

**ATTITUDE OF COLLEGE STUDENTS TOWARDS ENTREPRENEURSHIP:
A CASE STUDY OF ADDIS ABABA UNIVERSITY AND RIFT VALLEY
UNIVERSITY COLLEGE.**

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School of Graduate Studies

**Attitude of college students on entrepreneurship: A case study of Addis
Ababa University and Rift Valley University College.**

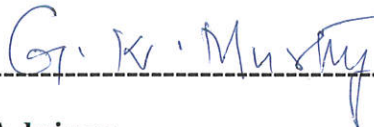
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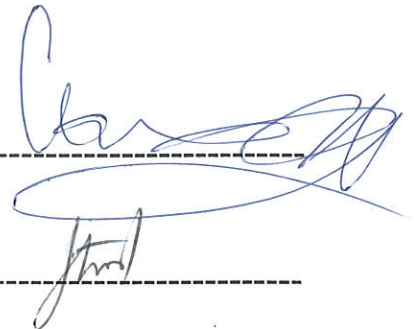


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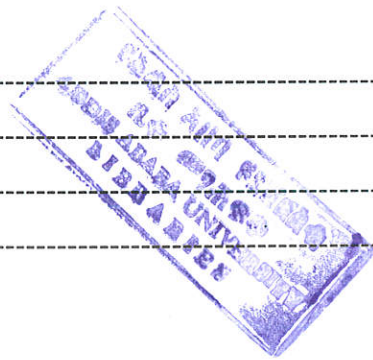
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Abstract

Entrepreneurship is the symbol of business strength and growth. Entrepreneurs are the founders of today's business success. Development is more than ever linked to entrepreneurship. Entrepreneurs are characterized by their high need for achievement, willingness to assume moderate risks, self-confidence, innovation, total commitment, all roundedness, self determination and desire for independence.

This research paper is, hence, aimed at identifying the attitude of college students towards entrepreneurship or business ownership, the specific constraints that impede young people to start business, and incentives for starting a business as a viable alternative for the youth among others.

The findings show that motivators to starting up a business by the young people among others are independence, desire to change hobby into business, improving the society's life, and helping to create employment. On the other hand, access to finance for start up, lack of appropriate education, training, business counseling and low level of understanding towards entrepreneurship are considered as some of the important factors that act as barriers to start a business by the young people.

Finally, promoting an entrepreneurial culture among the society and the young people in particular through various ways like training and education, giving better media coverage concerning entrepreneurship, use of successful role models that are well known among the young people, conducting competitions relating to business ideas, and improving access to finance are some of the recommendations made.

CHAPTER ONE

1.1 Introduction

Entrepreneurship is the symbol of business strength and achievement. Entrepreneurs are the founders of today's business success. Their sense of opportunity, their drive to innovate and their capacity for accomplishment have become the standard by which free enterprise is measured. Entrepreneurs will continue to be critical contributors to the economic growth through their leadership, management, innovation, research and development effectiveness, job creation, competitiveness, productivity and formation of new industry.

Development is more than ever linked to entrepreneurship. Institutions and individuals promoting development now see entrepreneurship as a strategic development intervention that could accelerate the development process. Furthermore institutions and individuals seem to agree on the urgent need to promote entrepreneurship. Development agencies see entrepreneurship as an enormous employment potential; politicians see it as the key strategy to prevent unrest; farmers see it has an instrument for improving farm earnings; women see it as an employment possibility near their home which provides autonomy, independence and reduced need for social support. To all these groups however entrepreneurship stands as a vehicle to improve the equality of life for individuals, families and communities and to sustain a healthy economy and environment.

The entrepreneurial orientation to development accepts entrepreneurship as the central force of economic growth and development without it other factors of development will be wasted. However, the acceptance of entrepreneurship as a central development force by itself won't lead to development and the advancement of enterprises. What is needed in addition is an enabling environment for successful entrepreneurship. The existence of such an environment largely depends on policies promoting entrepreneurship. It is important to bear in mind the entrepreneurial skills that will be needed to improve the quality of life for individuals, families and communities and sustain a healthy economy and environment. Taking this into consideration, it is better to explain some of the qualities or characteristics that are required/ expected on the part of entrepreneurs as explained in Hailay (2007,p.27-32)

- **Need for achievement**:-according to McClelland, entrepreneurs have a higher need for achievement than do members of the general population.
- **Willingness to take risks**:-assuming some kind of risk is inherent in starting and running a business.
- **Self confidence**: - entrepreneurs tend to be self-reliant individuals who see the problem in launching a new venture but believe in their own ability to overcome these problems.
- **Innovation**: - innovation is at the very heart of entrepreneurship. It is a continuous purposeful search for new ideas and doing things differently.

- **Total commitment:** - hard work, energy, and single mindedness are all essential elements in the entrepreneurial profile. Running ones own business requires long hours of committed work from the business owners.
 - **All-rounder:**-at least, in the early stages of the business, entrepreneurs need to be able to make the product market it and count the money. In other words until the business gets established the entrepreneur acts as producer, purchaser, accountant etc.
 - **Self-determination:**-entrepreneurs have great faith in their ability to control their personal environment, rejecting too high an influence of chance or fate.
 - **Desire for independence:**-entrepreneurs wish for autonomy believing that independence of action is the only sure way to get what they need.
- While entrepreneurs may share some of the above characteristics no one single trait can be said to be the secret of entrepreneurial success.

1.2 Statement of the Problem

By any measure or standard Ethiopia is one of the poorest nations in the world.

Some of the reasons for our poverty could be:-

- Attitude of students/people of the country towards starting and running one's own business. In other words entrepreneurial thinking is lacking from Ethiopian youth.
- Lack of confidence in recognizing opportunities and to make use of identified opportunities due to fear of risk. But entrepreneurship is the

process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction. In short our country's youth are risk averse.

- Un conduciveness of the environment for developing entrepreneurs and entrepreneurial thinking (political, cultural, social and economic environment)
- The educational system is also directly copied from some foreign countries which developed the curriculum to suit their own demand.

In addition, even though the new education policy of Ethiopia is inclined towards practical education, there still implementation problem seems to exist. That means our educational system has more of theoretical foundation than emphasizing on the practical aspects in reality. Therefore, it can be said that the above reasons can significantly affect the development of entrepreneurial thinking among Ethiopian youths.

Research questions that the study attempted to answer are:

1. What factors affect attitude of the young people towards entrepreneurship?
2. What are the constraints that the young people face in starting up a business?
3. What motivates the youth in starting and running their business?
4. Who are the key influencers for the young people?
5. What factors improve the acceptance of entrepreneurship in our society and among the young people in particular?

1.3 Objectives of the Study

Though the crucial role played by entrepreneurship in driving economic development and job creation is increasingly understood there has been little effort to look at it from youth's perspectives.

Hence, the main objective of the study is to identify the attitudes of college students towards entrepreneurship and entrepreneurial thinking.

Specific objectives of the study are:

- To identify the constraints that impede young people from starting and running their own businesses.
- To determine incentives and stimuli that makes starting a business a viable alternative for the youth.
- To draw conclusions and make suitable recommendations.

1.4 Significance of the Study

The study can direct those concerned or interested to make preparation to help the youth of the country, especially those who are leaving higher institutions to develop entrepreneurial thinking after finding out the gap. The study can also help policy makers to make policies that favor entrepreneurship and develop entrepreneurship oriented society. In other words, the findings of the paper can recommend policy makers to motivate the Ethiopian youth to consider starting

their own business after completing their education. It also helps other researchers who want to conduct further study on the subject in the future.

1.5 Methodology

The study used both primary data and secondary sources of data.

- Sources of primary data

A structured questionnaire is used with the objective of gathering information on students' attitude towards entrepreneurship.

- Sources of secondary data

Various publications, different journals, articles related to the subject under study, and other online materials were utilized.

- Population

Population is limited to students currently attending their education. (Students of Rift Valley University College and Addis Ababa University- Faculty of business and Economics)

- Sampling methods

Quota sampling and purposive sampling were used to include only students who took entrepreneurship courses. Accordingly, a total of 100 questionnaires were distributed to the students, out of which 85 questionnaires were properly filled and returned back.

- Data analysis

Since the data collected is on attitude of students on entrepreneurship; it is primarily of qualitative type. Thus, the data collected is processed /analyzed using descriptive method.

1.6 Scope of the Study

The study could have covered the attitudes of students leaving secondary schools, rural youths, graduates, university dropouts, etc. However, this study concentrates on only students currently pursuing their studies in higher education. Geographically, this study is confined to one public and one private college in Addis Ababa City Administration only, due to time and financial constraints among other factors.

1.7 Limitation of the study

The study has got its own limitations. First, the researcher started working on the project paper late due to the MBA coordination office's failure to assign advisors on time. This has its own effect on the quality of the paper produced within a short duration. Second, financial limitation has also its own impact in limiting the scope of the project. Had resources been adequate, the researcher would have covered a wider scope than what the project covered. Third, the researcher has observed problems on the part of the respondents while filling the questionnaires. Finally, there is a lack of secondary sources of data on youth entrepreneurship in our country. This forced the researcher to use other source of data on entrepreneurship for review of the literatures.



1.8 Organization of the paper

The paper is organized into four chapters. The first chapter deals with introductory part consisting of introduction, statement of the problem, objectives of the study, methodology, scope of the project, significance of the study and limitation of the study.

The second chapter reviews literatures related to the study. In this second chapter various theoretical concepts that relates with youth entrepreneurship and entrepreneurship in general will be dealt with.

Analysis of collected data, interpretation of the analyzed data and summaries of the major findings are presented in the third chapter.

Finally, the fourth chapter presents the conclusions and recommendations given.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

“Entrepreneurship and business creation are a growing alternative for young people whose age group often faces a labor market with double digit unemployment rates. Traditional career paths and opportunities are disappearing rapidly. A growing number of young people are taking up challenge of starting their own business and much is being learned about how the odds for success can be improved through various types of assistance and through the creation of a supportive environment.” (Ulrich Schoof 2006, p.1)

2.1.1 Youth and Entrepreneurship

In order to investigate youth entrepreneurship and monitor and evaluate policies designed to promote it, a definition of youth entrepreneurship is necessary. Unfortunately there is no generally agreed upon definition of the terms “entrepreneurship”, “entrepreneur” or “youth entrepreneurship” in the literature yet.

For the purpose of this study, a behaviorally-based definition instead of a trait-based approach is favored. Thus entrepreneurship is a set of behaviors and an entrepreneur is someone who undertakes these behaviors (Ulrich, 2006). Ulrich explained that using a behavioral definition facilitates the analyses of youth entrepreneurship, as it is easier to observe what young entrepreneurs do and how they do it than to identify their particular “entrepreneurial” traits and qualities – suggesting that entrepreneurship is innate, rather

than something that can be learned.

He further defined entrepreneurship as “the recognition of an opportunity to create value, and the process of acting on this opportunity, whether or not it involves the formation of a new entity. While concepts such as “innovation” and “risk taking” in particular are usually associated with entrepreneurship, they are not necessary to define the term.

2.1.2 Types of (Youth) Entrepreneurship and Young Entrepreneurs

The two approaches (behavioral based and trait based) each feature strongly in the literature. The trait-based approach is characterized by attempts to identify “entrepreneurial” traits and qualities and is evident, for example, in a definition of entrepreneurship proposed by Schnurr and Newing (1997, cited in Chigunta, 2002, p.1) as the “practical application of enterprising qualities, such as innovation, creativity, and risk-taking into the work environment (either in self employment or in small start-up firms), using the appropriate skill necessary for success in that environment and culture”.

Youth entrepreneurship and entrepreneurial activity can occur in different sectors, enterprise types and businesses (branches) and this engagement can have various reasons and motivations. In this section different types of youth entrepreneurship and young entrepreneurs are presented.

2.1.2.1 Economic, Social and Public Entrepreneurship

According to the definition presented in the preceding section, entrepreneurship is the

recognition of an opportunity to create value, and the process of acting on this opportunity.

For enterprises in the private sector (economic entrepreneurship) the main value or outcome is wealth creation and profit generation for those who own the enterprise. As the majority of young and old entrepreneurs engage in entrepreneurship of this type, most of the research and literature focuses on this aspect.

Another type of entrepreneurship, gaining popularity across the globe, is social entrepreneurship. Social entrepreneurship uses entrepreneurial activity to create social value; wealth creation is just a means to an end and a way of measuring value creation.

As Dees (2001) puts it, "For social entrepreneurs, social mission-related impact becomes the central criterion, not wealth creation".

Social entrepreneurs are therefore pursuing both financial self-sustainability and a social return on investment. It does not matter whether or not the venture is run by a nonprofit or a for-profit organization, as long as it is entrepreneurial in character and directed towards social problems or some public good. However, social enterprises clearly differ from traditional non-profit or charitable institutions. Socially entrepreneurial ventures focus on innovative approaches to social problems, pursue financial self-sustainability and independence from the State, set clear performance goals and apply proven management skills to ensure efficiency, effectiveness and accountability.

Perhaps the least recognized type of entrepreneurship is public entrepreneurship. Though having the same characteristics as economic entrepreneurship (risk-taking, innovation, leveraging of resources, etc.), its objectives and motivations are not purely financial, but

rather socially orientated. Public entrepreneurship occurs within public institutions and organizations and is about helping them become more responsive to their customers, clients and communities. This type of entrepreneurship is increasingly attractive for young people, working as independent consultants or collaborators on the efficiency of a public institution or on the expansion of its services.

2.1.2.2 Intrapreneurship (corporate entrepreneurship) and co-operatives

The term “Intrapreneurship” has been coined by Pinchot (1985) to describe the emergence of entrepreneurial activities within an existing business structure in general and in large corporations in particular (corporate entrepreneurship). Entrepreneurial skills are just as vital to large companies as to small business start-ups. Many large companies are encouraging and empowering employees to be more entrepreneurial and in so doing are creating new jobs and new internal small-business-like units that may later be spun off or integrated into other business units of the company. Today, the creation of an enterprise culture within an existing company is increasingly regarded as crucial and beneficial for companies that want to be more dynamic and profitable and that want to engage with today’s young professionals, who are demanding such an environment. Although increasingly young people are attracted to starting a business, it is clearly not an ideal path for everybody. However, most young people are now seeking entrepreneurial environments to work in even if they do not have the desire to create their own enterprise. An environment and culture in which an individual can learn, develop and contribute to the success of a business is crucial if a company wants to attract, foster and retain young talents.

Co-operatives are another particular form of enterprise in which entrepreneurial activities are carried on for a mutual benefit and in an egalitarian fashion. A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. They deliver well-being to citizens, wealth to nations, promote entrepreneurship and participation. Young people are increasingly involved in this very particular form of business.

2.1.3 Categorization of young entrepreneurs

2.1.3.1 Transitional categorization

Another approach to classify different types of young entrepreneurs is a transitional categorization, based on significant structural differentiation in youth enterprise activities.

Studies from different countries suggest that youth entrepreneurship varies according to age. Chigunta (2002) proposes a broad categorization into three (transitional) phases explained below:

1. Pre-entrepreneurs (in the age of 15-19 years): This is the formative stage. These younger youth are often in transition from the security of the home or education to the work place. But, as Curtain (2000) observes, for many young people, the transition from education to work is not a single step of leaving the educational system and entering the world of work.
2. Budding entrepreneurs (in the age of 20-25 years): This is the growth stage. These youth are likely to have gained some experience, skills and capital to enable them run

their own enterprises. They often face three enterprise pathways: 1) remaining stuck in marginal activities; 2) going out of business; and 3) running successful enterprises.

3. Emergent entrepreneurs (in the age of 26-29 years). This is the prime stage. With valuable experiences in business, emergent entrepreneurs have a higher level of maturity than youth in the lower age groups. Hence they are more likely to run more viable enterprises than younger people.

However, this kind of categorization can only serve as a broad suggestion, as transitions in the process of youth enterprise development will differ from country to country and from business sector to business sector. Nonetheless, it becomes obvious that observing and recognizing the different development stages and transitions (from school to business and from work/business to business) is crucial for evaluating and designing appropriate policies and strategies to foster youth entrepreneurship.

2.2 Motivations of young people to engage in entrepreneurship

According to Global Entrepreneurship Monitor (2004), there are various reasons why young people decide to start a business, relating to their living circumstances, their personal attitudes, preferences and objectives and their particular interests and individual strengths. Recognizing these reasons is crucial for understanding and stimulating youth entrepreneurship.

2.2.1 Living conditions: Necessity versus Opportunity motivated entrepreneurship

Entrepreneurship is driven by economic necessity when there is no other alternative for income generation or making a living. necessity-driven entrepreneurship levels in a

country is associated with factors like low tax revenue as a percentage of GDP, lower levels of participation in both secondary and tertiary education and high levels of income disparity and low levels of social security. That is why especially youth in developing and low-income countries tend to engage in business out of economic necessity (e.g. lack of employment opportunities, need to supplement household income and poverty).

In contrast, opportunity-driven entrepreneurship refers to entrepreneurship that is the result of the desire to pursue a perceived business opportunity, which is not the only option for generating an income and making a living at a time. The level of opportunity entrepreneurship is associated with a belief in having the skills to start a business, knowing someone who has started a business in the last two years, seeing good business opportunities in the future, and high business angel investment and support activity. That is why opportunity entrepreneurship tends to be more dominant in the high-income countries. However, in practice, it is fairly difficult to draw a clear separation line between both types of entrepreneurship

2.2.2 Personal attitudes, self-interests and individual strengths

Apart from living conditions, the motivations of young entrepreneurs are bound up to their personal attitudes, preferences and objectives and their particular interests, individual strengths and skills. In contrast to pure economic entrepreneurs, social entrepreneurs have a strong desire to change and improve society. Their motivation is often based on altruism, the need to be true to one's values and beliefs, the need to be socially responsible and in being a long-term interest in the health of the local economy,

environment and the community.

Finally, young people's particular strengths and skills can be a crucial motivation and catalyst to start a business. According to an ILO study, some types of young entrepreneurs can be distinguished as follows:

- o Technical entrepreneurs: These individuals have a strong technical orientation. They love inventing things and developing ideas for new products. Developing new markets and even new industries are generally the goal of those with technical orientation. The creation of an enterprise is merely a means to achieving their goals, not an end in itself.
- o Organization builders: Some entrepreneurs start their own businesses because they like to build organizations. These organization builders have skills in developing people, systems and structures.
- o Dealmakers: They enjoy making the initial deal to start a new venture and often enjoy some start-up activities. However, unlike the organization builders, they dislike having to manage and commit themselves to an organization over the long run. These are people who are usually involved in financial or trade transactions.

2.3 Youth entrepreneurship as an avenue of opportunity

Within the framework of potential efforts and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and a useful alternative for income generation in young people. As traditional job-for-life career paths become rare, youth entrepreneurship is regarded as an additional way of integrating youth into the labor market and overcoming poverty. Supporting this shift



in policy is the fact that in the last decade, most new formal employment has been created in small enterprises or as self-employment. Given global demographic trends, it is important that the social and economic contributions of young entrepreneurs are recognized. Entrepreneurship can unleash the economic potential of young people Chigunta (2002) sums up a number of reasons for the importance of promoting youth entrepreneurship:

Creating employment opportunities for self-employed youth as well as the other young people they employ;

Bringing alienated and marginalized youth back into the economic mainstream and giving them a sense of meaning and belonging;

Helping address some of the socio-psychological problems and delinquency (criminal behavior) that arises from joblessness;

Helping youth develop new skills and experiences that can then be applied to other challenges in life;

Promoting innovation and flexibility in youth;

Promoting the revitalization of the local community by providing valuable goods and services; and

Capitalizing on the fact that young entrepreneurs may be particularly responsive to new economic opportunities and trends.

Entrepreneurship and self-employment can be a source of new jobs and economic dynamism in developed countries, and can improve youth livelihoods and economic independence in developing countries. For young people in the informal economy, micro entrepreneurship is a bottom-up method for generating an income, self-reliance and a new

innovative path to earning a living and caring for oneself. Also estimates about the real potential and effectiveness of youth entrepreneurship differ, depending on how one measures the extent of entrepreneurship, which is inextricably linked to how it is defined and on how one assesses the particular socioeconomic conditions for youth entrepreneurship in different areas. Therefore, the promotion of youth entrepreneurship should still be seen as an important element/complement within a broader youth employment policy.

2.4 Barriers and incentives to enterprise start-ups by young people

In this section a range of key constraints and barriers to youth entrepreneurship in general and to enterprise start-ups by young people in particular is examined. At the same time, incentives, strategies and tools that make or could make starting a business a more viable alternative and easier for youth is presented. A particular look at five crucial factors for entrepreneurial engagement that should be addressed by appropriate programmes to foster youth entrepreneurship is taken. This includes:

1. Social and cultural attitude towards youth entrepreneurship;
2. Entrepreneurship education;
3. Access to finance/Start-up financing;
4. Administrative and regulatory framework; and
5. Business assistance and support.

2.4.1 Social and cultural attitude towards youth entrepreneurship

As cultural and social backgrounds influence an individuals' approach to life, they similarly influence entrepreneurial activity and enterprise culture. Gibb (1988) defined an enterprise culture as “set of attitudes, values and beliefs operating within a particular community or environment that lead to both “enterprising” behavior and aspiration towards self-employment.”

Researchers have long realized that cultural attitudes influence the entrepreneurial activities of a population, a country, region or ethnic group and that the interaction between culture and entrepreneurship is stronger in the case of some groups than others. Thus cultural differences between nations are increasingly understood as an important determinant of a nation's level of economic and entrepreneurial development. A cultural environment in which entrepreneurship is respected and valued, and in which business failure is treated as a useful learning experience rather than a source of stigma, will generally be more conducive to entrepreneurship.

2.4.2 Social and cultural influences affecting (youth) entrepreneurship.

2.4.2.1 The role of religion, cultural values, beliefs and behaviors

Religion – as one cultural aspect – and enterprise have a complex interdependent relation. Religion, since it can shape the values and beliefs of a person, can have an influence on entrepreneurial behavior in general and the nature and the type of business as well as women's participation in business in particular. However, recent studies on the influence of religion on business provide undependable evidence that religion does not exert as

important an influence as might be expected on entrepreneurial behavior. Carswell and Rolland (2004) show that there is no correlation between increasing ethnic diversity and associated religious value systems and a reduction of business start-up rate. However, there is still a general lack of in-depth research on the relation between religion and economic and social entrepreneurship. In this context, an analysis of the relationship between religion and social entrepreneurial activity would be particularly interesting.

As already mentioned, culture is the system of collective values that distinguishes the member of one group from another. Hofstede conducted perhaps the most commonly employed approach to understand on how values in the workplace are influenced by culture. He developed a model that isolates four primary dimensions to differentiate cultures (“uncertainty avoidance”, “individualism”, “masculinity” and “power distance”). These values again have an influence on individual’s needs and motives (e.g. for achievement, affiliation or the pursuit of individual and social goals) and their beliefs, behavior and orientation (e.g. risk-taking, proactive-ness and self efficacy). Therefore, differences in these values may have an influence on entrepreneurial behavior and the decision of whether or not to become an entrepreneur.

For example, uncertainty avoidance or acceptance in a culture is strongly linked to the level of risk-taking and proactive-ness of an individual or an organization. Individuals (like entrepreneurs) with a high need for achievement, such as those in uncertainty accepting societies, will be more willing to take risks than individuals in uncertainty avoiding societies.

“Masculinity”, “power distance” and “individualism” are also linked to entrepreneurial behavior. Different levels of individualism and power distance (hierarchies) can partly

explain the differences in entrepreneurial activity.

- o Uncertainty avoidance measures the ability of a society to deal with the inherent ambiguities and complexities of life. Cultures that are high in uncertainty avoidance rely heavily on written rules and regulations, embrace formal structures as a way of coping with uncertainty, and have very little tolerance for ambiguity and change.
- o Individualism describes the relationship that exists between the individual and the collectivity in a culture. Societies high in individualism value freedom and autonomy, view results as coming from individual (and not group) achievements, and place the interests of the individual over the interests of the group.
- o Masculinity is primarily concerned with the level of aggression and assertiveness present in a culture. Highly masculine cultures place a high emphasis on assertive and showy behavior, material goods and prestige are highly sought after, individuals tend to exhibit a high need for achievement, and organizations are more willing to engage in industrial conflict.
- o Power distance is "a measure of the interpersonal power or influence between (the boss) and (the subordinate) as perceived by the least powerful of the two (the subordinate)" (Hofstede, 1980, pp. 70-71).

2.4.2.2 The Social Legitimacy and Perception of Entrepreneurship

Cultural values can have an important influence on entrepreneurial behavior. However, that does not imply that they are enough to cause or to inhibit the rise of entrepreneurial activity. Social perceptions and perceived legitimacy of entrepreneurship are also an important factor in helping or hindering entrepreneurial behavior. According to Wilken (1979), the degree of approval or disapproval of business activity will influence its

emergence and characteristics, being favored by those environments in which entrepreneurs enjoy greater legitimacy. How young individuals perceive entrepreneurship depends particularly upon:

- a) Their personal environment (family, relatives, parents and friends).
- b) Their individual awareness and familiarity with the concept of entrepreneurship; and
- c) The general reputation, acceptance and credibility of entrepreneurs in society.

2.4.2.2.1 The legitimacy and acceptance of social entrepreneurship

Cultural perceptions of social entrepreneurship depend upon additional factors to those discussed previously. Primarily young people need to have an insight and being exposed to social problems. They also need successful role models, particularly younger ones and the opportunity to obtain knowledge of the social entrepreneurship process. However, societies in the main continue to view entrepreneurship only in narrow economic terms rather than embracing its potential wider social benefits.

A high level of uncertainty avoidance in a society combined with a rather skeptical or negative perception of entrepreneurship often leads to a stigma being attached to any failure in a commercial venture. However, the underlying causes and circumstances for risk assessment and risk taking can differ between young and old as living conditions, personal values and objectives change with age.

According to Stevenson and Lundström (2001), promoting an entrepreneurial culture is one of the most underdeveloped strategic areas of entrepreneurship development worldwide, poorly articulated in policy terms and the most subject to rhetoric. To change

the pattern of cultural determinates is a medium or long-term process. Moreover, it is a multi-faceted commitment, as culture is complex and difficult to change.

Promoting an entrepreneurial culture among young people requires a combination of specific programmes and initiatives to create positive attitudes towards entrepreneurship and entrepreneurs. The following could be used to promote an entrepreneurial culture among young people:

a) Research: Understanding cultural influences on entrepreneurship and assessing the attitude, awareness and aspirations of young people towards it. In order to promote an entrepreneurial culture among young people, it is crucial to know more about young people's attitude, awareness and aspirations towards entrepreneurship and business.

b) Promotion of role models

Successful social or private, youth or adult entrepreneurs are probably the best ambassadors for promoting entrepreneurship among young people. By delivering an image of independence, success and achievement, they can motivate young people to consider and explore entrepreneurship and self-employment. The more a young person knows a successful entrepreneur, the more likely he or she might become interested in starting a business because they have a role model to follow. Moreover, when supported by media campaigns, credible role models can have an influence on young people's personal environment, so that parents and relatives will change their attitude to entrepreneurship as well and encourage their children to engage in this field. In this context it is important to note that role models are most effective when reflecting the image of the group whose behavior is to be influenced (e.g. youth in general, young women, parents, etc.).

c) Campaigns, competitions and awards, media coverage, youth business events

Campaigns, events, competitions and awards are another way of raising the profile of entrepreneurship for young people. Youth business events (e.g. gatherings, expositions, fairs, galas, concerts, open business days), whilst tapping into youth culture, can be useful instruments for introducing entrepreneurship to youth. Moreover, they provide good opportunities for media exposure. Business competitions and awards provide special incentives for ambitious young people. The impacts of business competitions (business plan competition, simulation games, mini companies, awards) are much broader – they attract young men and women to the support services that are offered as a part of the competition.

d) Introduction and promotion of the entrepreneurial culture through education

Enterprise-focused education has an important impact upon young men and women. One important aim of enterprise education is the promotion of entrepreneurship as a viable career path. Learning about business development, administration and management as well as learning the necessary skills, attributes and behaviors creates positive attitudes towards entrepreneurship and has a significant impact on a young person's decision to become an entrepreneur.

2.4.3 Promoting entrepreneurship education

Education is a key issue. Schools should send out the message that being an employee is not the only option after the completion of studies. The advantages of being an entrepreneur should be promoted and the hopes of those young entrepreneurs who face the risks of starting their own business should be nurtured. Virtuous examples to follow



should be provided to those still doubtful among potential young entrepreneurs, in order to give them more confidence and demonstrate that it is indeed possible to become a successful entrepreneur, even in young age.

2.4.3.1 Key educative constraints to entrepreneurship

How should education be generally improved to become more entrepreneurially orientated? What are the key shortcomings and constraints in the current structures? In the following section some important areas for improvement are outlined:

- o General lack of introduction and adoption of enterprise education;
- o Inadequate curricula and study programmes;
- o Wrong learning methods;
- o Negligence of students' personal environment (parents and family members);
- o Lack of trained/educated teachers;
- o Lack of career information and business possibilities;
- o Lack of business and education linkages; and
- o Lack of ICT infrastructure/capability.

1) General lack of introduction and adoption of enterprise education

In many countries, particularly in developing and transition countries, enterprise education simply does not exist or has not been sufficiently adopted. When not applied in a holistic manner, it is often not including both the in-school and out-of-school youth. This holds true for our country (Ethiopia) as well, because entrepreneurship education has been only offered in Universities and colleges. Furthermore, it is not applied on all different levels of education (primary, secondary, technical and vocational and higher education).

Entrepreneurship programmes should be introduced at a school level, not only at college. These programmes should be present in other areas of studies and careers, not only business administration. Besides, the experiences of local young entrepreneurs should also be introduced in these programmes. Nothing is better than examples. Only by meeting young entrepreneurs aware of the problems and difficulties of creating a business and who experienced successes and failures of making a business, young students will believe they can make it as well. This is key. Teaching administration skills is not enough. It is crucial to teach the spirit, the confidence, the trust, the leadership, the firmness that only those who chased the ideal of setting up an enterprise know. This should be incorporated into study plans, pedagogical programmes, mentorship facilities and enterprise development programmes, which should – in turn – rely on the help and knowledge of young entrepreneurs, besides teachers and professors.”

2) Inadequate Curricula and study programmes

The teaching of entrepreneurial skills and attributes and behaviors is often not properly integrated into school curricula or not adequately taught on different educational levels. Most education systems still teach traditional values of compliance to the norm rather than independent thinking and acting, risk-taking and self-reliance. Moreover, an academic approach to education nurtures skills that are appropriate to working in the public sector or large organizations and companies but not for an entrepreneurial career. Even business study programmes at universities in many countries often do not include sufficient entrepreneurial elements. Thus students are neither encouraged nor educated to become entrepreneurs but rather managers.

3) Wrong learning methods

In most education systems, there is still a clear lack of practical and experiential learning as well as of teamwork learning. Experiential learning is very rarely used, as an effective way of gaining knowledge and experience, yet it is probably the most powerful way of learning entrepreneurship. There should be more lectures on specific fields of business. Not the theoretical ones, but the practical ones. These should be conducted by an entrepreneur and should include practical examples from real companies, case studies, networking.

4) Lack of trained/educated teachers

Teachers and university professors often have only limited experience in, and understanding of, small businesses and self-employment. They are not adequately trained or educated to teach entrepreneurial skills young people.

Skills like: Problem solving, creativity, persuasiveness, planning, negotiating and decision-making.

Attributes like: Self-confidence, autonomy, achievement orientation, versatility, dynamism, and resourcefulness.

Behaviors like: Acting independently, actively seeking to achieve goals, flexibility, coping with uncertainty, risk-taking, opportunity seeking, and pragmatic approach.

5) Lack of career information and business possibilities

School environments often do not sufficiently introduce youth to the concept of entrepreneurship and self-employment as a career option. Tools, resources and information material to support youth entrepreneurship are not readily available.

6) Lack of business and education linkages

Relationships between educational institutions and the business community (school industry partnerships, combination of classroom learning and structured on-the-job experience) do not exist or are poorly developed.

7) Negligence of students' personal environment (parents and family members)

Entrepreneurship education initiatives often disregard the important role of family members of young people and their parents in particular. Creating awareness among family members regarding the importance of stimulating entrepreneurial culture is crucial.

8) Lack of ICT infrastructure/capability

Due to financial constraints, schools often cannot afford to provide access to appropriate ICT infrastructure (hardware, software, Internet access and multimedia applications).

An inadequate ICT infrastructure and training constrain ICT capabilities of young people, which are increasingly crucial for many new entrepreneurial opportunities.

2.4.4 Access to Start-Up Finance

The lack of adequate start-up finance is one of the most prominent (at least most talked about) impediments to young people seeking to create their own business.

2.4.4.1 Key constraints for young people to start-up finance

- o Lack of personal savings and resources
- o Lack of securities and credibility (for debt financing)
- o Lack of business experience and skills (for debt financing)
- o Complex documentation procedures
- o Long waiting periods (time needed to decide on an application for funding)
- o Lack of knowledge, understanding, awareness of start-up financing possibilities

- o Unfavorable firm characteristics and industry
- o Legal status/form of enterprise
- o Lack of (successful) micro lending/-finance and seed funding

2.4.4.2 Improving the access to finance

The following section outlines the major strategies, initiatives and key tools being used in different countries to improve and expand the access to finance for young people.

Promotional efforts can be broadly divided into four categories:

- 1) Research into start-up and business finance
- 2) Provision of start-up and business capital
- 3) Improving the regulatory environment for start-up finance
- 4) Information and counseling on access to finance and funding.

2.5 Developing youth entrepreneurship policy

It is seen that entrepreneurship can be an important avenue of opportunity for young people. Within the framework of potential efforts to boost employment for young people, it is an additional innovative way of integrating youth into the labor market. In view of rising youth unemployment and the increasing lack of labor demand, promoting youth entrepreneurship can be a valuable additional strategy to create jobs and improve livelihoods and economic independence of young people. Furthermore, it has a multidimensional approach as it fights youth unemployment in two different ways: On the one hand, it creates employment opportunities for self-employed youth as well as for other young people being employed by young entrepreneurs. On the other hand, it

provides youth with entrepreneurial skills and attitudes that are necessary to cope with the general shift from traditional 'job-for-life' careers towards 'portfolio careers'. Thus it improves young people's general employability for today's and tomorrow's labor markets.

2.5.1 Youth entrepreneurship policy

How can youth entrepreneurship be defined? What are its particular features and constituents? What are corresponding government approaches to and structures for policymaking? The following section tries to give an answer to these questions and outline developments and trends in this fairly new area.

Entrepreneurship policy has been defined by Stevenson and Lundström (2001) as: Policy measures taken to stimulate entrepreneurship aimed at the pre-start-up, start-up and post-start-up phases of the entrepreneurial process.

Entrepreneurship policy is designed and delivered to address the areas of motivation, opportunity and skills with the primary objective of encouraging more people to consider entrepreneurship, to move into the budding stage and proceed into start-up and early phases of a business. Drawing up on this definition, youth entrepreneurship policy can be defined as: Policy measures taken to foster entrepreneurial activity of young people aimed at the pre-start-up (including entrepreneurship education), start-up and post-start-up phases of the entrepreneurial process designed and delivered to address the areas of motivation, opportunity and skills with the main objective of encouraging more young people to start an entrepreneurial undertaking or venture and at the same time to improve young peoples' general employability. This broader definition recognizes all the different

types of entrepreneurial engagement (e.g. economic, social and public entrepreneurship, intrapreneurship and cooperatives). Furthermore, it refers to the particular role of entrepreneurship education and training in improving young peoples' employability on today and tomorrow's labor markets.

Entrepreneurship policy in general and youth entrepreneurship policy in particular, are still fairly recent and evolving areas. Therefore, it is crucial to understand where these policies are or should be situated. Youth entrepreneurship policy is cross-cutting in nature and therefore necessitates a collaborative multi-stakeholder approach on the part of government and society. This means that for successful policy development in youth entrepreneurship collaboration between different line ministries (education, labor, industry, youth and finance in particular) is vital. As a matter of fact, it is almost impossible to outline the entire array of policies that affect entrepreneurship. As its objective is to foster job creation and to contribute to economic development and growth, it can be seen from different policy angles.

2.5.2 Employment perspective: Youth Entrepreneurship and employment policies

A survey of the recent literature on youth employment and entrepreneurship suggests that the starting point for a youth entrepreneurship policy development must be the formulation of a broad national youth (employment) policy, of which entrepreneurship will be only one element. This approach is in line with the Youth Employment Network's approach to support countries in the development of national action plans on youth employment. From an ILO point of view, Youth Employment is a useful path for employment creation, however, it should be conceived in combination with increasing

the quality of this type of employment and that is why it is crucial to embed it in overall employment policies focusing on the creation of decent work. Furthermore, a broad national youth (employment) policy must (then) be properly integrated with key macroeconomic and sectoral policies in order to avoid treating youth livelihoods and entrepreneurship in isolation neglecting the influence of national socio-economic framework conditions. In this context, youth entrepreneurship policy can be regarded as “niche” policy, approach, as it focuses on fostering entrepreneurial activity among a particular segment of the population.

From an economic development perspective, Youth Employment policy should ideally be embedded in a “holistic” and comprehensive entrepreneurship policy approach that incorporates the policy objectives and measures of the other entrepreneurship policy types. (Organization for Economic Cooperation and Development (2001))

CHAPTER THREE

DATA ANALYSIS AND INTERPRETATION

This chapter presents analysis, interpretation and findings of information collected from students of Addis Ababa University, Faculty of Business and Economics, and Rift Valley University College. Hundred (100) questionnaires were distributed to these students and 85 of them were collected back. In the study, attitude of college students on entrepreneurship, 85 students participated with the objective of identifying the various perceived and real barriers to starting up ones own businesses and the incentives or motivators to start up a business among others. The responses of the students are summarized in the following tables:

Table 1: *Age distribution of the respondents*

Number	Age	Frequency	Percentage
1	Under 20 years	41	48.2
2	21-25	37	43.5
3	26-30	7	8.3
Total		85	100

The above table (Table 1) shows age distribution of the respondents. As can be seen, majority of the respondents (about 92%) are under 25 years of age. This is mainly because the study participants are only students currently pursuing their studies in higher educations. As a result most of the respondents are in their young ages.

Table 2: *Gender distribution of the respondents*

Number	Gender	Frequency	Percentage
1	Female	39	45.9
2	Male	46	54.2
Total		85	100

Table 2 depicts the gender distribution of the respondents. Accordingly about 46% of the respondents are females and the rest are males. This shows that the study is more or less fairly distributed among males and females.

Table 3: *Respondent's institution*

Number	Education	Frequency	Percentage
1	TVET(technical and vocational educational training)	48	56.5
2	University or higher education	37	43.5
Total		85	100

Table 3 shows the respondents educational level (TVET and University). The questionnaires were equally distributed among students in both the educational levels i.e.

50 questionnaires each were distributed to TVET and university students. As can be seen from the table, about 97.4% of the questionnaires and 74.4% of the questionnaires were collected back from TVET and University students, respectively.

Table 4: *Respondent's family background*

Number	Family Background	Frequency	Percentage
1	Agriculture	25	29.4
2	Employed	41	48.2
3	Commerce	19	22.4
Total		85	100

As shown in the above table, 29.4% of the respondents' family background is agriculture, 48.2% of the respondent's family background is employment and 22.4% is commerce or business.

About 57% of the respondents who responded that they are not interested to start up a business are from families that are earning their living by being employed and the rest (43%) are from families engaged on agriculture.

Family background seems to have an impact on whether the students want to start a business or not. Because all the respondents whose family background is commercial activities claimed that they want to start and run their own business.

Table 5: *Student's interest in starting or owning a business.*

Q: Do you want to start your own business?

Number	Response	Male	Female	Total	Percentage
1	Yes	41	37	78	91.7
2	No	5	2	7	8.3
Total		46	39	85	100

Table 5 presents the students' interest in personally involved in business. Over 91% of the respondents claimed that they would like to start up or own a business. Gender does not appear to significantly differentiate those who want to start a business and those who do not.



Table 6: *Reasons or motivations for starting up a business*

Rank	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	Total
Starting a business is the only chance to earn money for me	3	10	8	9	11	12	12	9	78
To be independent	25	11	11	9	9	6	3	2	78
To change and improve the society	10	12	12	18	9	10	3	1	78
To continue with family tradition	2	5	6	7	4	4	13	33	78
To do what I really want to do	19	13	9	10	5	10	4	4	78
To gain recognition from the society	1	2	5	4	10	16	21	15	78
For financial freedom	7	18	10	7	15	10	5	4	78
To help in creating employment	7	5	16	10	12	7	11	6	78

Note: *The ranks are put from 1st to 8th according to their importance by the respondents.*

The students were provided with a battery of statements and asked to rank the eight statements on what motivated them to consider starting a business according to their importance to them.

There are various reasons why young people decide to start a business, relating to their living circumstances, their personal attitudes, preferences and objectives and their particular interests and individual strengths. Recognizing these reasons is very important for stimulating the students towards entrepreneurship.

Key findings may be summarized as follows:

Starting a business is the only chance to earn money for me (only 4% ranked it first, 13% ranked it second and 83% ranked it third and beyond).

It seems that the respondents want to start a business not because there is no other alternative to earn their living for them.

To be independent or to be my own boss (32% ranked this first, 14% ranked it second and 54% ranked it third and beyond)

This shows that a good number of students are motivated by the need for independence to think of starting up a business as one important alternative to earn money.

Various literatures on entrepreneurship consider the need for independence as one of the important characteristics of entrepreneurs.

To change and improve the society (13% ranked this first, 15% ranked it second and 72% ranked it third and beyond)

Changing and improving the society is cited as one of the motivators to consider starting up a business by the young people included in the study.

This refers to the need to be socially responsible which is possessed by some of the respondents.

To continue with family tradition (11% ranked this first, 26% ranked it second and 63% ranked it third and beyond)

Out of the 85 respondents 19 (22.4%) students are from a family engaged on business activities and among these students some of them considered continuing in family tradition as one of the their reason to consider starting a business.

To do what I really want to do (24% ranked this first, 17% ranked it second and 59%ranked it third and beyond)

A good number of students claimed that they think of starting a business to change their hobby or leisure time activities in to business.

To gain recognition/reputation from the society (1%ranked this first,3%ranked it second and 96%ranked it third and beyond)

Most of the respondents attached very little value to respect and recognition from the society as the reason for considering starting up a business.

For financial freedom (9%ranked it first, 23%ranked it second and 68% ranked it third and beyond)

One of the most important reasons often cited as a motivator to start a business is to gain the financial benefit associated with owning and running a business. It is one of the important reasons put by the respondents to think of starting a business.

To help in creating employment (9% ranked this first, 6% ranked it second and 85% ranked it third and beyond.)

One of the roles played by small businesses established by entrepreneurs to the society is creation of employment opportunities for the unemployed work force. But as a matter of fact only few students valued this as a motivator for them to start up a business.

Table 7: *Inhibitors to starting up a business for students.*

Rank	1 st	2 nd	3 rd	4 th	5 th	6 th	Total
Access to finance	36	17	10	6	5	10	85
Education and training do not promote students to start a business	15	10	20	18	10	12	85
Lack of business support in terms of business counseling and work space	15	22	18	17	12	1	85
Social and cultural attitude towards business ownership	14	18	8	16	19	10	85
Government regulations	3	14	17	20	15	16	85
High risk of conducting business	4	8	13	19	18	23	85

Note: *The ranks are from 1st to 6th put according to their importance by the respondents.*

Students are provided with six statements that are considered to be constraints to start up and run a business and requested to rank them from first to sixth according to their degree of importance to them.

Responses of the students can be summarized as under:

Access to finance (42% of the respondents ranked it first, 20% of the respondents ranked it second and 38% of them ranked it third and beyond)

This shows that the majority of the respondents considered lack of access to start up finance as the major inhibitor to starting up a business.

Lack of access to start up finance is one of the most prominent (at least most talked about) impediments to young people to create their own business.

As can be seen from the table, lack of access to adequate to start up capital was considered to be the most severe barrier compared to all other barriers that the respondents are provided to rate or rank.

Education and training do not promote or encourage the young people to engage in business and to develop good business idea. Education and training does not match market opportunities (18% of the respondents ranked this first, 12% of the students ranked it second and 70% ranked it third and beyond)

Many students responded that education do not encourage students to start up a business. They claimed that still school environments often do not sufficiently introduce the students to the option of entrepreneurship and self employment.

Lack of business support in terms of business counseling and working space (18% ranked it first, 26% ranked it second and 56% ranked it third and beyond)

The respondents considered lack of business support and work space as the second most important impediment among the barriers listed for them to rank.

Availability of tailor made business training and advice and well located working space are crucial for a particular start up situation.

Social and cultural attitude towards entrepreneurship i.e. entrepreneurship is not appreciated and promoted enough by the society (16% ranked it first, 21% ranked it second and 63% ranked it third and beyond)

The respondents claimed that social and cultural attitude of society towards entrepreneurship to be the third most important constraint.

This seems true as general observation tells that the society wants/values most students be inclined to other professions like medicine, engineering, law and related professions than those who are intending to start and run their own businesses.

Government regulations i.e. excessive administrative and bureaucratic burdens impede youth entrepreneurship (4% ranked it first, 16% ranked it second and 80% ranked it third and beyond). Administrative and regulatory burdens are among the important barriers to start ups of the young people in developing according to the report of World Bank (2005). The report further explains that government regulations and bureaucratic formalities also are seen as one reason for large informal sectors in developing countries. These administrative and regulatory burdens could be in the form of business registration, obtaining investment approvals and business licenses, access to work space and long term leases and the like. These issues, as with other barriers, are considered by the respondents as one of the inhibitors to consider starting a business as a viable alternative to employment.

High risk of conducting business (5% ranked it first, 9% ranked it second and 86% ranked it third and beyond). As can be seen from the table, few students considered risks of conducting business as an important inhibitor. It seems that students are not demotivated by the risks inherent in starting and running a business. Calculated risk taking or assumption is one of the important characteristics possessed by entrepreneurs according to various literatures on entrepreneurship.

Table 8: *Key influencers to go in to business or not for the students.*

	Positive influence	Negative influence	No influence	Don't know	Total
Friends	92.9%	4.7%	2.4%	0	100%
Teachers/instructors	83.5%	3.5%	9.4%	3.6%	100%
Entrepreneurs	84.7%	5.9%	4.7%	4.7%	100%
Media	96.5%	1.16%	1.16%	1.16%	100%
Parents	88.2%	7%	1.17%	3.63%	100%
Politicians	18.8%	27%	32.9%	21.3%	100%
Government	68.2%	17.6%	5.8%	8.4%	100%
Religious Leaders	35.2%	9.4%	35.2%	20.2%	100%

All the respondents were asked to identify who can most influence their opinions/attitudes about business either positively or negatively. Table 8 shows the summary of the responses of the students.

Important findings can be summarized as follows:

About 93% of the respondents claimed that friends can positively influence our attitude towards starting up a business. Out of these 39% think that friends have strong positive influence on our attitude towards business. The other important point to note is that teachers or instructors are considered as key influencers. Well over three-fourth of the respondents (84%) claim that teachers/instructors can positively influence the students on starting up a business. Out of which 39% consider the teachers to have a strong influence. Entrepreneurs are thought to have a positive influence on students to start up a business. Accordingly 84% of the students included in the study believe that entrepreneurs can influence the young people to start and run their own business.

Media (Television, Radio, Magazines, News papers etc.) is considered to have a very important role in influencing the youth to consider starting up a business as important option to employment. About 95% of the respondents claim various media to influence the youth on starting a business.

About 88% of the students included in the study responded that parents have the potential to positively influence them in deciding on starting up a business.

Of particular interest here is that about 60% of the students/respondents claim that politicians have no influence or negatively influence the youth as far as starting up a business is concerned. And only 19% claim that politicians can positively affect the youth.

Majority of the respondents (68%) seem to agree to the statement that government can positively influence the young people to start up a business. But, some of the respondents (24%) claim that a government has no influence or negative influence on the young people's attitude towards entrepreneurship.

Information collected from the students show that the majority (64%) deny or don't know the power of the religious leaders in encouraging the young people to consider starting up a business as an alternative to employment.

Table 9: *Important de-motivators to engage in business for the students.*

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	Total
Access to finance-capital to invest	54	17	1	10	3	85
Lack of required skills	18	29	19	12	7	85
Financial risks	15	42	11	12	5	85
Corruption	15	21	19	16	14	85
Competition	7	24	23	16	15	85
Fear of the workload	4	20	24	21	16	85
Fear of lack of market demand	10	24	24	15	12	85

As can be seen from the table 9, the students were provided with statements related to or thought to be de motivators for the young people in starting up a business. Identifying things that the young people consider as discouragers are important to find solutions in order to stimulate the youth.

Key findings may be summarized as follows:

Access to finance capital to invest is an important de motivator according to the response from the students. It is considered by the majority of the respondents as the most common constraint limiting the pursuit of opportunities.

Lack of skills or lack of confidence in my skills and experience i.e., I am afraid of not having the right skills or experience. Accordingly, more than half (about 55%) of the respondents considered lack of required skills as an important de motivator to identify, evaluate, and exploit business opportunities.

Financial risks i.e., I am afraid of not being able to pay back my loan. About 67% of the respondents claim that financial risks are one of the important de motivators to pursue business opportunities. But according to various researches done on entrepreneur's traits, calculated risk taking is one important entrepreneurial quality. Hence, this shows that a good number of students are lacking in this respect.

The other important de motivator is corruption in business according to information gathered from the respondents. About 43% of the respondents responded that corruption is one of the factors that discourage the young people to pursue business opportunities.

Though not considered as most important de motivators by the respondents; fear of competition, fear of work load, and fear of lack of market demand are cited by the respondents.

Table 10: *Attitude of the students towards business people.*

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	Total
Business people are seen as honest in my community	10	18	21	23	13	85
Most business people conduct business in a socially acceptable manner	9	23	20	27	6	85
Malpractices are prevalent among business people	11	29	22	16	7	85
Business people in my community are only after profits i.e., they don't care about the social needs.	28	28	9	15	5	85

As the above table shows, the respondents are provided with four statements with the objective of obtaining information on their attitude towards business people and their businesses in the community. This may indirectly help to understand their attitude on business.

The findings can be summarized as under:

Only 33% of the respondents agreed that business people are conducting businesses honestly in their community. This clearly shows that most of the young people do not

have a positive attitude towards business people. That means the students are suspicious of the integrity of business people.

The other important thing to be noted is that the students question the fact most business people/businesses are socially responsible. Table 10 shows that out of the 85 respondents only 32 (about 37%) claim that business people are running their businesses in a socially responsible manner.

Malpractices are prevalent among businesses, (about 47% agree to the statement, 26% are neutral and 27% disagree). This show that a good number of students believe that there are a number of wrong doers among business people. Hence, one can conclude that some of the students have a negative attitude towards business people.

The other important thing to note here is that majority (about 66%) of the students agreed to the statement that our business people are only after profits. As can be seen, only 24% of the respondents disagreed to the statement. Therefore, it seems that student's attitude towards business owners and their business is not good. This negative attitude might reflect on their interest to start up a business in general.

Table 11 shows that the students were provided with five statements on the measures thought to improve the acceptance and appreciation of entrepreneurship in the society and among the young people in particular.

Key findings may be summarized as follows:

Better media coverage about entrepreneurship (12% of the respondents ranked it first, 33% ranked it second and 55% ranked it third and beyond). This shows that a good number of the students considered better media coverage to play an important role in developing a positive attitude towards entrepreneurship in the society and the youth in particular.

Entrepreneurship education in junior and high schools (41% of the respondents ranked it first, 15% ranked it second and 44% ranked it third and beyond). Offering entrepreneurship courses starting from junior and high schools is rated as the most important factor to stimulate the young to consider starting their own business as a viable career path.

Short term trainings given by entrepreneurs (14% ranked it first, 25% ranked it second and 61% ranked it third and beyond). A good number of the students cited practical short term trainings given by entrepreneurs (business people) as one of the important factors that can improve the acceptance of pursuing businesses as an alternative to employment.

Promotion of entrepreneurship by role models (19% ranked it first, 24% ranked it second, and 57% ranked it third and beyond). Promoting starting up a business by public figures (famous personalities in different areas- like sport, music, film etc) is rated as the second most important factor in stimulating the young people towards entrepreneurship.

Campaigns, competitions, and awards (11% ranked it first, 14% ranked it second and 75% third and beyond). Some of the respondents also considered conducting campaigns, competitions, and awards on business ideas development to play its role in stimulating the young people towards entrepreneurship.

CHAPTER FOUR

CONCLUSION AND RECOMMENDATION

4.1 Conclusions

This study has revealed about attitudes of college students on entrepreneurship. The respondents of the study were chosen from two higher educations, one from government and the other from private sectors. One hundred questionnaires were distributed, of which 85 has been properly filled and returned.

Most [92%] of the respondents were below age of 25 and gender distribution is fairly representative, i.e., 54% male to 45% female.

This study has shown that, family background has an influence on the student's future career, that is, whether they have to start their own business or pursue other jobs. This was clearly stated from the responses of students whose family has been engaged in business tends/inclined to start their own business more than those whose family has different backgrounds.

Most respondents replied that they would like to start their own business, but in reality one could observe that most Ethiopian graduates of higher education look for other careers than starting their own businesses.

The following are considered as reasons for starting up a business put in the order in which they are rated by the respondents:

- To be independent or to be their own boss.
- To do what they really want to do or the things they enjoy doing.
- To change and improve the society.
- To help in creating employment
- For financial freedom
- Starting up a business is the only chance to earn a living for them
- To continue in the family tradition
- To gain recognition from the society.

As per the responses of the respondents, most of them replied that the reason that motivates them to start their own business is to be the need for independence. That is they want to be their own bosses. On the other extreme, gaining recognition from the society was considered as the least important reason among the respondents. That is the culture of valuing recognition from the society did not yet developed.

The major factors that hinders the starting of new business is lack of access to finance which was followed by lack of education, training, business counseling and low level of understanding towards the concepts of business ownership. While only few of them replied the problems that arises from the government regulations and risk of loss attached to it as a major problem.

According to the rating of the respondents among the various influences that initiate or discourages students to get into their own business, parents plays significant role. Media and entrepreneurs themselves plays still significant role. In addition, influence from friends, teachers/instructors, and the role of government is still important. On the other hand, influences that are negative could mostly arise from politicians and from government intervention. However this does not mean that the other variables that have mostly positive influence will not result in negative consequence.

The most important de-motivating factors among the respondents were lack of access to finance to be invested. In addition, lack of entrepreneurial skill, risk averse nature and corruption respectively rank top among those factors that de-motivate students from joining entrepreneurial world.

Most students strongly argue that most business people only run after their profit, that is, they do not care about the societies need or the feelings of the society. Again, significant number of students perceives business people as though they were engaged in malpractices. However, few students perceive that only very few business people are honest and conduct their business in a socially acceptable manner. Hence one can conclude that, student's attitude towards business people is negative.

4.2 Recommendations

Based on the foregoing conclusions, the following recommendations were given.

- Promoting an entrepreneurial culture among young people through:
 - Understanding cultural influences on entrepreneurship and assessing the attitude, awareness and aspirations of young people towards it.[conducting research].
 - Promotion of role models.

Successful social or private, youth or adult entrepreneurship are probably the best ambassadors for promoting entrepreneurship among young people. By delivering an image of independence, successes and achievement they can motivate young people to consider and explore entrepreneurship and self employment. The more the young people know successful entrepreneurs, the more likely he/she might become personally interested in starting a business because they have role models to follow. Moreover, when supported by media campaigns, credible models can have an influence on young peoples personal environment, so that parents and relatives will change their attitude towards entrepreneurship as well and encourage their children to engage in the field.

- Campaigns, events, competitions and awards are another way of raising the profile of entrepreneurship for young people. Youth business events can be useful instruments for introducing entrepreneurship to youth. Moreover, they provide good opportunities for media exposure. Business competition and awards provide special incentive for ambitious young people.

- Promoting entrepreneurship education- entrepreneurship education is crucial in assisting young people to develop entrepreneurial skills, attributes and behaviors as well as to develop enterprise awareness, to understand and realize entrepreneurship as a career option.

Entrepreneurship education is not only a means to foster youth entrepreneurship and self employment but at the same time to equip young people with the attitudes and skills necessary to cope with the uncertain employment paths of today's societies.

- Improving access to finance/facilitating debt financing for young people/ improving the administrative and regulatory environment for debt finance. For example, this can be done by strengthening the micro finance institutions to provide start up capitals for the young people leaving higher educations.
- Developing and implementing youth entrepreneurship policies by concerned government agencies so as to provide conducive environment for the students who are leaving various private and public higher educational institutions to consider starting up a business as one alternative to looking for employment. In addition, governments should encourage the young business starters by providing subsidies of different types, for example, tax exemption in the early days of the business, provision of working space free of lease, and the like.
- Improving business support and assistance for the young people through/in terms of:
 - Providing business counseling so as to help the young people/student's identify, evaluate and exploit business opportunities

- Providing working space for the young people free of lease at least until their businesses gets established.
- Offering practical short term trainings on entrepreneurship with the help of experts and successful entrepreneurs.

Meeting successful entrepreneurs or being exposed to success stories can greatly help the young people to be motivated to entrepreneurship.

- Giving a better media coverage on entrepreneurship.

Various Medias [TV, Radio, News Papers, magazines, etc] can play a crucial role in stimulating the youth towards entrepreneurship through:

- Inviting successful business people and presenting their success stories.
- Opening a discussion forum on entrepreneurship by involving university Professors, and others with the required expertise on the subject matter and
- Conducting competition on idea or opportunity identification, business plan development, and the like on media.
- Finally the researcher believes that further researches need to be undertaken on youth entrepreneurship to understand the subject matter very well and to come up with recommendations based on findings with a better a scope/coverage.

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Appendix

ADDIS ABABA UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
MBA PROGRAMME

Title of the project:

“Attitude of college students on entrepreneurship”

Though the significant role played by entrepreneurship in driving economic development and job creation is increasingly understood, there has been little effort to look at it from a youth perspective. When it comes to young people, they are mostly following the general adult population, failing to realize their particular entrepreneurial potential and talents as well as their critical contribution to economic and social development.

This questionnaire is aimed at identifying the attitudes of college students towards entrepreneurship and the reasons young people restrain from starting and running a business and at the same time to determine incentives that make starting a business a viable alternative for youth.

Dear Student,

This questionnaire is designed to obtain information about your perceptions, opinions, and attitudes towards starting and running a business. I would appreciate it if you could answer the following questions as comprehensively as possible.

Thank you for your assistance and for sparing your precious time.

A. Personal Profile

1. Name: ----- College-----

2. Age

a) 15-20

c) 26-30

b) 21-25

d) 31 and above

3. Gender

c) Male

b) Female

4. Education

d) Technical & Vocational education

e) University or higher education

5. Region (that you came from)

6. Family Back ground

Agriculture -----

Employed -----

Commerce (Business men)-----

Other (Specify):-----

B. General questions

I. Do you want to start your own business?

Yes

No

II. If your answer is yes, why do you want to start your own business?

Please rank them according to their important to you. Please rank them first (1). Second (2)...etc

Rank:_____ 1) Starting up a business is the only chance to earn money for me

Rank:_____ 2) To be my own boss/to be Independent.

Rank:_____ 3) To change and improve the society.

Rank:_____ 4) To continue with family tradition i.e my family are businessmen.

Rank:_____ 5) To do what I really want to do

Rank:_____ 6) To gain reputation / recognition from the society.

Rank:_____ 7) For financial freedom.

Rank: -----8) to help in creating employment.

Rank:_____ 9) Other (please explain)

III. In your opinion, why do college graduates fail to start their own business? Please rank them first (1), second (2), third (3) etc.

Rank:_____ 10) Access to finance i.e There is a clear lack of access to start up financing for young people.

Rank:_____ 11) Education, skills and training i.e education and training do not promote/encourage young people to engage in business and to develop good business ideas. Education and training does not match the market opportunities.

Rank:_____ 12) Business support i.e. There is clear lack of business support in terms of business counseling and access to working space.



Rank:_____13) Social/ cultural attitude towards (youth) entrepreneurship. I.e. Entrepreneurship is not appreciated and promoted enough by society.

Rank:_____14) Government regulations i.e. excessive administrative and bureaucratic burdens impede youth entrepreneurship.

Rank:-----15) High risk of conducting business, i.e. Government employment has security.

Rank:_____16) Other (please explain)

IV. In your opinion. Who do you think has more power in encouraging or discouraging young people to start up a business? Tick in the box.

		Strong influence	Positive influence	Negative influence	No influence	Don't know
17	Friends					
18	Teachers/ instructors					
19	Entrepreneurs					
20	Media (TV. Radio, Internet) coverage of businesses & business people					
21	Parents and family					
22	Politicians					
23	Religious leaders					
24	Government					
25	Other (specify)					

VI. What measures could improve the acceptance and appreciation of entrepreneurship in society and in particular among young people in our country?

26. Better media coverage. _____: Rank

27. Entrepreneurial education in junior and high schools _____: Rank

28. Short term trainings given by entrepreneurs _____: Rank

29. Promotion of entrepreneurship by role models _____: Rank

30. Campaigns, competitions and awards _____: Rank

31. Other (specify)

V. What have been important de- motivators for you to engage in business? Mark your choice /x/

	Strongly agree	Agree	Neutral	disagree	Strongly disagree
- Access to finance- capital to invest					
- Lack of skills (confidence in my skills and experience) I am afraid of not having the right skills or experience					
- Financial risks I was afraid of not being able to pay back my loan. Credit or borrowed money					
- Corruption I was de-motivated from the level of corruption in business or society in general					
- Competition I was afraid of the strong competition in proposed line of business					
- Workload I was afraid of not being able to handle all the workload					
- Market demand I was worried by the possibility that people would not have a need for my product or service					
- Other (please explain)					

VI. State your agreement or disagreement to the following statements.

	Strongly agree	Agree	Neutral	disagree	Strongly disagree
- Business people are seen as honest in my community					
- Most business people conduct business in socially acceptable /ethical/ manner.					
- malpractices are prevalent among business people					
- Business people in my community are only after profits. i.e they do not care about the social needs.					

Declaration by the Candidate

The thesis on '**Attitude of College Students on Entrepreneurship**' is my original work. It has not been presented for any degree in any University that all sources of materials used for the thesis have been duly acknowledged.

Gemechis Terfa

Addis Ababa

25 July 2007

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