

Parental and Gender Effects on the Entrepreneurial Intention of University Students in South Africa

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Abstract

The aim of the study is to investigate empirically whether there is a significant difference in the entrepreneurial intention of students whose parents run a business and those whose parents do not run a business. In addition, the study aims to investigate whether there is a significant gender difference in the entrepreneurial intention of students. The study focussed on the final year students (undergraduate level) in the Department of Business Management of a South African university. These are students that have done entrepreneurship and small business management modules. This study made use of convenience sampling. Data was collected through the use of self-administered questionnaire in a survey. Data analysis included descriptive statistics and the T-test. The results indicate that although male students have a higher level of entrepreneurial intention compared to female students, the difference is not statistically significant. The results also indicate that students whose parents are involved in business have a higher level of entrepreneurial intention compared to students whose parents are not involved in business. However, the difference is not statistically significant.

Keywords: parent, gender, entrepreneurial intention, university students, South Africa

1. Introduction

Graduate unemployment rate is on the increase in South Africa due to lack of job opportunities. According to Van Der Berg and Van Broehuizen (2012), graduate unemployment in South Africa (where 'graduates' are considered to be those with at least university degree) is quite low in an international context. Graduate unemployment has risen extremely modestly even during the current difficult global and domestic economic conditions. City Press (2012) however reports that university degrees or diplomas no longer hold the promise of jobs for young South Africans as hundreds of thousands of them battle to find work. There are about 600, 000 university graduates that are languishing at home. Not all graduates are equal in the fierce battle for jobs.

Entrepreneurship offers unemployed university graduates a way to become employed and also create jobs. However, South Africa's early-stage entrepreneurial activity as measured by the Total Early-Stage Entrepreneurial Activity (TEA) is below the average when compared to countries with a similar economic development level. According to Turton and Herrington (2012), South Africa's TEA rate decreased from 9.1% in 2011 to 7.3% in 2012. It is significantly below the average of efficiency-driven countries (14.3%). In addition, South Africa's rate of perceived opportunities is 36%, below the average for efficiency-driven economies of 41%. The country's rate for perceived capabilities is 40%, below the average for efficiency-driven economies of 52%. The results of the cross tabulation of perceived opportunities with that for perceived capabilities reveal that the pool of potential entrepreneurs in South Africa is 19% of the adult population. Potential entrepreneurs are individuals who intend to pursue a business opportunity within the next three years. Furthermore, South Africa's pool of intentional entrepreneurs is 14%, which is well below the average for efficiency-driven countries of 27%.

According to Beeka and Rimmington (2011) and Buang (2011), entrepreneurship is one of the career options for youths and graduates. Therefore, it is critical to understand the factors that affect their intentions to start-up a business in the future. Ashley-Cotleur et al. (2009) point out that there are a number of individual factors that motivate a person's decision to become an entrepreneur. These can generally be categorized as (1) demographic variables or (2) attitudes, values or psychological factors. Two key demographic variables that influence entrepreneurship activities are gender and family/parental background. Wang et al. (2011) note that understanding the antecedents of entrepreneurial intention allows teachers, consultants, advisors and policy makers to get a clearer picture of how intentions are formed and how new venture founders' beliefs, perceptions and motives impact the intent to start a business. Investigating the motives

that drive graduating students to entrepreneurship is highly significant given the importance of entrepreneurship to job creation and economic growth (Zellweger et al. 2011).

2. Objective of the Study

The objective of the study is to determine the influence of gender and the involvement of parent(s) in business on the entrepreneurial intention of potential university graduates. The study will investigate empirically whether there is a significant difference in the entrepreneurial intention of students whose parents run a business and those whose parents do not run a business. In addition, the study will investigate whether there is a significant gender difference in the entrepreneurial intention of students. This study extends the previous study on graduate entrepreneurial intention by the same author (Fatoki, 2010). The previous study mixed both business and non-business students together in reaching its conclusions. This study focussed specifically on the final year business students (undergraduate level) that have done entrepreneurship and small business management modules.

3. Literature Review

The literature has failed to come up with one specific definition which totally describes entrepreneurship. Various definitions have emerged in an attempt to explain entrepreneurship. According to Sathiabama (2010), entrepreneurship is a dynamic process of creating wealth by individuals or groups of individuals. Rwigema and 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. Entrepreneurship is a vehicle to economic growth, success and prosperity. Herrington et al. (2009) point out that an entrepreneur is one that shifts economic resources out of an area of low productivity into an area of higher productivity and greater yield. An entrepreneur is one who organises, manages and assumes the risk of a business enterprise

According to Pihie (2009) entrepreneurship can be measured in two ways: Actual entrepreneurship (i.e. people that have actually started business) and entrepreneurial intention (i.e. people that intend to start business). A strong association exists between the entrepreneurial intention and actual behaviour. Henley (2007) points out that entrepreneurship is an intentional activity, in that for many those intentions are formed at least a year in advance of new venture creation. Ajzen's (1991) theory of planned behaviour argues that there is a link between beliefs and behavior. This suggests that there is a relationship between the intention to be an entrepreneur and the act of becoming one. Thus, one's intention greatly explains the behaviour. The underlying assumptions of the theory of planned behaviour are that: Much human behaviour is planned and therefore preceded by intention towards that behaviour; human beings are rational and make systematic use of information available to them when making decisions; and intention predicts planned behaviour. In addition, the social learning theory by Bandura (1977) states that behavior is learned from the environment through the process of observational learning. Children observe the people around them behaving in various ways. Individuals that are observed are called models.

According to Ashley-Cottle et al. (2009), there are a number of individual factors that motivate a person's decision to become an entrepreneur. These can generally be categorized as (1) demographic variables or (2) attitudes, values or psychological factors. Demographic variables that influence entrepreneurship activities include gender and family background. Having role models is a significant factor in wanting to start a business. Self-employed parents can act as mentors and guides for children starting their own businesses. Zellweger et al. (2011) point out that growing up in a family where parents are owners of a company represents a particular context in which career intentions are formed. Parents serve as positive role models. Thus, offspring from business families should be more motivated to start their own firm than children without this background. This can be due to family support in terms of resources needed to start a business, learning effects, or strengthened perceptions about mastery of the challenges related to an entrepreneurial career. Genetic heritage, the actual possibilities for learning on the job provided by a family business or financial support can influence the choice of for entrepreneurship by children of parents involved in entrepreneurship (Georgellis et al. 2005); (Fairlie and Robb, 2007); Bosma et al. 2012). Experiences during early childhood and socialization at home and in school probably shape the attitudes of young people towards entrepreneurship (Basu and Virick, 2008).

Carr and Sequeira (2007) point out that individuals with prior family business experience may incorporate their experiences, such that their attitudes and behaviours towards entrepreneurial action are shaped positively or negatively towards business ownership. Bagheri and Pihie (2010) explain that growing up in a family where parents establish and run a business provides an inspiring and supportive environment and the requisite information and resources to launch a business. In addition, it gives the opportunity to experience the realities and challenges of the business world. Engle et al.

(2011), Tanveer et al. (2013) and Sivarajah and Achchunthan (2013) find a positive relationship between the involvement of parents in business and the entrepreneurial intention of students.

According to Karimi et al. (2012), gender difference is a fundamental socio-cultural dimension that influences entrepreneurship. Despite the increasing number and share of women entrepreneurs entrepreneurship is still a male-stereotyped domain and associated with masculine traits and women's entrepreneurship is still significantly lower than male. Koellinger et al. (2013) find that the lower rate of female business ownership is primarily due to women's lower propensity to start businesses rather than to differences in survival rates across genders. Women are less confident in their entrepreneurial skills, have different social networks and exhibit higher fear of failure than men. These variables explain a substantial part of the gender gap in entrepreneurial activity. Ahmed et al. (2010) however find that no significant relationship between gender and the intention to become an entrepreneur.

4. Research Methodology

The study focused on the final year students (undergraduate level) in the Department of Business Management at a selected University located in the Limpopo Province of South Africa. These are students whose curriculum includes entrepreneurship and small business management in their first and second years in the university. This study made use of convenience sampling. Data was collected through the use of self-administered questionnaire in a survey. The questionnaires were distributed in class to the students with the assistance of the lecturer. Following similar studies on entrepreneurial intention by Zhao et al. (2005), Zampetakis and Moustakis (2006) and Wu (2009), entrepreneurial intention was measured using seven point Likert scale. Seven statements were used. 1. I will start my own business in the near future. 2. It has been my intent to start my own business. 3. Starting my own business is an attractive idea to me. 4. I am enthusiastic about starting my own business. 5. It is desirable for me to start my own business. 6. I spent a lot of time thinking about owning my own business. 7. Owning my own business is the best alternative for me. The seven measures were averaged to obtain the entrepreneurial intention score for each respondent. Reliability was measured using the Cronbach's alpha. The coefficient alpha for the measures of entrepreneurial intention was 0.88, which indicated a very high reliability. Gender was measured using 1 for male and 2 for female. Parents refer to whether an individual has parents (guardians) that are entrepreneurs. 1= does not have parent who is an entrepreneur, 2 =has parent who is an entrepreneur. Data analysis included descriptive statistics (mean and standard deviation) and the T-test.

5. Results and Discussions

180 questionnaires were distributed in class with the assistance of the lecturer and 165 were returned. The response rate was 91.7%. 10 questionnaires were found unusable because of the failure of the respondents to complete vital parts of the questionnaire. 155 questionnaires were found usable. 68 respondents were male and 87 were female. 62 respondents had one or both parents (guardians) involved in business and 93 respondents did not have any of the parents involved in business.

5.1 Gender and the Entrepreneurial Intention of Business Students

Table 1: gender and the entrepreneurial intention of business students

Gender	Mean of entrepreneurial intention	Standard deviation
Male	5.731	1.029
Female	5.521	1.198

Table 1 depicts the results of entrepreneurial intention for male and female respondents. The mean for the entrepreneurial intention of male students is 5.731. The mean for the entrepreneurial intention of female students is 5.521. This indicates a high level of entrepreneurial intention for business students. A previous study on the entrepreneurial intention of students by the same author (Fatoki, 2010) finds a low level of entrepreneurial intention by university students in general. However, the previous study (Fatoki, 2010) mixed both business and non-business students together in reaching its conclusions. Out of the 701 respondents in the previous study, only 230 respondents had taken business courses and 471 respondents had never taken business courses. In addition, the previous study used a five point Likert scale. The present study focused only on business students who have taken courses on entrepreneurship and small business management. The study used a seven-point Likert scale. Studies such as Grubb et

al. (2006), Souitaris et al. (2007) and Gerba (2012) find that university students whose primary discipline is business management possess a more favourable view of careers in small business. Entrepreneurial education programs are a source of entrepreneurial attitude and overall intentions to become future entrepreneur. Business graduates are more likely to launch businesses and have a higher level of intention and a more developed perception of self-efficacy. Turton and Herrington (2012) point out that South Africa's pool of intentional entrepreneurs is 14%, which is well below the average for efficiency-driven countries of 27%. The results of this study however suggest a high level of entrepreneurial intention among business students who have taken modules in entrepreneurship and small business management. This underscores the importance of business and entrepreneurship education in improving entrepreneurial intention and the general level of entrepreneurship in South Africa.

The results indicate that male respondents (mean of 5.731) have a higher level of entrepreneurial intention compared to female respondents (mean of 5.521). The T-test (sig. 0.307) indicates that there is no significant difference in the mean scores of male and female respondents. Thus it can be concluded that there is no significant gender difference in the entrepreneurial intention of business students. The literature is inconclusive about the effect of gender on entrepreneurial intention. Veciana et al. (2005) and Zhou et al. (2005) find that compared to men, women have lower entrepreneurial career intentions. Gerba (2012) however finds no significant difference in the entrepreneurial intention of male management students and female management students.

5.2 Parents' involvement in business and the entrepreneurial intention business students

Table 2: Parents' involvement in business and the entrepreneurial intention of business students

Parent involvement in business	Mean of entrepreneurial intention	Standard deviation
Parent(s) currently runs a business	5.731	1.029
Parent(s) do not run a business	5.521	1.198

Table 2 depicts the results of parents' involvement in business and the entrepreneurial intention of business students. The results indicate that students whose parents are involved in business (mean of 5.873) have a higher level of entrepreneurial intention compared to students whose parents are not involved in business (mean of 5.439). The T-test (sig. 0.438) however indicates that there is no significant difference in the mean scores of the two sets of respondents. Though students whose at least one parent is involved in running a business have greater mean score than those students whose parents are not involved in business, the mean difference is not statistically significant. Thus it can be concluded that there is no significant difference in parents' involvement in business and the entrepreneurial intention of business students. The results are consistent with previous empirical studies on the impact of family involvement in business and entrepreneurial intention. Olomi and Sinyamule (2009) find a positive association between entrepreneurial family background and entrepreneurial intention. Gerba (2012) finds that the mean score for students whose family members are involved in business is higher than those whose family members are not involved in business. However, the difference is not statistically significant.

6. Conclusions

Graduate unemployment rate is on the increase in South Africa due to lack of job opportunities. Entrepreneurship offers unemployed university graduates a way to become employed and also create jobs. The objective of the study is to determine the influence of gender and the involvement of parent(s) in business on the entrepreneurial intention of potential university graduates who have done entrepreneurship and small business management modules. The study investigates whether there is a significant difference in the entrepreneurial intention of students whose parents run a business and those whose parents do not run a business. In addition, the study will investigate whether there is a significant gender difference in the entrepreneurial intention of students. The results indicate that male students have a higher level of entrepreneurial intention compared to female respondents. The T-test indicates that there is no significant difference in the mean scores of male and female respondents. In addition, the results indicate that students whose parents are involved in business have a higher level of entrepreneurial intention compared to students whose parents are not involved in business. The T-test however indicates that there is no significant difference in the mean scores of the two sets of respondents. Though students whose at least one parent is involved in running a business have greater mean score than those students whose parents are not involved in business, the mean difference is not statistically significant. The results of this study underscore the importance of business and entrepreneurship education in improving

entrepreneurial intention and the general level of entrepreneurship in South Africa. Future research could expand the study to more universities to improve the generalisability of the study.

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