating a new venture (Turton & Herrington, 2012).

<table>
<thead>
<tr>
<th>Item</th>
<th>N</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>My university have community outreach programmes aimed at assisting young entrepreneurs.</td>
<td>150</td>
<td>2.45</td>
<td>1.10</td>
</tr>
<tr>
<td>My university extends seed capital to young deserving entrepreneurs with innovative business ideas as part of their social responsibility.</td>
<td>150</td>
<td>1.22</td>
<td>0.88</td>
</tr>
</tbody>
</table>

Table 3 presents descriptive statistics for corporate social responsibility programmes undertaken by the university to assist young entrepreneurs. The findings indicate that little has been done so far with institutions of higher learning to extend and share entrepreneurship knowledge to youth in communities they are embedded in as part of their social responsibility.

<table>
<thead>
<tr>
<th>Item</th>
<th>N</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>My university has an entrepreneurship training centre.</td>
<td>150</td>
<td>1.77</td>
<td>1.03</td>
</tr>
<tr>
<td>My university has an innovation hub where creativity is nurtured.</td>
<td>150</td>
<td>1.35</td>
<td>1.11</td>
</tr>
<tr>
<td>My university has facilities to help entrepreneurs to test their prototypes.</td>
<td>150</td>
<td>2.68</td>
<td>1.26</td>
</tr>
</tbody>
</table>

Table 4 presents descriptive statistics for training centres and innovation hubs initiative catered for by the university to enhance entrepreneurship development among the youth. The findings show that the university does not have an entrepreneurship training centre or an innovation hub to support students who aspire to be entrepreneurs. This is a setback in terms of entrepreneurship development among the youth in South Africa.

CONCLUSIONS

The importance of an entrepreneurship career as an antidote to youth unemployment in South Africa cannot be underestimated. An entrepreneurship career improves the economic and social inclusion among the youth. The purpose of this study was to investigate the role of institutions of higher learning towards youth entrepreneurship development in South Africa. The author proposed that institutions of higher learning can play a crucial role in entrepreneurship development through entrepreneurship education, by career guidance, extending entrepreneurial advice and financial support to young South Africans through their corporate social responsibility programmes and acting as training centres and innovation hubs. The results showed that the university under consideration is doing well in terms of career guidance towards the entrepreneurship career. However, it was discovered that institution is lacking in other areas
crucial for entrepreneurship development such as practical entrepreneurship education, extending entrepreneurial advice and financial support to young South Africans through their corporate social responsibility programmes and acting as training centres and innovation hubs. Consequently, it was found that the youth are not confident to start their own business and hence, would opt for employment instead. This is sad since many graduates end up being under employed and a large part suffering from chronic poverty. A significant number of South African youth end up working in restaurants and some in retail shops where they are underpaid. The remaining percentage ends up doing drugs, prostitution and other criminal activities to escape the consequences of being unemployed.

RECOMMENDATIONS

Youth unemployment remains at the apex of the challenges South Africa has to deal with. The government should set it as a requirement for universities to participate in the initiative to equip the youth with entrepreneurial skills and relevant information. Alternatively, the government should incentivise institutions of higher learning involved in training and developing youth entrepreneurs. Also the government through the ministry of higher education should craft a new curriculum which includes entrepreneurship among the subjects offered from primary to tertiary level. In addition, the government should improve its service delivery offered to youth through its branches such as National Youth Development Agency (NYDA), Small Enterprises Development Agency (SEDA) and the Small Enterprise Finance Agency (SEFA). These different bodies should be closely monitored and evaluated to ensure that they are active in their mandated deployments. Universities are recommended to craft different programmes to cater for youth. These include an improvement to their curriculum and building training centres for youth. In addition, it is recommended for institutions of higher learning to plough back to the communities they operate in by embarking on community youth outreach programmes aimed at equipping youth with entrepreneurial skills. More importantly, the youth are recommended to change their mind-set from being job seekers to job creators. Furthermore, youth in South Africa need to equip themselves with entrepreneurial skills which can raise their entrepreneurial alertness. Entrepreneurial internship programmes which will help youth to acquire practical entrepreneurial skills.

REFERENCES


