Self-employment Intention and the Impact of Entrepreneurship Education on School Leavers

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Abstract- The purpose of this study is to identify the school leavers’ entrepreneurial characteristics and the relationship between those characteristics and entrepreneurial intention to solve existing problems of unemployment. And find out to what extent the respondents have become an entrepreneur. Both primary and secondary data were used to conduct the study. To collect the primary data self-administered questionnaire was applied. Multi-stage stratified random sampling technique used to select the study respondents. Collected data were analyzed using descriptive and inferential statistics tools. Findings revealed that the education system has highly facilitated to develop the entrepreneurial skills through TVET to the school leavers. But considerable amount of school leavers have no high level of idea to become an entrepreneur. And they had a moderate tolerance for ambiguity and moderate willing to take the risk. Finally the study investigated effectiveness of entrepreneurship education was depend on the entrepreneurial traits. For the development as well as for a solution for the unemployment, entrepreneurship education is giving more job opportunities. Hence this study was provided awareness into entrepreneurship education, as to which entrepreneurial characteristics can be developed to raise good entrepreneurs. Further educational systems need to be re-oriented to emphasize and value entrepreneurship in order to popular an enterprise culture among the unemployed people. Moreover to be effective of the TVET training, several other factors also should explored such as management commitment and support, students’ characters and enthusiasm, availability of physical resources for teaching and training. However, as a remedy for the low intention, direction and links for the employment opportunities is a must parallel to the training.

Index Terms- Unemployment, Entrepreneurial Traits, Entrepreneurial, Entrepreneurship Education. TVET, School Leavers

I. INTRODUCTION

Entrepreneurship education is always aiming with to provide a solutions for unemployment problems by providing new job opportunities. Through this research paper it is investigated how the self-employment intention popular among the school-leavers in Sri Lanka. Because the Country like Sri Lanka, the role of entrepreneurship education is essential for the development process. It is helping to create self-employment opportunities and reduction of unemployment. Education that compromises the skills to set-up new business or ventures, can be identified as entrepreneurship education. Equip individuals with entrepreneurial skills which are applicable directly to work, and also the best way to deliver the education and prepare individuals act as entrepreneurs. Because entrepreneurship training and education leads business creation and expansion. And it gives multitude benefits for the society.

The economic growth of Sri Lanka has not benefited all people alike. Inequality of opportunities, deprivation and marginalization are the consequences of prevailing economic structure of the country. Unemployment is a major one among these. The objectives of entrepreneurship education is aimed at changing the students behaviors and intention that makes them to understand entrepreneurship, to become an entrepreneur that finally resulted in the formation of new businesses as well as new job opportunities (Fayolle & Gailly, 2005; Hannon, 2005). But still very few students have an intention to start a new venture. Hence there is a gap between education system and intention of students to start a business. It can be assume that, lack of entrepreneurial characteristics is a reason for that gap. Therefore, in this research it is expected that the identification of students’ entrepreneurial characteristics and the relationship between those characteristics and entrepreneurial inclination contribute significantly to solve existing problems of unemployment.

Further the successful entrepreneur has also been reported to be largely depend on individual or situational variables. Therefore many factors could be responsible for success of a business success of an entrepreneur. Further a reasonable understanding of the traits of the entrepreneur is needed for a sound entrepreneurial judgment to carry out the business plan successfully.

II. PROBLEM IDENTIFICATION

Unemployment is a burning problem of the world in most of the countries. Especially among the region in Asian is recorded the highest unemployment in the world. Countries like Indonesia, Philippine, Sri Lanka are highly facing the problem of unemployment. One of the survey in national level in Sri Lanka revealed that 23% of dropped outs, didn’t find the school useful. This mentality among the youth of Sri Lanka is a clear obstacle for the development. In every year some group of youth get unemployed.

One method of solving the problem unemployment is promoting the people to start a business. To start business or to be an entrepreneur, someone must have some idea about entrepreneurship. It is needed more education. Actually he or she
must have good knowledge about entrepreneurship to be an entrepreneur.

III. Objectives of the study

As a solution for the unemployment among youth, entrepreneurship education has been introduced to the national curricular. Because the youth need to exposure in practical entrepreneurial work experience in order to be proficient in their chosen carrier and to be useful them which is a planned effort undertaken by an individuals, institutions or agencies to develop the required competencies in people which can easily be addressed. One of the ways of attaining this is use the Vocational Training

Though the objectives of entrepreneurship education are aimed in changing students’ state of behaviors and even intention that makes them to understand entrepreneurship, to become entrepreneurial and to become an entrepreneur that finally resulted in the formation of new businesses as well as new job opportunities (Fayolle & Gailly, 2005; Hannon, 2005). But still very few students have an intention to start a new venture. Therefore, focus of this research is to identify the school leavers’ entrepreneurial characteristics and the relationship between those characteristics and entrepreneurial intention to solve existing problems of unemployment. And find out what extent the students have become an entrepreneur.

IV. Significance of the study

Technical Vocational Education and Training (TVET) are designed to lead the beneficiaries to self–employment, economic self-sufficiency, and employment generation through short or long-term training. TVET can be introduced as any form of education whose primary purpose is to prepare beneficiaries for gainful employment in an occupation or group of occupations or to create entrepreneurs via training.

Therefore conducting research is very useful to improve and change their strategies in order to answer the emerging needs of the society. In this rapid change in the world it is necessary to conduct programs of vocational skills training which provides the opportunities for the personal wellbeing of the youth for the sustainability of the development of the country.

V. Literature review

According to past literature, entrepreneurship can be divided into the following stages: in 1960s, after the publication of “The Achieving Society” by McClelland in 1961, researchers mainly focused on the effect of personality traits of entrepreneurs on their entrepreneurial behaviors. Next in 1980s and 1990s, researchers turned their attention on impact of individual intentions of entrepreneurship on their entrepreneurial behavior. Meantime, the empirical study about entrepreneurial intentions and their influencing factors emerged rapidly. As (Zhengxia, et al., 2012) some researchers argued that compared with individual personality variable; individual intentions of entrepreneurship were more effective and had stronger explanatory ability in prediction of their entrepreneurial behaviors. According to the literature, during that period, six major entrepreneurial intention models were introduced: The Entrepreneurial Event Model by Shapero (1982) and, the Theory of Planned Behavior by Ajzen (1991) and so on.

But some authors expressed that understanding the concept entrepreneurship as a difficult task. Accordingly some authors mentioned that it is very difficult to understand notable interest and research in entrepreneurship and entrepreneurs. And it is difficult and challenging that defining and understanding entrepreneurship. From a survey of the entrepreneurship literature, has identified six main schools of thought. The existence of these schools of thought demonstrates that there is very little consensus on what entrepreneurship is and what an entrepreneur does. The ‘great person’ school of entrepreneurship views an entrepreneur as a person who is born or made. And successful entrepreneurs are characterized as individuals who have an intuitive ability and traits such as high level of vigor, energy, persistence and self-esteem. And they have strong drives for independence and success. The ‘classical’ school of entrepreneurship describes that innovation is the central characteristic of entrepreneurial behavior and identifies that the key aspects of entrepreneurship are creativity, discovery and innovation. Moreover they have described the terms between entrepreneurship and management also.

The ‘management’ school of entrepreneurship views entrepreneurs as person who is organizing and managing, and assuming risk for the sake of profit of an economic venture. This school of thought is based on the belief that entrepreneurship can be developed and can taught in a classroom and they deal with the technical aspects of management by focusing on the central functions required in managing a firm. The ‘leadership’ school of entrepreneurship describes the entrepreneur as a people manager or a leader of people or a mentor. They have the ability to adapt their style to the needs of people and their key functions are to motivate, direct and lead people (Alberti et al(2004), Fayolle et al(2005), Guroel et al(2006).

The ‘intrapreneurship’ school says that entrepreneurial skills can be useful in complex organizations through the development of independent units to create, market and expand services. And it evolved in response to lack innovativeness and competitiveness. An intrapreneur is not an owner of the organization but he focuses product development, operational efficiency, strategic redirection and organizational duplication. And the accent is working as a team to solve problems and create opportunities (McStay(2008), Hannon(2005).

Finally, the ‘psychological characteristics’ school of entrepreneurship views entrepreneurs as individuals who have unique needs, drives, attitudes, beliefs and values which determine their behavior. This school of thought focuses on personality factors/ psychological factors and characteristics associated with entrepreneurship (Yusof et al(2007).

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This study focuses entrepreneurial characteristics, which emphasize on personality/psychological factors and characteristics associated with entrepreneurship such as need for achievement, locus of control, risk taking propensity, tolerance of ambiguity, self-confidence (Brockhaus & Horwitz, 1986) and innovativeness (Schumpeter, 1934).

2.3. Entrepreneurial Approaches

According to the McStay (2008), previous studies about entrepreneurship can be divided in to three distinct approaches such as trait approaches, behavioral approaches and cognitive approaches. According to trait approach, entrepreneurs are assumed to have certain personality traits which made them unique such as need for achievement, need for power, need for affiliation, internal locus of control etc. The trait approach to entrepreneurship has been pursued by many researchers in an attempt to separate entrepreneurs from non-entrepreneurs and to identify a list of character traits specific to the entrepreneur (Siverajah & Achchuthan, 2013). There is no agreement however on the number of traits, specific to the entrepreneur, or their validity (McStay, 2008). Some authors pointed out the personal characteristics of the entrepreneurs that have often been related to entrepreneurial intentions and entrepreneurial success.

According to the previous literature combination of entrepreneurial characteristics was significantly greater for students engaged in entrepreneurial training and a classroom-based enterprise. Students receiving entrepreneurial training will attain a greater overall entrepreneurial characteristics score than a comparable cohort and students engaged in classroom enterprise will attain a higher overall entrepreneurial characteristics score than a comparable cohort. In general, these results support the theory that entrepreneurial characteristics can be affected by instructional and experiential intervention. Furthermore this research study suggested that entrepreneurial characteristics are universal, by extending this theory to students at the intermediate level. Furthermore, entrepreneurial performance is the result of a combination of personal and context-based items. It cannot be solely explained by a single set of entrepreneurial personal characteristics neither a set of more or less institutional relationships (Pinho & de Sa, 2014). In this study, six traits were identified according to the past literature. Namely innovativeness, need for achievement, locus of control, risk taking propensity, tolerance of ambiguity and self-confidence. These characteristics are included in the study since they are the most frequently cited as entrepreneurial characteristics in different studies in the entrepreneurship literature and evidences indicating association between them and entrepreneurship have been widely documented (Koh, 1996; Gurol & Atsan, 2006). Furthermore, the authors do consider these characteristics as capable of representing the entrepreneurial behavior of individuals in natural and instinctive way (Gurol & Atsan, 2006). And also when reviewing the theories of entrepreneurship, entrepreneurial is influenced by so many factors such as education, family background, social networks, characteristics, personality and etc. Various scholars have developed various models to describe the entrepreneurial inclination. Those models are based on two major theories, namely the Theory of Planned Behaviour (Ajzen, 1991) and Entrepreneurial Event Model (Shapero & Sokol, 1982). Using the existing theories on Entrepreneurial intensity and Entrepreneurial Traits, a comprehensive conceptual model was developed.

Intention of Entrepreneurship

Entrepreneurial inclination can be explained as the intention to start a new venture. Entrepreneurial inclination is the first and most important step of creating a new venture. Therefore to become an entrepreneur individuals must have entrepreneurial inclination. Intentionality is a key concept when it comes to understanding the reasons for individuals’ careers (Franco, et al., 2010). This is particularly true for explaining the decision to start up a new venture, where the entrepreneurial intention has been considered a chief element (Bird, 1988). And he defined entrepreneurial inclination as the expressed behavior of individuals to become an entrepreneur (Bird, 1988). The intention is linked with attitudes, more precisely with perceived desirability and feasibility (Gatewood, et al., 1995). In general, several prior studies have found that entrepreneurial intentionality is determined by many, sometimes different factors (Franco, et al., 2010). In this disposition, scientific literature has dealt with two major lines of research: (1) cognitive, regarding personal factors; and (2) contextual or environmental factors (Franco, et al., 2010). They can exert a positive or negative influence on the entrepreneurial intention, and often their specific combination and interaction moulds the individual’s decision towards self-employment. Within the cognitive factors, scholars have analyzed specific characteristics, personality traits and motives that seem to be typical in entrepreneurs, distinguishing them from the rest of the population. In the majority of previous studies focused on the influence of explicit demographic characteristics such as gender, marital status, age, ethnicity, family antecedents, education, previous job and other related aspects.

Entrepreneurship education

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Scholars defined an entrepreneur as a person who destroys the existing economic order to create and benefit from the new structure by introducing new products and services, or by creating new forms of organization, or by exploiting new raw materials. Another view point is a person who bears certain risks in order to take advantage of an invention while to be an entrepreneur is someone who is able to identify and exploit a new business opportunity. Though the definitions that constitute an entrepreneur differ in description, there is a consensus that an entrepreneur is someone who has a unique instinct, mind-set, inspiration or vision, and has the strengths, willingness, and ability to conceptualize ideas and implement a business plan and who sees change as an opportunity to create value.

Based on the discussion presented above, it seems that personality dimensions, or in other words, personal traits, are essential factors in determining whether a person could become an entrepreneur. This line of thinking leads to a commonly held view that there is little logic in teaching or training someone in entrepreneurship as entrepreneurs are born to be entrepreneurs. This view argues that an entrepreneur has an innate quality, which depends on factors such as personal background and characteristics, life-path experiences and environmental influences and this quality is not transferable from one person to another. Hence, it is not possible to teach someone to become an entrepreneur. Conversely, recent studies show that entrepreneurship education does play a significant role in cultivating the entrepreneurship spirit among graduates (Solomon et al., 2002; Robinson and Hayes, 1991; Sexton and Upton, 1984). Some scholars argue that the students who have taken a course or major in entrepreneurship have shown greater interest in becoming entrepreneurs and these students act more entrepreneurially than other students in taking up the challenge to start a new business. The study implies that although it may not be possible to develop entrepreneurship from education exclusively, to a certain extent, education does have an effect in contributing to the formation of entrepreneurship.

In another study, shows that students who participated in an entrepreneurship programme were more likely to start their own business than other students. Upton et al. (1995) found that 40 percent of those who attended courses in entrepreneurship had started their own businesses. According to Ibrahim and Soufani (2002), the school and education system plays a critical role in identifying and shaping entrepreneurial traits. Other studies have pointed out that entrepreneurship education, especially education that provides technological training, is crucial to enhance entrepreneurs’ innovation skills in an increasingly challenging environment (Clarke, 1990; Menzies and Paradi, 2003).

The above studies have indicated that despite the belief that entrepreneurship is inborn. They may create programs which help job seekers match their skills to employers, search for vacancies in different areas, and provide workshops to help train people more in-depth in a particular skills.

Research design and Methodology

The youth need practical exposure in practical entrepreneurial work experience in order to be proficient in their chosen career and be useful to themselves and the society. Entrepreneurship education is a planned effort undertaken by an individual or individuals, institutions or agencies to develop the required competencies in people which can easily be addressed through vocational training centers. Sri Lanka has realized the importance of training in vocational education and training to acquire to skills for discover the individual’s potentials for work. Especially through TVET it try to develop school dropout’s potential for work.

Research design and Methodology

This study was employed quantitative approach. And sample of school leavers who are engage in TVET activities in various places in Sri Lanka is used for the analysis. Sampling method chosen here is multi stage stratified sampling method. And Self-administered questionnaire was used as the primary data collecting method in this study.

Data and Data Analysis

Both primary and secondary data were used to conduct this study. To analyze the data descriptive statistical technique tools and regression analysis method was engaged. And subsequently reliability and validity of the tests were applied. And also tested the prior assumptions of regression analysis of Hair et al., 2006 parametric tests such as mean, comparison was used in the data analysis part.

By using descriptive statistics the researcher is reporting in a form of frequencies, percentages means and standard deviations. Once more, according to Leonard J. Kazmier (2004), inferential statistics include techniques by which decisions about a statistical population or process are made based on only on a sample having been observed. Inferential techniques were used to determine relationships between variables and whether differences amongst the variables exist.

Data Analysis and Interpretation

Unemployment Rate in Sri Lanka increased up to 5 percent in the third quarter of 2015 from 4.50 percent in the second quarter of 2015. Unemployment Rate in Sri Lanka averaged 5.60 percent from 1996 until 2015, reaching an all-time high of 11.30 percent in the fourth quarter of 1996 and a record low of 3.90 percent in the third quarter of 2011.

Sampling distribution of the study

Figure 1

Figure 1 revealed that from the sectors auto mobile mechanics, lath and milling operator, welding and electrical 20 students were in each strata in the sample. Among the passed out students 50 students were each represents the sample from each strata. Further the information received from the sample survey revealed that 7% of current respondents have attended school below grade 9, 38% up to grade 9, 28% up to grade 10 and 25% up to grade 11. Only 2% of the current students have attended school above grade 11. However only 5% of the students from the passed out rate were below grade 9. Twelve percent of the passed out students has attended school up to grade 9. And 21% of them has gone up to grade 10, 35% of them completed up to grade 11 and 27% of the passed out students have attend school above grade 11. And also 37% of the current students are
interested to become an entrepreneur. Among the passed out students 35% are having the desire to become entrepreneurs. But the majority of the students have not willing to become an entrepreneur.

**Education level of the respondents**

Figure 2 shows that among the total respondents of the sample 17% have completed up to grade 9 or below. Twenty one percent of them have completed up to grade 10. Among the total respondents 35% of the have completed the grade 11 and rest of the respondents completed their education up to above grade 11.

Below mentioned table shows that the responses given by the respondents in the pilot survey were highly reliable as the Reliability Coefficient is closer to one.

**Table 1: Reliability Statistics of the pilot study**

<table>
<thead>
<tr>
<th>Construct</th>
<th>No. of items</th>
<th>Cronbach Alpha values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need for Achievement</td>
<td>05</td>
<td>0.711</td>
</tr>
<tr>
<td>Locus of Control</td>
<td>05</td>
<td>0.665</td>
</tr>
<tr>
<td>Risk Taking Propensity</td>
<td>04</td>
<td>0.759</td>
</tr>
<tr>
<td>Tolerance for Ambiguity</td>
<td>04</td>
<td>0.712</td>
</tr>
<tr>
<td>Self Confidence</td>
<td>04</td>
<td>0.853</td>
</tr>
<tr>
<td>Innovativeness</td>
<td>05</td>
<td>0.870</td>
</tr>
<tr>
<td>Entrepreneurial Intention</td>
<td>06</td>
<td>0.847</td>
</tr>
</tbody>
</table>

Source: Pilot Survey

Table 2 respresents the some important central tendaency measures for entreprenurial traits. Accordingly the lower mean value recorded over entreprenurial intension among the respondents.

**Table 2 : Descriptive Analysis**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need for Achievement</td>
<td>23.6491</td>
<td>2.69304</td>
</tr>
<tr>
<td>Locus of Control</td>
<td>22.9249</td>
<td>3.39868</td>
</tr>
<tr>
<td>Risk Taking Propensity</td>
<td>22.3616</td>
<td>4.54607</td>
</tr>
<tr>
<td>Tolerance of Ambiguity</td>
<td>23.4606</td>
<td>4.07910</td>
</tr>
<tr>
<td>Self Confidence</td>
<td>23.5500</td>
<td>3.22996</td>
</tr>
<tr>
<td>Innovativeness</td>
<td>30.9072</td>
<td>6.54607</td>
</tr>
<tr>
<td>Entrepreneurial Intention</td>
<td>21.8009</td>
<td>3.04125</td>
</tr>
</tbody>
</table>

Source: Sample Survey
And recorded correlation value shows that the relationship is significant at 5% level of significant with other independent variables.

### ANOVA table in the regression analysis

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>40007.444</td>
<td>6</td>
<td>6667.907</td>
<td>15.408</td>
</tr>
<tr>
<td>Residual</td>
<td>100834.532</td>
<td>274</td>
<td>432.766</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>140841.976</td>
<td>280</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Further regressions model was significant at 5% level of significant.

### VI. FINDINGS AND DISCUSSIONS

This study was conducted to test the theoretical inferences established and to suggest some theoretical extensions for the existing literature. The entrepreneurial inclination and entrepreneurial traits relationship was tested as the theoretical testing part from the exploring the data. Confirming the theory, this study concluded that entrepreneurial traits as a predictor of entrepreneurial inclination. Therefore the study identified relationship as a positive with need for achievement and entrepreneurial inclination. Further the study revealed that though the education system highly facilitate entrepreneurship education for the students through TVET, respondents do not have high level of an idea to become entrepreneurs. All the variables in this study were tapped on a seven point lickert scale. Accordingly, it was observed that all the mean values are above the average of the scale. It can be concluded that, students had a high need for achievement, had a high locus of control, had a high self-confidence and was willing to highly innovate. Because mean values of those variables are close to its maximum value. And, they had a moderate tolerance for ambiguity and moderately willing to take risk. From the results, mean value of 21.8009 indicates that intention of the selected respondents towards entrepreneurship intension is low. Furthermore, according to the observations, students do not have very high level of intention of becoming an entrepreneur. Moreover five variables are statistically significant, at 5% level of significant namely, Need for Achievement (0.020), Locus of Control (0.000), Risk Taking Propensity (0.000), Self Confidence (0.001) and Innovativeness (0.000), at 5% level of significant. Finally it is investigated that effectiveness of the entrepreneurial education based on the number of students became an entrepreneurs as well as the entrepreneurial intension of that particular team. To be effective of the TVET training an education several other factors also explored. Among them management commitment and support, students’ characters and enthusiasm, availability of physical resources for teaching and training were also identified as important factors when determining the effectiveness of training among the school leavers.
students at university TUN ABDUL RAZAK (UNITAR), Journal of Asia Entrepreneurship and Sustainability, 3(2).


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