

# Analysis on determinants of students self employment intention in newly established Universities of Ethiopia

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**Abstract-** The aim of this study was to investigate determinants of Students' entrepreneurial intentions among newly established universities of Ethiopia by taking Dire Dawa University as a case study. To do so the researcher applied stratified proportionate random sampling technique in which 690 sample respondents from institute of technology, school of business and economics, school of social science, school of natural science, school of health and school of Law were taken as a sample via single population proportion formula of Kish and Leslie. Further primary source of data was collected via questionnaire from previous entrepreneurial intentions standardized questionnaires of different scholars. For the sake of analyzing the data Descriptive statistics was calculated using frequencies and percentages and then Binary Logistic regression analysis with 95% CI was used to assess the relative effect of independent variables on the dependent variable.

In multivariate analysis, students attitude towards entrepreneurship ( $\exp(B)=6.348$ , 95%=CI 3.28,12.26), risk taking propensity ( $\exp(B)= 2.67$ , 95%=CI (1.906, 3.755)), proactive personality ( $\exp(B)= 1.57$ , 99%=CI ((1.293, 2.603))), Participation in entrepreneurship course ( $\exp(B)= 1.04$ , 95%=CI (0.732, 1.500)), perceived behavioral control ( $\exp(B)= 4.65$ , 95%=CI ((2.342, 9.231), Attitude towards university entrepreneurial environment ( $\exp(B)= 1.1$ , 95%=CI (0.781, 1.550)) were found to be a statistically significant factor of student's entrepreneurial intention albeit subjective norm wasn't statistically significant in determining students' entrepreneurial intentions. Generally, the over level of entrepreneurial or self employment intentions of students newly established Universities of Ethiopia was too low. Further students perceived the way entrepreneurship course delivered and entrepreneurial environment created in the university is not adequate enough to urge students to pursue entrepreneurial career as an option for their future career

**Index Terms-** Determinants of entrepreneurial intention, Dire Dawa University, Entrepreneurial intention

## I. INTRODUCTION

The university is an institution, which students pass on toward working life. Right after graduation, students decide where their career will start. Autio et al (2007) state the following: "It is our impression that career preferences of university students can be influenced, and that university students tend to gravitate toward fashionable career options."

Ajzen (2000) explains three factors, which are crucial in changing the intention and the actual behavior. First of all, the

belief and attitude somebody has toward the behavior. A student could for instance have a positive attitude toward entrepreneurship because one of the parents is an entrepreneur. Other factors influencing the attitude in the entrepreneurial situation are e.g. willingness to take risks, locus of control, need for independence, etc. (Krueger et al., 2007). The second factor is a social factor termed subjective norm. This factor refers to the social pressure from the environment on the individual to perform or not to perform the behavior; e.g. parents who encountered negative experiences with entrepreneurship, could pressure their children not to start their own business. The third factor influencing intention is the perceived behavioral control. The idea is that the actual behaviour does not only dependent on the motivation or intention to perform certain behaviour, but also on the perception of the difficulty of performing the behaviour. This perception can be developed through for instance experience.

Autio et al. (2005) suggest: "the greater the degree to which behavior can be controlled, the greater is the influence of intentions on the eventual behavior."

Studies of Gaddam, 2008, Gelderen et al., 2008, Souitaris et al., 2007, Raab et al., 2005) discussed business trainings have its own impact on the level of entrepreneurial skills among students.

It would appear that career choice is a cognitive process driven by beliefs, attitudes and experiences and prior research confirms that entrepreneurial careers fit a similar pattern (Davidsson 2004; Katz 2006; Shaver and Scott 2007).

Krueger et al. (2006) found that personal and situational variables indirectly influenced entrepreneurial intentions through influencing key attitudes and perceptions. However, the role entrepreneurship education, university's role in creating and promoting entrepreneurial environment wasn't in depth analyzed in previous studies. This research aimed at identifying determinants factors of undergraduate Dire Dawa University (DDU here after) students' self-employment/entrepreneurial intentions.

## II. METHODS

Across-sectional study was conducted from March 2015-April2015.among students in six colleges found in Dire Dawa University.

A single population proportion formula was used to calculate the required sample size. This formula was used because of absence of prior knowledge of p (students who have intention to become self employed and q; taking the value of p and q as 0.5 each and margin of error 4% and a confidence

interval of 95%. The mathematical computation will give us a sample size of 600, but to offset some non-response rate, 15% of the determined sample size will be added and make the final sample size was be 690. Consequently, the sample determined was distributed as per the weights of each stratum.

Data were collected using self-administered questionnaire adopted from previous entrepreneurial intentions questionnaires. Since various questions were already tested by previous authors (Lüthje & Franke, 2003; Krueger et al., 2000; Carayannis, Evans, & Hanson, 2003; Autio et al. 2001; Francis et al., 2004; Kickul & Gundry, 2002; Hisrich & Peters, 2002; Hartog, Ferrer-i-Carbonell, & Jonker, 2000), their research could be seen as pre-test information. For instance Lüthje and Franke (2003) use an extensive validation process (e.g. preliminary study, validity and reliability criterion) for each construct of their questionnaire.

Regarding data analysis First descriptive statistics was calculated using frequencies and percentages in which the responses were summed up and a total score was obtained for each respondent i.e. the mean score was calculated and those scored above the mean have positive and scores below the mean meant negative for predictors of self employment intentions and then Logistic regression analysis with 95% CI was used to assess the relative effect of independent variables on the dependent variable. Data processing and analysis was done using SPSS version 20.0.

### III. RESULTS

A total of 613 (out of 690 distributed questionnaire) students participated in the study making response rate of 88.8% of which 64.3% were male and 35.7% were female students. The majority 342 (55.8%) respondents were IOT students and the remaining 93(15.2%), 90(14.7%), 69(11.3%) 19(3.1%) sample students belong to School of Natural and computational science, school of business and economics, School of social science and humanities(social science + school of law) and school of medicine respectively. Regarding their year of study 192(31.3%) were first year students, 187(30.5%) were second year students, 143(23.3%) were third year students, 50 (8.2%) were fourth year students and 41(6.7%) were fifth year students. 49.3% respondents were orthodox religion followers and the remaining 26.1%, 23.8%, 0.7%, 0.2% were Muslims, Protestants, Catholics and others religion followers respectively. Respondents were also asked to indicate their mothers' and fathers' employment status

in which 236(38.5%) students mothers are self employed and 223(36.4%) of sample students fathers are self employed and the remaining are not. Table 1 below summarized socio demographic information of sample respondents:

**Table 1: Demographic characteristics of students of Dire Dawa University**

Characteristics	Frequency	Percentage
<b>Gender</b>		
Male	394	64.3
Female	219	35.7 %
Total	613	100
<b>Program of study</b>		
IOT	342	55.8
SNCS	93	15.2
SBE	90	14.7
SSSH	53	8.6
SM	19	3.1
SL	16	2.6
Total	613	100
<b>Year of study</b>		
1 <sup>st</sup> year	192	31.3
2 <sup>nd</sup> year	187	30.5
3 <sup>rd</sup> year	143	23.3
4 <sup>th</sup> year	50	8.2
5 <sup>th</sup> year	41	6.7
<b>Religion</b>		
Orthodox Christians	302	49.3
Muslims	160	26.1
Protestants	146	23.8
Catholics	4	0.7
Others	1	0.1
Total	613	100

77% of sample students have no Entrepreneurial intention where as the remaining 23% of students have an intension; indicating that the majority of the students won't show entrepreneurial behavior or becoming self employed (Table 2).

**Table 2: Level of students' Entrepreneurial intention in Dire Dawa University**

Entrepreneurial intention	Frequency	Percent
no intention	472	73
high intension	141	23
Total	613	100.0

Of the total respondents 52.9% of the students have unfavorable attitude towards entrepreneurship but the remaining 47.1% of sample respondents in Dire Dawa University have favorable attitude towards self employment. The majority 422 (68.8%) of sample respondents of the university didn't have

favorable subjective norm. This means that friends, the family or associates didn't have a great deal of influence in encouraging students to think or plan for starting their own firms after graduation. Only 191(31.2%) of students have expressed they have strong support from parents and close friends. 353 (57.6%)

of sample respondents lack some control over their current behavior to decide in becoming self employed. However, 260 (42.4%) of the students have relatively better internal locus of control and confidence in becoming successful entrepreneurs and consider self employment as their future career. 331(54%) of the respondents indicated they didn't enjoy facing challenges and trying to overcome challenges when they tried to realize their ideas whereas 282 (46%) did. Almost 60% of sample respondents didn't have the initiative to excel their skill and knowledge to scan opportunities i.e. the respondents didn't have the motivation to identify opportunities before others come up with it. Overall 51.4 of sample respondents have low proactive personality where as 48.8% of respondents have high proactive personality. 319(52%) of sample respondents holds high risk aversion and high fear of failure however the remaining 294(48%) sample of respondents were relatively willing to take risks while doing their business. 473(77.1%) of sample respondents perceived the Dire Dawa University environment isn't conducive in which students are not encouraged to pursue their own ideas and there is no a well functioning infrastructure to support the start-up of new firms by students. Further students who have taken entrepreneurship course in the university discussed the way entrepreneurship course delivered in the university didn't well prepare students for entrepreneurial career in which from those sample respondents\who took the course 121(93.1%) assured the issue (table 3).

**Table 3: Percentage distribution of students' attitude towards entrepreneurship, subjective norm, perceived behavioral control, risk taking propensity, attitude towards University entrepreneurial environment and entrepreneurship course**

Characteristics	Frequency	Percentage
Attitude towards Entrepreneurship	289	47.1
Favorable attitude	324	52.9
Unfavorable attitude		
Subjective norm		
Better subjective norm	191	31.2
Lower Subjective norm	422	68.8
Perceived Behavioral Control		
Better Perceived behavioral control	260	42.4
Lower Perceived behavioral control	353	57.6
Proactive personality		
High proactive personality	299	48.8

Low proactive personality	314	51.2
Risk taking Propensity		
High risk taking propensity	294	48
Low risk taking propensity	319	52
Attitude towards University's entrepreneurial environment		
Favorable attitude	473	77.1
Unfavorable attitude	140	22.9
Entrepreneurship courses at my university prepare people well for an entrepreneurial career (this question was answered by those who took the course)		
Positive attitude	9	6.9
Negative attitude	121	93.1

In multivariate analysis, attitude towards entrepreneurship was found to be a statistically significant factor of student's entrepreneurial intension. Those who have favorable attitude towards entrepreneurship more likely to have entrepreneurial intension than those who don't have favorable attitude towards entrepreneurship (exp(B)=6.348, 95%=CI 3.28,12.26). Better self employment/entrepreneurial intension was also observed in those students who are willing to take risk than those who don't in which those students who have high risk taking propensity almost three time entrepreneurial intension than those who have low risk taking propensity

(exp(B)= 2.67, 95%=CI (1.906, 3.755)). Similarly those high proactive personality students have 1.57 times self employment intension than low proactive personality students (exp(B)= 1.57, 99%=CI ((1.293, 2.603)). Participation in entrepreneurship course also statistically significant in determining students entrepreneurial intension in Dire Dawa University albeit those who participate in the course didn't have that much significant difference in their self employment intension (exp(B)= 1.04, 95%=CI (0.732, 1.500)). Further those students who have high perceived behavioral control have 4.65 times self employment intension than low perceived behavioral control students (exp(B)= 4.65, 95%=CI ((2.342, 9.231)). Attitude towards university entrepreneurial environment was also statistically significant factor for students' entrepreneurial/self employment intension (exp(B)= 1.1, 95%=CI (0.781, 1.550)) . However, subjective norm wasn't statically significant in determining DDU students' entrepreneurial intensions (table 4).

**Table 4: students self employment intension and its determinants**

<b>Variables</b>	<b>Exp(B) (95% CI)</b>	<b>P-Value</b>
<b>Attitude towards entrepreneurship</b> Un Favorable attitude Favorable attitude	1 <b>6.348 (3.28,12.26)</b>	0.036
Risk taking propensity Low risk taking propensity High risk taking propensity	1 2.67 (1.906, 3.755)	0.04
<b>Proactive Personality</b> Low proactive personality High proactive personality	1 1.578 (1.293, 2.603)	0.01
<b>Participation in entrepreneurship education</b> No Yes	1 1.048( 0.732, 1.500)	0.00
<b>Attitude towards University Entrepreneurial environment</b> Unfavorable attitude Favorable attitude	1 <b>1.100 (0.781, 1.550)</b>	0.024
<b>Perceived behavioral control</b> Low PBC High PBC	1 4.65(2.342, 9.231)	0.05
<b>Subjective norm</b> lower subjective norm higher subjective norm	1 3.931(2.054, 7.522)	0.481

Generally, the over level of entrepreneurial or self employment intensions of students in Dire Dawa University is too low. Further students perceived the way entrepreneurship course delivered and entrepreneurial environment created in the university is not adequate enough to urge students to pursue entrepreneurial career as an option for their future career.

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