

UNIVERSITY OF NAIROBI

FACULTY OF ARTS

DEPARTMENT OF SOCIOLOGY AND SOCIAL WORK

*ENTREPRENEURIAL INTENTIONS AMONG THE YOUTH IN  
KENYA: ROLE OF REFERENCE GROUPS AND "PUSH  
AND PULL" FACTORS*

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RESEARCH PROJECT IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR  
MASTER OF ARTS (ENTREPRENEURSHIP DEVELOPMENT)

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## DECLARATION

I, *Kerubo J. Masese*, hereby declare that this research project is my original work and has not been presented for a degree in any other University.

Signed.....*J. Masese*.....

Date.....*09/12/2008*.....

KERUBO MASESE

This project has been submitted for examination with my approval as University Supervisor;

Signed.....*K. Kiemo*.....

Date.....*09/12/2008*.....

DR. KARATU KIEMO

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*Finally I would like to absolve all individuals mentioned in this research for any errors of omission and/or commission or any interpretational errors. For these, I remain solely responsible.*

*To all I say may God bless you abundantly.*

## DEDICATION

To Linda, David, Trevor, and Michael, your love is my strength.

To Tiffany, my sweet little girl, I cherish you; life wouldn't be the same without you.

## ABSTRACT

This study sought to determine whether entrepreneurial intentions are high among the youth aged between 18 and 30 and to establish whether actions by entrepreneurial reference groups contributed to the build-up of entrepreneurial intentions. It also sought to find out which of the push and pull factors of entrepreneurship influence the youth more in their decisions to start a business and which of the inhibitors prevent them from starting businesses.

The sample was drawn from 4 universities and 4 TIVET institutions in Nairobi CBD. A maximum of 10 students from each of the institutions were picked randomly to participate in the study.

Primary data for this survey study were collected using a self-administered questionnaire. The data so collected was analysed using the students' edition of STATISTIX.

The findings indicated that both students from TIVET institutions and universities had a significant level of entrepreneurial intentions. The findings also showed that reference groups play a considerable role in promoting entrepreneurship.

The majority of respondents believed that the entrepreneurship courses they had been exposed to were sufficient preparation for success in business. They also believed that parents could play a greater role in influencing their entrepreneurial intentions. The study elicited activities that entrepreneurial reference groups could do which would enhance entrepreneurial intentions.

The study recommends that mentoring activities be incorporated into entrepreneurship programs. Specifically, reference groups can play a bigger positive role in increasing entrepreneurial intentions. Push and pull factors play a big role in enabling entrepreneurship and tackling them objectively could increase the actual number of start-ups.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background

Many people think about setting up businesses. However, not everyone who plans to set up a business does so. At some stage along the thought process, the idea of starting a business either metamorphoses into an actual business or the idea dies. Those people with higher levels of entrepreneurial intention will go on to found businesses, while those with lower levels will drop out. A variety of factors influence the level of entrepreneurial intentions. One of these factors is the reference groups to which the player belongs. Other factors that influence the starting-up are push and pull factors, and inhibitors (Wickham, 2001).

Becoming an entrepreneur is not done within a moment. It is usually the culmination of a rather long process from the first thoughts of the possibility of becoming self-employed to the eventual founding of a new business. If we accept the socialisation process as contributing to the development of the entrepreneur, and also having accepted the view that entrepreneurs are made, not born, then we must conclude that the intention to start an entrepreneurial venture is not sudden, but develops continuously.

In 2006, Kenya's population was estimated to be about 36.1 million. Estimates for 2007 put the figure at 38 million. The labour force (population aged

between 15 - 64 years) is approximately 20.05 million, (Institute of Economic Affairs, 2008). Out of these, 1.8 million were employed in the formal sector and 6.1 million were employed in the informal sector (Kenya National Bureau of Statistics, 2007). Therefore, a significant proportion of the Kenyan working population is unemployed, whether in the formal or informal sector.

Furthering the unemployment problem is the fact that Kenya has over 500,000 graduates from the public and private universities and Technical, Industrial Vocational and Entrepreneurship Training (TIVET) institutions, and secondary school leavers joining the workforce annually. Altogether, there were 71,167 students enrolled in TIVET programmes in 2006, out of which 4.87 per cent were female (African Economic Outlook, AfDB/OECD, 2008). Student enrolment in both public and private universities continues to increase and stood at 112,229 students (2006/2007 academic year). Enrolment in TIVET institutions was at 73,244 in the same year. So far, it has not been possible to offer formal employment to all these graduates.

TIVET training institutions in Kenya are many. There are four national polytechnics located in Nairobi, Kisumu, Mombasa and Eldoret and one technical teachers training college located in Nairobi. The national polytechnics offer courses ranging from certificate to higher national diplomas, while those in Mombasa and Nairobi offer technology degrees. Other TIVETs, which are spread across the country include: 17 institutes of technology; 21 technical training institutes; over 600 youth polytechnics; and close to 1,000 commercial colleges (AfDB/OECD, *ibid*).

IEA (*ibid*) attributed the increased demand for technical and entrepreneurship education as owing to the diversification of courses offered in the institutions and the

relevance of the same to the labour market. These figures show that the number of the trained people being pushed into the labour market every year is huge and the number of jobs being created cannot sustain the expanding working population.

With an estimated unemployment rate of 50% among the working population in Nairobi, the need for augmentation of entrepreneurial activity cannot be overstated. Nairobi is an established hub for business and home to many international companies and local businesses.

Enabling entrepreneurship is clearly one of the strategic goals of the Government of Kenya to advance the economy. Budget 2008/09 for Kenya, underscored employment creation especially for the youth as a key cornerstone in the development agenda aimed at empowering all Kenyans (IEA, *ibid*). According to IEA (*ibid*), this emanates from the realization that the unemployed youth are a source of social instability and they place a huge economic burden on the household and the nation at large. Measures proposed to counter the significant unemployment problem included the allocation of Kshs.500 million to boost the Youth Entrepreneurship Fund which is meant to increase the generation of income amongst the youth. A further proposal to allocate Kshs.250 million to youth empowerment centres for support, information and guidance to entrepreneurial ventures and management was mooted. This directly translates into availability of funds for the youth to start entrepreneurial ventures. It also translates into funds for programs that can steer youth into entrepreneurship and help them to run successful businesses.

The informal sector continues to grow both in prominence and in numbers. In 1999, the SME sector provided employment to 2.4 million Kenyans (National

opportunity; still in school; little demand for product; still waiting for opportunity; fear; health reasons; need more information; need training; have a job; the state of the economy; financial risk too great; difficulty finding the right opportunity; personal situation; government regulations; high taxes; lack of interest; too young; no particular reason.

All the reasons given for not starting a business can be addressed appropriately to enable growth of entrepreneurship. Many people in Kenya continue to view creation of enterprise negatively. The reality on the ground is that people who have failed to secure adequate grades in school to enable them proceed to secondary and higher education are pushed into some form of business, while waiting for formal jobs in established businesses.

However, people continue to view creation of enterprise negatively. Some of this negative attitude is caused by the perception that entrepreneurship is a last resort and is for people with lesser education or for those who are unable to get conventional employment in big firms or the corporate world. Older people start businesses when they have retired or have been retrenched or have lost their jobs. Small firms are started and then abandoned once one gets an offer of formal employment from a larger firm. The result is that entrepreneurship is seen as a transitory stage, something that one does while waiting for a conventional job, or that one does in order to earn money on the side while working on a full-time conventional job. The researcher believes that with the right formal education on entrepreneurship directly translating into growth of entrepreneurial intentions, Kenyans can embrace the concept of entrepreneurship as something that they could do for life.

The psychological make-up of the successful entrepreneur has been studied in depth. Researchers have explored myths that are bandied around which explain the success or failure of entrepreneurs. Such myths include those stating: that entrepreneurs stumble into success; that entrepreneurs are mavericks and misfits; that it is either make or break on the first venture; that an entrepreneurial venture can only succeed with a lot of money and that entrepreneurs are born, not made (Holt, 2003). These misconceptions which remain unproved have hindered many would-be entrepreneurs from starting their small businesses.

The easiest part of entrepreneurship is often the starting up. The harder part is surviving, sustaining and building a business venture that lasts for many years or becomes a top-rated company. However, the reality is that while entrepreneurs are born with certain native intelligence, creativity, and energy, by themselves these talents are nothing, (Holt, *ibid*). The success of an entrepreneur depends on accumulating the relevant skills, know-how, experiences and contacts over a period of years and putting these to work. The entrepreneur must also take courses of self development. The creative capacity to envision and then pursue an opportunity is gained through many years of experience, which enables the entrepreneur to develop business acumen and permits him to recognise sound business ideas. Entrepreneurs who know the difference between an idea and an opportunity, and who think big enough, start businesses that have a better chance of succeeding. Luck, to the extent that it is involved, requires good preparation (Holt, *ibid*).

This study begins with the supposition that everyone has untapped potential which can be harnessed and exploited to ensure that they earn a living or contribute usefully to society. The study also premises that there are students with

entrepreneurial intentions who may or may not form an enterprise, depending on which forces will be at play in their lives. The role of reference groups is vital in encouraging entrepreneurship in people with higher entrepreneurial intentions. It is critical to encourage entrepreneurship because jobs are no longer permanent and “pensionable”. The world is fast moving towards a culture where individuals must create jobs for themselves and their kin. In fact, there are no guarantees of jobs. Against this background and against attitudes that opportunities for entrepreneurship are scarce, the youth must be encouraged to harness their potential.

## 1.2 Statement of the Problem

Entrepreneurs accept the personal financial risks that go with owning a business but also benefit directly from the potential success of the business. Being an entrepreneur is often viewed as an aversive career choice where one is faced with everyday life and work situations that are fraught with increased uncertainty, impediments, failures, and frustrations associated with the process of new firm creation (Campbell, 1992). Why is it that some people are able to take the risk associated with entrepreneurship and start businesses, while some people will talk about taking the plunge throughout their lives and never start a business?

Research on entrepreneurs has focused on the influence of genes, family, education, career and work experience. Entrepreneurial research has also attempted to identify the social, cultural, political, and economic contextual factors

that encourage new venture development and which may stimulate entrepreneurship, including the availability of venture capital, governmental influences, accessibility of customers, suppliers and transportation, and the availability of such resources as a skilled labour force, land and facilities, and other support services.

Evidence has confirmed that some attitudes, behaviours and know-how can in fact be acquired and some of these attributes are more desirable than others. Increasingly evidence from the career paths of entrepreneurs and the self-employed suggests that the role of experience and know-how is central to the success of venture creation (Holt, *ibid*).

Hisrich & Peters (2002) cite the intention to start an entrepreneurial venture as consisting of several sequential steps. Firstly there is the decision to leave a present career or lifestyle. This is followed by the decision that an entrepreneurial venture is desirable. Lastly there is the recognition that both external and internal factors make new venture creation possible. At some point along these sequential steps, the youth with latent entrepreneurial intentions can be influenced to become entrepreneurs or they may be exposed to an environment that increases the level of their entrepreneurial intention.

The study posits that intentions of the youth can be influenced through the sociological environment that they are exposed to. Specifically, students in universities and TIVET institutions are in the process of being trained and if curriculum is changed, for example to include entrepreneurship courses, then the course that the youths' lives take can be changed. Universities and colleges are institutions through which the youth pass on their way towards a working life.

Therefore, they are in the process of making career decisions. Career preferences of students can be influenced, since they tend to choose what their reference groups have sublimely manipulated them into choosing.

There is no more powerful teacher than a good example. Numerous studies show a strong connection between the presence of entrepreneurial reference groups and the emergence of entrepreneurs. For instance, many studies have shown that over half of those starting new businesses had parents who owned businesses.

Cooper and Dunkelberg (1984) put it thus:

People who start companies are more likely to come from families in which their parents or close relatives were in business for themselves. These older people were examples or "models" for the children. Whether they were successful or not probably didn't matter. However, for the children growing up in such a family, the action of starting a new business seems possible – something they can do.

Parents with entrepreneurial interests recognise that in order to secure their children's financial future, they must help them change their mindsets regarding the type of work that they can expect to do after school and therefore, their intentions. Now more than ever, the trend is for parents to start small businesses and hope that the children will be their heirs. Conversely, there are some parents that do not encourage their children to go into business and cheer them on to do so only as a last resort. The desire by parents to guarantee a decent standard of living and ensure an honest means of living means that entrepreneurial skills must be transferred to these young people to enable them survive the economic challenges of running businesses.

The way people behave is not predetermined, but is contingent on their



experiences and the possibilities open to them. Predisposition is important but has no meaning in isolation from a person's experience (Wickham 2001). Thus "a person is not once and for all, entrepreneurial. He or she may, for example decide to become an entrepreneur only at one particular stage in his or her life. Equally, he or she may decide to give up being an entrepreneur at another". Therefore, from this school of thought, it emerges that entrepreneurs are not born, but made.

Reference groups play a large role in the socialisation of the young as members of the society. The youth look up to their parents, who are part of their primary reference groups; hence invariably the parents influence their choice between conventional career and starting a business. Some actions from parents positively influence the desire to go into business. On the other hand, there are some traits that negatively impact on the children. For example, a child who constantly sees his entrepreneurial parents struggling with small businesses, without any success, may strongly opt for a conventional job and crave the security that it brings. The environment that children live in, where they grow up and the people they observe around them all play a large part in future decision-making. It is possible to sway the youth's decisions to go into conventional employment or to establish entrepreneurial ventures.

The important theme for this study is the role that reference groups with an entrepreneurial background could play in this socialisation and what activities they might do which could raise entrepreneurial intentions among the youth.

## 1.3 Research Questions

This study responds to the following questions:

- a) Do youth in Kenya have a significant level of entrepreneurial intention?
- b) Is having entrepreneurial reference groups an important factor in the intention to start an entrepreneurial venture?
- c) What are the activities that entrepreneurial reference groups engage in that might influence respondents in choosing between entrepreneurship and conventional employment?
- d) What is the role of the “push and pull” factors in enabling the start of entrepreneurial ventures?

## 1.4 Study Objectives

### 1.4.1 *Broad Objectives*

The broad objective of the study is to gauge the level of entrepreneurial intention among the youth in Kenya, noting the role of reference groups and “push and pull” factors in choosing between entrepreneurship and formal employment.

### **1.4.2 Specific Objectives**

1. To establish the level of entrepreneurial intention among the youth studying in TIVET institutions and universities in Kenya;
2. To explore the relationship between entrepreneurial reference groups and entrepreneurial intention among the youth;
3. To establish the specific activities by entrepreneurial reference groups which increase entrepreneurial intention among the youth;
4. To establish the role of the “push and pull” factors in actual start-up of business among the youth.

### **1.5 Justification of the Study**

Entrepreneurs create employment. In fact, the biggest employer worldwide is the private business sector through factories, service industries, agricultural enterprises and numerous small-scale enterprises. This trend has also been noted in Kenya, where over 90% of the jobs created in any one year are in the informal sector (IEA, 2008). Such massive employment has multiplier and accelerator effects in the economy through creation of jobs and increase in disposable incomes. This increases demand for goods and services which in turn stimulates more production and more employment.

The essence of entrepreneurship in any economy cannot be questioned. However, getting people to start entrepreneurial ventures remains a constant problem, since many people seem to prefer conventional jobs. In a country like Kenya, which has a high unemployment rate and an economy that is driven by SMEs it is vital to encourage young people to become entrepreneurs.

Hisrich & Peters (2002) predict that the future of entrepreneurship is bright. They foresee growing educational focus on entrepreneurship through an increase in the amount of courses on offer, and more academic research on entrepreneurship. They also see the growth of interest manifested by more governments through promotion of new businesses and incentives such as tax cuts, buildings, roads and better communication systems to facilitate the process. They further predict that society's support of entrepreneurship is likely to increase and such support will be critical in providing motivation and public support. They also see entrepreneurship becoming more revered and dropping its shadowy myths that it is not honourable or is for the less educated. They see entrepreneurs getting more media exposure and consequently peoples' changing attitudes towards entrepreneurship as a result of the exposure to entrepreneurs' prestigious lifestyles.

The study of entrepreneurship has relevance, not only because it helps entrepreneurs better fulfil their personal needs but because of the economic contribution of new ventures, which reflect on the country's entire economy. Further, the study of entrepreneurship and the education of potential entrepreneurs are essential parts of any attempt to strengthen this economic link which is essential to a country's wellbeing.

One approach to enhancing entrepreneurial activity and enterprise growth in

developing countries is to create an "enterprise culture" among the youth of the country (Nelson & Mburugu, 1991 cf Nelson & Johnson 1997). Focusing on youth while they are still in school may provide a long-term solution to the problem of job growth.

Results of the study especially as related to the specific influence of entrepreneurial reference groups on career intentions may be relevant in designing entrepreneurship programs. It is expected that the results from the study will provide guidelines that will be useful to designers of entrepreneurship programs at universities and colleges. It is also expected that the study will identify activities such as mentoring programs which could build interest in entrepreneurship.

Difficulties with identifying successors in family owned firms contribute to the failure rate of many Small and Micro Enterprises (SMEs). Often emotional issues are dragged into the decision making process and children's willingness to take on the family business is not considered. Further there are problems with internal and external preparation of the successors. External preparation could be improved by training. There is always a potential for sibling rivalry and lack of shared vision leading to disintegration and sell off. Worldwide, and more specifically in Kenya, there are many large family businesses and successful transition is crucial to the continuation of business. Thus, the results of this study may also be relevant in family businesses where eventual continuity of family ownership through succession is desired.

Lastly, it is expected that the results will inform public policy especially in development of curricula for entrepreneurship programs such as those run by the Youth Entrepreneurship Fund. Curricula at high schools could also be designed to

incorporate mentoring activities and greater interaction between business owners and students.

Research has focused on the post-establishment phase, that is, when entrepreneurs have already set up businesses. Such retrospective studies have focused on the role of variables such as gender, age, education, family, risk-taking, attitude, motivation. The shortcoming of such studies is that they pose two potential problems: hindsight might artificially clarify or change the description of the process; and the retrospective procedure allows only an indirect comparison with those who do not own businesses (Mathews & Moser 1996). Research on the phase before establishment is sorely lacking. This study focused on the stage before businesses are established.

The literature on entrepreneurship in Kenya is still growing, but studies on reasons why entrepreneurial careers are pursued instead of being employed in organizations are limited. Furthermore, existing studies are confined to the western countries. Thus, there is a gap in relation to this area of study in Kenya. To create quality entrepreneurs, it is important that potential entrepreneurs, in this case those with higher entrepreneurial intention are recognized at an early stage and equipped with proper knowledge and skills.

## 1.6 Scope and Limitations of the Study

This study was conducted within the Central Business District of Nairobi and did not extend to other parts of the country.

The sample population was the urban youth studying in TIVET institutions and universities. Therefore, the results may not be generalisable to the rural youth or to older people who have already been in the workforce for some time.

This study only covered youths aged between 18 and 30. The active working population is estimated to be between the ages of 15 and 65. The study has, therefore, not covered the entire working population which could consequently impact on the generalisation of the results to the age cohorts not covered by the study.

That people change their ambitions and goals from day to day depending on circumstances is a given. Today they may want to be entrepreneurs and may exhibit all the character traits desired in entrepreneurs. But, extraneous factors may change, for example they may be offered a well-paying job, and forget about setting up entrepreneurial ventures. At the same time, one may hold a good job today but if declared redundant, they may then start an entrepreneurial venture as a means of surviving. If such a venture becomes very successful, they may be branded as the world's best entrepreneurs. Research has already recognised that not all people with a higher entrepreneurial intention will finally start businesses.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

The Literature Review in this study traces the beginnings of entrepreneurship and also critically examines research on the psychological make-up of the entrepreneur, specifically on the character traits. It examines studies on influence by entrepreneurial reference groups. It also examines research on entrepreneurial intention and reviews relevant theories from sociology and entrepreneurship.

#### 2.2 Entrepreneurs' Contribution to Society

Entrepreneurs have contributed a lot to society as we know it today. This is because they are able to develop new markets and create effective demand. Entrepreneurs are resourceful and creative. They can create customers or buyers. This makes entrepreneurs different from ordinary businessmen who only perform traditional functions of management like planning, organisation and coordination. Entrepreneurs also discover new sources of materials since they are never satisfied with traditional or existing materials. Due to their innovative nature, they persist on discovering new sources of materials to improve their enterprises. In business, those who can develop new sources of materials enjoy a comparative advantage.



Entrepreneurs have been known to mobilise capital resources. These resources that they harness include money, machines, buildings and other physical structures. Entrepreneurs demonstrate initiative and self-confidence in accumulating and mobilising capital resources for new businesses or expansion.

Entrepreneurs are the organisers and coordinators of the major factors of production. They correctly mix these factors of production to create goods and services. Entrepreneurs often introduce new technologies, industries and products. Aside from being innovators and risk-takers, entrepreneurs take advantage of opportunities and transform them into profits.

Finally entrepreneurs create employment. The biggest employer worldwide is the private business sector in diverse areas such as factories, service industries and agricultural enterprises. Such massive employment has multiplier and accelerator effects in the economy through creation of jobs and therefore, more disposable income. This in turn increases the demand for goods and stimulates production and thus more employment.

## 2.3 History of Entrepreneurship

The root of the word “entrepreneurship” can be traced as far back as 800 years, to the French verb *entreprendre*, which means “to do something”. 300 years later, a noun form of the term appeared, and soon thereafter both verb and noun entered the English language.

In 1730, Cantillon used the term “entrepreneur” to mean a self-employed person with a tolerance for the risk he believed was inherent in providing for one's own economic well being. Towards the beginning of the Industrial Revolution (1830), Jean-Baptiste Say further expanded the definition of a successful entrepreneur to include the possession of managerial skills.

Over the years, the understanding of entrepreneurship has developed starting from the work of Joseph Schumpeter. In Schumpeter (1950), an entrepreneur is a person who is willing and able to convert a new idea or invention into a successful innovation.

For Knight (1967) and Drucker (1970) entrepreneurship is about taking risk. The entrepreneurial behaviour reflects a willingness to put career and financial security on the line and take risks because of an idea, spending time as well as capital on an uncertain venture. The acts of entrepreneurship are often associated with true uncertainty, particularly when it involves bringing something really novel to the world, without the certainty of an existing market.

## 2.4 Who is an “Entrepreneur”?

In common parlance, being an entrepreneur is associated with starting a business. The term “entrepreneur” originated in French economics in the 17th and 18th centuries. In French, it means someone who “undertakes” a significant project or activity.

More specifically, it was used to identify the venturesome individuals who stimulated economic progress by finding new and better ways of doing things. The French economist Jean-Baptiste Say is credited with giving the term this particular meaning. His argument was that entrepreneurs create value by shifting economic resources out of an area of lower productivity and into an area of higher productivity and greater yield.

In the 20th century, Schumpeter described entrepreneurs as the innovators who drive the “creative-destructive” process of capitalism. In his words, “the function of entrepreneurs is to reform or revolutionize the pattern of production.” They can do this in many ways: “by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on.” Schumpeter’s entrepreneurs are the ones who drive the economy forward.

Wickham (2001) defines an entrepreneur using three broad approaches. He sees the entrepreneur as a manager undertaking particular tasks; in economic terms facilitating economic processes; and in psychological terms as an individual with a particular personality.

Definition of the entrepreneur continues to be ambiguous because there are definitions which focus on the work/tasks undertaken, and definitions that focus on the personality traits and characteristics. Wickham (ibid) notes that founding a new business has been suggested as a defining characteristic. Yet, many well-known entrepreneurs have revitalized an existing organization rather than starting one from scratch.

The tasks that entrepreneurs undertake range from owning organizations, founding new organizations, bringing innovations to market, identifying market opportunities (actively seeking out new opportunities), application of expertise, provision of leadership, to managing the organization (Wickham, *ibid*). Accordingly, the role of the entrepreneur is to provide market efficiency, accept risk, maximize investors' returns, and process market information.

Even though it is true that many of the entrepreneurs that Say and Schumpeter had in mind serve their function by starting new, profit seeking business ventures, the mere act of starting a business is not the essence of entrepreneurship (Drucker, 1970). Though other economists may have used the term with various nuances, the Say-Schumpeter tradition that identifies entrepreneurs as the catalysts and innovators behind economic progress has served as the foundation for the contemporary use of this concept.

## 2.5 Character Traits of Entrepreneurs

Cole (1959) found that there are four types of entrepreneur: the innovator, the calculating inventor, the over-optimistic promoter, and the organization builder. These types are not related to the personality but to the type of opportunity the entrepreneur faces and exploits.

McClelland (1961) described the entrepreneur as primarily motivated by an overwhelming need for achievement and strong urge to build.

Collins and Moore (1970) studied 150 entrepreneurs and concluded that they

are tough, pragmatic people driven by needs of independence and achievement and who are seldom willing to submit to authority.

Cooper, Woo, & Dunkelberg (1988) argue that entrepreneurs exhibit extreme optimism in their decision-making processes.

Bird (1992) sees entrepreneurs as mercurial, that is, prone to insights, brainstorming, deceptions, ingeniousness and resourcefulness. They are cunning, opportunistic, creative, and unsentimental.

Busenitz and Barney (1997) claim that entrepreneurs are prone to overconfidence and over generalisations.

Wickham (2001) argues that entrepreneurs have many of the same character traits as leaders. Entrepreneurs are often contrasted with managers and administrators who are said to be more methodical and less prone to risk-taking. In furtherance of his argument, Wickham (ibid) sees the entrepreneurial personality as: the great person who is destined by virtue of his nature to rise above the crowd. The entrepreneur is often a social misfit who is unable to fit into existing social situations, and as such the entrepreneur is motivated to innovate and build his own situation where he can cope more easily. He describes entrepreneurs as flamboyant extroverts who are spontaneous in their approach and rely on instinct rather than calculation. A need for achievement is one of the fundamental driving traits in the personality of successful entrepreneurs.

## 2.6 The Entrepreneurial Process

The development of an entrepreneur is not sudden but the culmination of a long process of thought and orientation by self and the society. In the social development view, entrepreneurship is regarded as an output which results from the interaction of internal psychological and external social factors (Wickham, 2001); personality develops continuously as a result of social interaction and is expressed in a social setting rather than being innate to the individual. As will be recalled, this study focuses on social development of the entrepreneur with specific focus on the role that reference groups can play towards enhancing entrepreneurial intention.

The entrepreneurial process is the way in which entrepreneurs develop. If we accept the socialisation process as contributing to the development of the entrepreneur, and also having accepted the view that entrepreneurs are made, not born, then we must conclude that the intention to start an entrepreneurial venture is not sudden, but develops continuously.

Wickham (ibid) sees entrepreneurship as a dynamic process in which success fuels success. He states that:

The entrepreneurial process results from the actions of the entrepreneur. It can only occur if the entrepreneur acts to develop an innovation and promote it to customers. The entrepreneurial process is dynamic. Success comes from the contingencies of the entrepreneur, the opportunity, the organization and resources coming together and supporting each other over time. The entrepreneur must constantly focus the organization onto the opportunity that has been identified. He or she must mould the resources at hand to give the organization its shape and to ensure that those resources are appropriate for pursuing the particular opportunity. These interactions are the

fundamental elements of the entrepreneurial process and together they constitute the foundations of the strategy adopted by the venture.

The entrepreneurial process can be summarized as the creation of new value through identification of new opportunities by the entrepreneur; the attraction of the resources needed to pursue those opportunities and subsequently building an organization to manage those resources.

Since entrepreneurship is a dynamic process, the implication is that it is a process that can be manipulated and people can be changed to fit into entrepreneurship. In other words, with the right inspiration, entrepreneurs can be made.

## 2.7 The Pull and Push Factors

The few studies that have been conducted to understand why individuals opt for business in the Kenyan urban setting point out that family members want to be self sufficient and this necessitates the set up of business (Njeru & Njoka, 2001 of Oruoch, 2006).

Pull factors mean influences, which pull people towards entrepreneurship by promoting it as a positive option. Push factors mean those influences, which push individuals toward entrepreneurship by driving them out of the established economy. The same influence can become a push factor for one individual but may be a pull factor for another.

Wickham (2001) states that the supply of entrepreneurs is determined by three sets of factors, namely, pull factors; push factors; and inhibitors which prevent the entrepreneurial option being taken up.

Consequently if entrepreneurs are born, or if entrepreneurship is the result of inherent personality characteristics, then the supply of entrepreneurs must be fixed (Wickham, *ibid*). On the other hand, if entrepreneurs are managers who freely decide to become entrepreneurs, then the number of entrepreneurs will at any one time be sensitive to a variety of external factors.

Thus, people are assumed to make a choice between the options of a conventional career *vis-à-vis* an entrepreneurial one. As already mentioned, there are two specific forces in enabling the decision: the pull and push factors.

Pull factors encourage entrepreneurship by virtue of the attractiveness of the entrepreneurial option: The recognised pull factors are: the financial rewards of entrepreneurship; the freedom to work for oneself; the sense of achievement to be gained from running one's own venture; the freedom to pursue a personal innovation; and the desire to gain the social standing achieved by entrepreneurs.

Push factors encourage entrepreneurship by making the conventional job option less attractive. They include: the limitations of financial rewards from conventional jobs; being unemployed in the established economy; job insecurity; career limitations and setbacks in a conventional job; the inability to pursue a personal innovation in a conventional job; and being a misfit in an established organization.

The number of budding entrepreneurs depends on the strength of the pull and push factors. However, the actual number of operating entrepreneurs is dependent



on inhibitors. Inhibitors are things which prevent the establishment of entrepreneurship, however attractive the option might appear. These are: inability to get hold of start-up capital; high cost of start-up capital; high risks because of business environment; legal restrictions on business activities; lack of training for entrepreneurs; a feeling that the role of the entrepreneur is inferior; a lack of suitable human resources; and personal inertia.

Quite contrary to popular belief, the mushrooming SMEs are not an epitome of an entrepreneurship culture in Kenya. The key factors behind this phenomenal growth are desire to supplement income, availability of credit, the desire to generate wealth and retrenchment. These are rational defensive responses from unemployment and poverty (Sifunjo, 2006b).

At the end of the day, the intention to move towards entrepreneurship is a personal decision and reflects a choice on the part of the individual. Such a choice will be made by weighing the economic needs, the social needs and developmental needs of the individual.

This study addresses social needs and specifically, the role of reference groups as a determinant of this choice. Social needs represent the desire a person has to be part of, and to fit into a wider group and their desire to be recognized and respected within that group.

## 2.8 Research on Entrepreneurial Reference Groups

Several authors have suggested that reference groups are important in the intention and final decision to start a business (Cooper and Dunkelberg 1984; Krueger 1993; Shapero and Sokol 1982).

Scherer *et al* (1989b) found that between 35-70 percent of entrepreneurs had entrepreneurial reference groups. Business owners share their practical experience and knowledge with learners. In addition, many business owners include their children and other young people in their business. Taking children to work in parent-owned businesses, constantly giving tips and books on entrepreneurship, role model performance, discussing the advantages and disadvantages of starting a business all help sublimely to build entrepreneurial intentions in children.

Hisrich & Peters (2002) suggest that there are three main reasons that lead to decisions to enter into entrepreneurial ventures. These are: the need for control which is commonly manifested in people that are driven by inner needs to succeed and win; the need for independence and achievement; and risk-taking aptitude, whether financial, social or psychological.

It can be concluded that the background of the emergent entrepreneur contributes significantly. Research has explored age, childhood, family environment, education, personal values, and work history. Hisrich & Peters note that:

...in terms of the occupation of the entrepreneurs' parents, there is strong evidence that entrepreneurs tend to have self-employed or entrepreneurial fathers. Female entrepreneurs are as likely to report self-employment or entrepreneurial fathers as male entrepreneurs.

They further note that the overall parental relationship to the child, regardless of whether they are entrepreneurs is perhaps the most important aspect of the childhood family environment in establishing the desirability of entrepreneurial activity in an individual.

Beugelsdijk et al (2003) examined the personality characteristics of self-employed. They noted that there was a lack of significant empirical findings to claim that entrepreneurs are psychologically different from the general population. Based on a large sample of 14,846 individuals, they compared self-employed with the general population and with wage - and salary earners. They noted that entrepreneurs are more individually oriented than the rest of the population. Individual responsibility and effort are distinguishing characteristics. When asked about important qualities that children can be encouraged to learn at home, entrepreneurs answer that it is important to teach children an ethic of working hard.

Matthews & Moser (1996) noted that while entrepreneurs and small business owners have received a considerable amount of research attention, much of this research focused on how these individuals are different from the non-entrepreneurs, and in particular how they differ with regard to personal characteristics. According to Matthews & Moser (ibid), the majority of this research had investigated entrepreneurs or small business owners, looking retrospectively for the reasons that they decided to open a business. They argued that this retrospective technique, posed two potential problems: hindsight might artificially clarify or change the description of the process; and the retrospective procedure allows only an indirect comparison with those who do not own businesses. They further argued that in order to better understand and encourage tomorrow's entrepreneurs, as well as to improve

the chances of family firm successions, the determinants of small business ownership interest need to be more fully explored.

Matthews & Moser's (1996) argument is still valid today and more especially so in the case of Kenya. Studies on entrepreneurship in Kenya have continued to focus on economic factors, personality, the role of education, the business environment, impediments or inhibitors to entrepreneurship. Insufficient attention has been paid to the decision-making process and the role of entrepreneurial reference groups in the decision-making process.

## 2.9 Research on Entrepreneurial Intentions

Studying intentions is a better predictor of future entrepreneurial behaviour than examining psychological (attitude, motivation, tolerance) and demographic factors (age, gender, education) as it eliminates the risk of lumping people together (Kolvereid, 1996). Approaches used for studying entrepreneurs post the establishment of successful ventures do not take into account the changes in the person.

The psychological concept most closely linked to intentions is planned behaviour. Planned behaviour makes several assumptions. These are that: the behaviour is planned; the individual controls the behaviour; the intention is specific in content; and the intention is specific in time.

Factors that determine intention are: attitudes; subjective norms; perceived behavioural control; perceived controllability of behaviour; self-efficacy; perceived

desirability; and perceived feasibility (Kolvereid, Ibid). Several theories of intention have been mooted. These are: Shapero's (1975) theory about the entrepreneurial event; Bird's (1988) model about entrepreneurial intentionality; and Ajzen's (1991) theory of Planned Behaviour.

Krueger (1993) noted that entrepreneurship studies typically identify pre-existing entrepreneurs and ventures and few follow the process from the idea stage to the ultimate decision to initiate the venture. He stated that research on intentions clearly demonstrates that intentions are the single best predictor of planned behaviours.

Empirical support for the entrepreneurial intentions model would demonstrate the value of the intentions approach, providing a useful framework for researchers, teachers, and practitioners, (Krueger, 1993). Understanding intentions is critical to understanding the overall process of entrepreneurship so as to encourage the formation of new organizations and to understand why they fail or succeed.

DeGeorge & Fayolle noted that in France a high percentage of people over 18 claimed that they wished to create a company. The objective of their research was to highlight the entrepreneurial intention level of these people and the stability of this intention over a long period of time. They found that the younger the people were, the stronger was their desire to set up a business. Yet ultimately, very few of them ended up creating a new firm.

Kuehn noted that intentions to act are believed as central to understanding the behaviors in which people engage. While actual behavior may differ from intended behavior, it has been established that one's intention to act toward something in a certain manner is the most consistent predictor of actual behavior,

particularly planned behavior.

Begley *et al* examined whether socio-cultural dimensions in different countries affect the likelihood that individuals in those countries will be interested in starting a business. Four socio-cultural dimensions were examined: the social status of entrepreneurship, the degree to which innovation is valued, the extent to which business failure brings shame to the owner, and the importance of work. In a seven-country sample of 861 MBA students, results indicated that the social status of entrepreneurship is a consistently good predictor of interest in starting a business. Results also indicated that the social status of entrepreneurs predicted desire and intention to start a business. The higher an individual perceived the status of entrepreneurs to be, the greater was that individual's desire and intention to become one. A modest relationship was also found between the value of innovation and desire to start a business. In this case, the relationship was negative, indicating that people who believed innovation was highly regarded were less likely to want to start a business.

Noel (2000) found that entrepreneurial intentions were stronger among students with entrepreneurship majors. He suggested that entrepreneurship majors have higher intentions to start a business within two to five years.

Krueger *et al* (2000) noted that intentions are interesting to those who care about new venture formation because entrepreneurship is a way of thinking; a way of thinking that emphasizes opportunities over threats. The opportunity identification process is clearly an intentional process, and, therefore, entrepreneurial intentions offer a means to better explain - and predict - entrepreneurship. They argued that people do not start business as a reflex but respond to surrounding conditions such

as an intriguing market niche, by starting a new venture. They further argued that people think about it first; process the cues from the environment and then set about constructing the perceived opportunity into a viable business proposition. They also argued that intentions have proven the best predictor of planned behaviour, particularly when that behaviour is rare, hard to observe or involves unpredictable time lags.

Krueger *et al* (*ibid*) asserted that intentions predict entrepreneurship better than personality traits and situations and that "a strong intention to start a business should result in an eventual attempt, even if immediate circumstances ... may dictate a long delay."

In their conclusion Krueger *et al* (*ibid*) indicated that the findings of their study demonstrated that promoting entrepreneurial intentions by promoting public perceptions of feasibility and desirability is not just desirable; promoting entrepreneurial intentions is also thoroughly feasible.

Perception by future entrepreneurs has also been studied. Douglas and Shepherd (2002) suggested that risk, need for independence, and income potential affect career decisions, and that risk and independence are important for those intending entrepreneurial careers. Income was not an important factor that influenced the intention to start a business.

## 2.10 Theoretical Framework

This study is guided by theories from the fields of sociology and entrepreneurship. The theories from the field of entrepreneurship enable us to understand the development of entrepreneurship in the entrepreneur. The theories from the field of sociology enable an understanding of how people are socialised by the society and what factors in their socialisation influence their decisions about life and how to fit into society as appropriate members.

### 2.10.1 Social Learning Theory

The Social Learning Theory was developed by Bandura (1977) who expanded on the work of previous researchers. This theory explains peoples' behaviour and is modelled on the assumption that people learn through observing. It suggests that a combination of environmental and psychological factors influence behaviour. There are three requirements for this theory to work: retention, reproduction and motivation.

Socialisation of people begins right from infancy and the role of parents and the immediate family of infants is witnessed in early child care and development. Today, major changes in the family are increasing the importance of other caregivers including nannies, who take care of the child for a long part of the day. Teachers in schools where formal skills, knowledge and social skills are transmitted are also playing a bigger role. As children mature, they have more contact with their peers



and inevitably children are affected by the community and the nation in which they are reared.

Learning Theory suggests that specific human behaviours are learned or forgotten as a result of the rewards or punishments associated with them. The focal problem of socialisation was how to teach children to become the right kind of adults. Watson argued that human behaviour and personalities are completely flexible and can be shaped in any direction. Social learning researchers such as B. F. Skinner continue emphasizing that behaviour that is rewarded gets reinforced because the action and the reward are associated together. Rewards are much more effective conditioners than punishments.

The development of Social Learning Theory continued with psychologists who argued that people learn through observation, even if they are not always rewarded. Observational learning is more likely to occur in some situations than others. For example, the youth are more likely to imitate the behaviour of people that they think are prestigious (Persell, 1987).

Socialisation continues through one's lifetime as adults learn new roles. As suggested in Erikson's eight stages of human life, the fifth stage, that of adolescence is where the developmental crisis is that of identity versus role confusion. This is the stage where there is rapid body growth combined with choosing an adult occupation and this places a heavy burden on a youth's sense of identity. One result may be to over identify with the heroes of cliques and crowds, or with rituals, creeds and programs (Persell, *ibid*). In their desire to clarify identity and future roles, the youth may exclude those whose race, religion, background, speech is different from their own. They identify with people that are similar to them or people that they perceive

to have succeeded in whatever interests them. Thus, it is significant that the youth be moulded specifically to fit into 'good' roles and this can be done by the people who are most similar to them. Such people include parents, who are part of the youth's reference groups.

The socialization process and the education curricula should instil the virtues of lifelong learning in the youth. If this is done at early childhood then individuals in general and youths in particular will always have what it takes to succeed in formal employment and entrepreneurship. Youths who will succeed in business or formal employment are those who are ready to unlearn the skills, attitudes, values, norms and beliefs that are not relevant to the current environment, and replace them with newly learnt and relevant ones. This class of youths can anticipate, explore, exploit, and adapt to the dynamic and volatile environment of business and the dynamics of the labour market (Sifunjo, 2006).

Social Learning Theory stresses the vital role played by people and the society in the socialisation process. It is the thinking of this researcher that since children are more likely to want to become like their reference groups, it is important that these reference groups, preferably successful entrepreneurs realise the role that they can play in increasing entrepreneurial intention, and by playing their rightful role, they can encourage budding or hesitant would-be entrepreneurs.

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## 2.10.2 Rational Choice Theory

Rational Choice Theory states that man is by nature a rational person and makes his decisions after weighing all the consequences. Actors are rational in that they are purposive and intentional (Ritzer, 1996). In making choices people face risk and uncertainty. They have to choose between alternative potential benefits and are always faced with the dilemma of choice (Heath, 1976).

Patterns in behaviour are a reflection of the individual's need to maximise benefits and minimize costs. An assumption made under this theory is that an individual has the full information to guide him in making this choice. Another assumption is that the individual has cognitive ability and time to weigh the options.

The decision to go into entrepreneurship or to take a conventional job is very much a decision that is made after weighting all the potential social, economic and cultural benefits and risks that the choice carries. In the case of choosing between entrepreneurship and a conventional job, people are affected by the pull and push factors (Wickham, 2001) and also take into consideration all the inhibitors.

## 2.11.3 Theory of Planned Behaviour

The Theory of Planned Behaviour first emerged in the field of psychology and was used to explain the link between attitudes and behaviour. Emergent studies have stated that this theory is weak because behaviour is not exclusively brought about by intentions but is also affected by many other factors. This theory has been

used in the field of entrepreneurship to test intention.

The proponent of the theory of Planned Behaviour was Ajzen (1991) who argued that considered intentions and actions are preceded by conscious decisions to act in a certain way. He further theorized that these intentions were the result of attitudes formulated through life experiences, personal characteristics and perceptions drawn from these prior experiences. He proposed that the three determinants of intention were attitude, subjective norm and perceived behavioural control.

In this theory, attitude is the conclusion or predisposition that an individual holds towards an action. Attitude is shaped through experience and perceptions formed over the life of a person.

Perceived behavioural control "refers to the perceived ease or difficulty of performing the behaviour and it is assumed to reflect past experience, as well as anticipated impediments and obstacles." This variable is recognized as most impacted by and closely related to Bandura's (1986) perceived self-efficacy, (a person's belief they can execute a particular action). In the case of entrepreneurship it is the belief that they can start a new venture successfully.

In this theory, subjective norm refers to "the perceived social pressure to perform or not perform the behavior." This variable would be influenced not only by broad cultural attitudes toward entrepreneurship, but also the attitudes of particular individuals, groups and networks the person is most influenced by, such as family, friends, peers and significant 'others'. These are all people that belong to societal reference groups and they can influence entrepreneurial intention.

## 2.11 Operational Definition of Key Concepts

Terms and themes that are referred to constantly in this study are defined in this section. The terms are entrepreneurship; entrepreneur; reference groups; entrepreneurial activities/businesses.

### 2.11.1 Entrepreneurship and Entrepreneur

The term “entrepreneurship” means different things to different people and can be viewed from different conceptual perspectives. The lack of consensus on the meaning of this term makes it imperative that a clear meaning of its use be given for this study.

Entrepreneurship has been defined as “the creation of new enterprise”. Previous research in entrepreneurship has often focused on identifying the personal characteristics or traits that distinguish entrepreneurs from the general population rather than adopting a process-oriented approach. For example, such factors as need for achievement, locus of control, risk-taking propensity, and tolerance of ambiguity have been identified and examined as possible traits associated with entrepreneurial behaviour.

The underlying assumption of these investigations is that there are unique characteristics of entrepreneurs that may be isolated and identified. However, most of these factors have not been found to be unique to entrepreneurs, but rather they are common to many successful individuals, including managers (Wickham, 2001). In addition, personality traits have not been found to be reliable predictors of future

behaviour. Thus, attempts to develop a personality profile of the typical entrepreneur have been largely unsuccessful.

The earliest definition of an entrepreneur was as a “go-between” and mainly described ventures of lending capital and tax collection on behalf of the government. In these ventures, the merchant-adventurer bore risk in a fixed-price contract with the government. In the Middle Ages, the term “entrepreneur” described both an actor and a person who managed large production projects. In the 17<sup>th</sup> century, the term evolved to include risk-taking. In a large part, this revision was due to Richard Cantillon who studied the rise and fall of John Law, a Frenchman who had formed a trading company, “The Mississippi Company” which eventually collapsed when he attempted to inflate the value of the company’s stock.

In the 18<sup>th</sup> century, a distinction between people who put in their personal finance and those who used others’ finance was introduced into the concept of entrepreneurship. In the 19<sup>th</sup> and 20<sup>th</sup> centuries, entrepreneurs were lumped together with managers and the concept took a distinctly economic perspective. The concepts of innovation and newness of products were also introduced. According to Ronstadt (1984:28):

Entrepreneurship is the dynamic process of creating incremental wealth. The wealth is created by individuals who assume the major risks in terms of equity, time and/or career commitment or provide value for some product or service. The product or service may or may not be new or unique, but value must somehow be infused by the entrepreneur by receiving and locating the necessary skills and resources.

Thus, from a personal perspective there are several traits that an entrepreneur possesses. These are: initiative taking; organising and reorganising of social and economic mechanisms to turn resources and situations into practical account; and the acceptance of risk of failure (Shapero, A 1975 cf Hisrich & Peters). And in Schumpeter's words

The entrepreneur seeks to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products... entrepreneurship as defined, essentially consists in doing things that are not generally done in the ordinary course of business routine.

Entrepreneurship is often a difficult undertaking and this is demonstrated by the majority of new businesses that fail. Entrepreneurial activities are substantially different depending on the type of organization that is being started. Entrepreneurship ranges in scale from solo projects (even involving the entrepreneur only part-time) to major undertakings creating many job opportunities. In this study, the term "entrepreneurship" will be used in the most general form, that is, the practice of starting new organizations or revitalizing mature organizations, particularly new businesses, generally in response to identified opportunities.

### 2.11.2 Reference Groups, Role Models and Support Systems

The simplest definition of role model is someone that people look up to. Role models can be parents, siblings, other relatives and other entrepreneurs.

According to Hisrich & Peters (2002), successful entrepreneurs are frequently viewed as catalysts by potential entrepreneurs. People evaluate those around them and seek to identify with them. Role models serve in a supportive capacity as mentors during and after the launch of a new venture. The support system is crucial during the start up phase for provision of information on structures, financing, marketing etc. These support system people provide a “cheering squad” which plays a critical role during the lonely and difficult starts. Friends and relatives are seen as “strong sources of moral support”.

Other support comes from professionals in the same field. In summary, Hisrich & Peters (ibid) state that for entrepreneurs, “watching a peer face the challenges and overcome risks associated with a new venture start-up is frequently mentioned as a key influence in the entrepreneurial decision-process”.

Reference groups include the family, the society and friends. Groups are a basic part of human life. People belong to families, have friends, work colleagues and are members of a society. People may belong to ascribed or acquired groups, primary and secondary groups, informal and formal groups. People may aspire to join certain groups and to be dissociated from some.

The common trend in any group relationship is that it is a “give and take” relationship, that is, people compromise to keep the rest of the group happy (Rice, 1993). Thus, behaviour is changed to suit the dictates of the group. Reference groups are defined as those which influence behaviour. Human behaviour is significantly affected by social groupings, either as a way of fitting in or being dissociated.

Ultimately, the satisfaction of social needs is reflected in the creation and



maintenance of friendships and other social relationships. For this study, reference groups include parents, friends and people of influence or who command respect from the society.

### **2.11.3 Entrepreneurial Activities/Businesses**

In most literature, entrepreneurial activities/businesses are defined according to their annual sales and number of employees. However, today the emerging trend is that some companies with very few employees may generate more sales than larger numbered companies. Ownership is also a criterion – family enterprises are owned and operated by sole proprietors and are often started by the need to supplement or replace family income.

Types of family businesses can vary and include retail stores, contracting businesses, small manufacturing firms, restaurants among others (Holt, 2003). High business failure amongst small firms has been attributed to lack of successors which limits the life of the venture to the lifetime of the founder. Succession is a serious problem and successful business owners often must resign themselves to dissolving their firms.

In this study, the term 'business' is used alternately with entrepreneurial ventures and no distinction is made about its size, whether in terms of employees or income generation. It is however, assumed that the business will provide full-time employment to the owner.

## CHAPTER THREE

### METHODOLOGY

#### 3.1 Introduction

This section outlines the approaches and areas where the research was conducted. It also describes how data was gathered, analysed and presented.

#### 3.2 Site Selection

The study was conducted within Nairobi Central Business District (CBD).

#### 3.3 Site Description

Nairobi is the capital city of Kenya and is also its largest city. It is the country's principal economic and administrative centre. Since its foundation in 1899, the population of the city has continued to grow rapidly. Current estimates are that Nairobi has a population of 4 million.

#### 3.4 Study Population

The population in this study consisted of male and female youth aged between 18 and 30 years, currently taking courses in TIVET institutions and public and private universities. The age cohort of 18 - 30 were selected for this study as this is the age when they have completed school or college and are making major career decisions on the turn their lives will take. It is also the age that most people are joining the workforce.

### **3.5 Unit of Observation**

The Unit of Observation for this study was the youth aged between 18 and 30 who are currently enrolled in TIVET institutions and public and private universities.

### **3.6 Unit of Analysis**

The Unit of Analysis for this study was entrepreneurial intention among the youth.

### **3.7 Types and Sources of Data**

The study used primary data. Primary data were collected from 70 respondents in TIVET institutions and universities.

### **3.8 Sampling Design**

The study used purposive sampling. In this type of sampling, the researcher applies his/her knowledge and determines which respondents would serve the purpose. A total of four (4) TIVET colleges were selected because they offer entrepreneurial courses and therefore the prospect of interviewing respondents with entrepreneurial intention was higher. In addition, four (4) universities were selected to act as a comparison group. The universities offer courses that are not necessarily pegged to entrepreneurship, and thus the respondents from this particular group, would be used in comparison with the students from the TIVET colleges.

The rationale behind this method was to increase the sampling efficiency and therefore the applicability of the findings to the entire population.

The sampling frame was a listing of the TIVET institutions in the Nairobi CBD as listed in the directory for schools. A total of four (4) colleges were selected purposively

from the sampling frame. From each of the four (4) colleges a maximum of 10 respondents were interviewed. Four (4) universities provided the remaining sample of 35 respondents, a maximum of 10 from each university.

### **3.9 Methods and Tools of Data Collection**

The study was a survey. The tool employed was a questionnaire with open and close ended questions. The questionnaire was self-administered.

### **3.10 Method of Data Analysis**

Data was analysed using student's edition of STATISTIX. The data was assigned codes, keyed in, edited and then analysed. Summary statistics were retrieved using frequency distributions. This information has been presented in the form of tables and percentages. The patterns of responses that emerged have been explained.

# CHAPTER FOUR

## DATA PRESENTATION AND ANALYSIS

### 4.1 Introduction

This chapter presents and analyses the primary and secondary data collected. This study sought to determine whether the youth were more likely to become entrepreneurs and establish their own businesses or they would opt for conventional employment.

An assumption was made that all people want to do one or the other in order to provide some sort of livelihood for themselves or for their families. Borrowing heavily from Schumpeter's legacy on entrepreneurship, another assumption was made that people who wanted to go into entrepreneurship could overcome barriers. Entrepreneurs do not allow barriers to stop them and they innovate constantly to overcome the hardships. It was therefore assumed that barriers did not play a major role in eliminating entrepreneurial intentions.

### 4.2 Social Demographic Characteristics of Respondents

Table 1: Primary Data Collection Points

Specific Interview Point (College)	Respondents
<i>Universities</i>	
University of Nairobi	10
Moi University	9
USIU	7
Kenya Methodist University	10
<i>TIVET Institutions</i>	
Shang Tao Media College	9
Institute of Advanced Technology	8
Nairobi Institute of Business Studies	9
Ashley's Beauty College	8

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A total of 70 respondents were interviewed, out of whom 51 (72.9%) were aged between 18 - 22 years. Fifteen respondents were aged 23 - 26 years. The remaining 4 respondents were aged between 27 - 30 years. Students aged between 18 to 22 years formed the greatest proportion primarily because most students joined primary school at 7 years of age, and if they went through school without repeating a class then they are 18 years old when they join college (depending on their birthdates). The age analysis demonstrates that the majority of the respondents had completed high school at the expected age of 18 or slightly older. The older respondents are those who had worked for some time and then gone back to study on a part-time basis.

Table 2: Demographic Representation - Age of Respondents

Age	Frequency	Percentage (%)
18 - 22 years	51	72.9
23 - 26 years	15	21.4
27 - 30 years	4	5.7

From the 70 respondents interviewed, 42 (60%) were male and 28 respondents (40%) were female. The majority of students at higher institutions of learning and colleges in Kenya are male. The number of female students accessing higher education is growing. Of the total population in TIVET institutions, approximately 4.87 per cent are female (African Economic Outlook, AfDB/OECD, 2008). The sample of 40% is a true representation of the female population in TIVET institutions and universities.

**Table 3: Demographic Representation - Gender of Respondents**

Gender	Frequency	Percentage (%)
Male respondents	42	60
Female respondents	28	40

Of the 70 respondents, 34 were taking courses in TIVET institutions. Another 34 were at the public and private universities studying for a first degree. Only two (2) respondents were studying at the universities for their second degrees.

**Table 4: Demographic Representation - Education**

Education Level	Frequency	Percentage
Technical College	34	48.6%
University – 1 <sup>st</sup> Degree	34	48.6%
University – 2 <sup>nd</sup> Degree	2	2.9%

Respondents were asked about their current employment status. Out of the sample of 70 respondents, a total of 42 were unemployed. They were not engaged in any income-generation activities, whether on a full-time basis or a part-time basis. Of these unemployed 42 people, 21 were actively looking for employment. An equal number were actively looking for a business opportunity. Only 11 respondents were self employed, on full time and part-time basis. 6 respondents were employed full time, while 10 respondents had part-time jobs. Only 1 respondent was employed but also running a business. As already stated, Nairobi has an unemployment rate of over 50% among its working population. The youth interviewed are supposed to be a part of the working population.



This sample had over 50% of the youth unemployed. These findings are tabulated below:

**Table 5: Demographic Characteristics - Current Employment Status**

Status of Employment	Frequency	Percentage (%)
Unemployed, actively looking for a job	21	30.0
Unemployed, actively looking for a business	21	30.0
Employed part-time, 37 hours or less per week	10	14.3
Employed full-time, 37 hours or more per week	6	8.6
Self employed, part time	6	8.6
Self employed, full time	5	7.1
Employed but also running a business	1	1.4

### 4.3 Level of Entrepreneurial Intention among the Youth in Kenya

The theory of Planned Behaviour (Ajzen, 1987; Ajzen, 1991; Ajzen & Fishbein 1980) suggests three conceptually independent antecedents of intention. The first is the attitude towards the behaviour. This refers to the degree to which a person has a favourable appraisal of the behaviour in question. The second predictor of intention is subjective norm. This refers to the perceived social pressure to perform the behaviour. The third antecedent of intention is the degree of perceived behavioural control. Perceived behavioural control reflects past experience as well as anticipated impediments and obstacles.

This study tested one antecedent, which is attitude by the youth towards starting or buying various businesses. Attitude was measured by way of a five-point Likert rating scale (1 = very likely, 2 = somewhat likely, 3 = not very likely, 4 = not at all likely 5 = never), on a total of 6 questions.

Mean ratings for the scores in the six questions were determined. The highest possible sum total for the six (6) questions was 30 which would have indicated a low entrepreneurial intention. The lowest possible sum total was 6 which would have indicated a high entrepreneurial intention. All the respondents scored a sum total of between 6 and 15.

The simple mean for all the scores for each respondent was calculated. The scores ranged from 1.00 to 2.50, out of the highest possible mean score of 6.0 (low entrepreneurial intention). Ten (10) respondents had a mean score of 1.00, which was the highest possible score (demonstrating that they were very likely to start entrepreneurial ventures). A total of 57 respondents scored below 2.00. These scores of 1.00 to 2.50, therefore, demonstrate high entrepreneurial intention among the youth.

A further analysis and breakdown of the findings on entrepreneurial intention follows.

Table 6: Mean Scores on Entrepreneurial Intention for All Respondents

Entrepreneurial Intention based on the 6 items testing attitude	Mean Score	Frequency	Percentage
Very likely to start business	Below 2.00	57	81.4
Somewhat likely to start business	2.00 - 2.50	13	18.6
Not very likely	3.00	0	0
Not at all likely	4.00	0	0
Never	5.00	0	0

To actualise the level of entrepreneurial intention, respondents were asked if they had considered starting a business in the future. Out of the 70 respondents, 57.1% indicated that they had thought of starting a business very seriously. Only 1 person

had never thought of starting a business. The conclusion that can be drawn is that many youth have a high entrepreneurial intention and since they have seriously thought of starting businesses they can be guided into actual translation of the ideas into businesses.

**Table 7: Level of Consideration of Starting a Business**

Level of consideration	Frequency	Percentage
Very seriously	40	57.1
Somewhat seriously	19	27.1
Not very seriously	9	12.9
Not at all seriously	1	1.4
Never	1	1.4

A majority of the respondents (61.4%) had taken entrepreneurship courses, either in high school or at college level. This may have been in preparation for an entrepreneurial career. They felt that the courses were sufficient for one starting a business to succeed. The 38.6% of the respondents who have not taken entrepreneurship courses remains a promising field to exploit to increase entrepreneurial intention.

Having established that the idea of starting a business existed, and that the youth had taken entrepreneurship courses, the respondents were asked to state a timeline for when the idea would metamorphose into a business. Only 18.6% indicated that they wished to start a business within a period of one year. A further 27.1% would start their businesses within the span of two years. Thus, a cumulative 45.7% would start their businesses within two years from the time of the survey. This indicates that the youth were in the process of preparing themselves and that they had thought of actualising the ideas by weighing concrete issues such as timelines for successful launch.

**Table 8: Time Span for Actualizing Business Ideas**

Respondent would start a business...	Frequency	Percentage (%)
Less than 1 year from now	13	18.6
1 - 2 years from now	19	27.1
More than 2 up to 5 years from now	23	32.9
More than 5 years from now	15	21.4

To establish whether the youth had any experience in business, each respondent was asked to state whether they had part-ownership in a business at the time of the survey or in the immediate past. Findings indicated that 50% had owned businesses in the past. This is an important finding, considering that a majority of the respondents were aged from 18 - 22. A strong argument that can be made from this is that the youth are generally entrepreneurial.

#### **4.4 Reference Groups' Influence on Youth's Entrepreneurial Intention**

Respondents were asked to state whether their parents owned a business at the time of the survey or had owned one in the past. Majority of the respondents (84.3%) indicated that their parents had owned a business. This indicates that the respondents have been exposed to business through their reference groups. In addition, at the time of the survey, 90.0% of the respondents indicated that they also had close relatives (uncles, aunts) and friends who were involved in business. Having these entrepreneurial reference groups sets the stage for starting a business by providing the necessary support networks. Some of the youth had been involved in running the businesses and some had been observers. All these activities have helped the youth to appreciate the nature of businesses and this translated into a high entrepreneurial intention.

**Table 9: Parents' Ownership of a Business**

Ownership of Business	Frequency	Percentage (%)
Parents own a business now or in the past	59	84.3
Parents have never owned a business	11	15.7

Respondents were asked to indicate which sources of information had been crucial to them in identifying their future pursuits, regardless of whether they were going to be entrepreneurs or to be employed. Majority of the respondents (44.3%) indicated that the information that helped them decide had come from parents, guardians and family members. Only 10 respondents indicated that they had got information from local entrepreneurs or business people. This implies that the participation of local entrepreneurs has been minimal and needs to be increased. Since the level of entrepreneurial intention has been established as high, the inference that can be drawn is that entrepreneurial reference groups are essential in enhancing entrepreneurial intention. The findings are tabulated below:

**Table 10: Sources of Information for Career Decisions**

Source of Information	Frequency	Percentage (%)
Parents/Guardians/Family Members	31	44.3
Local entrepreneurs or business people	10	14.3
Labour market information	9	12.9
High school career guidance counselors or teachers	7	10.0
Media	7	10.0
Friends	5	7.1
Government programs	1	1.4

To elicit whether the entrepreneurial mentoring by parents had been effective, respondents were asked whether they would start similar businesses with those run by their relatives or friends. Majority of the respondents indicated (74.3%) that they would not start similar businesses. Instead they would diversify. Reasons for such diversification were solicited through an open-ended question. Many indicated that they wished to have better income, to use technology more and also that their parents' businesses did not require them to use the skills that they had learnt in college.

With regard to the types of businesses that the youth or their friends would start, the majority indicated businesses that can be classed under the 'white collar' section. These businesses ranged from: tour companies, ICT start-ups, consultancy, and agricultural produce export. None of the youth indicated that they or their friends would form businesses that could be classified under the 'blue collar' section.

#### **4.5 Activities by Reference Groups Which Increase Intention**

Respondents were asked to identify ways in which their parents had influenced their decisions on future career. Majority of the respondents (30.0%) indicated that their parents had talked to them about their work and this had impacted on their decision-making. 25.7% had been employed on a part-time basis. This implies that parents are involving their children in their businesses, in a bid to prepare them for an entrepreneurial life. Parents continue to be the primary reference groups and they need to determine the activities that are positive for the child's entrepreneurial or career growth.

**Table 11: Activities by Parents That Were Of Influence in Decision-Making**

Activity	Frequency	Percentage (%)
Parent talked to child about work	21	30.0
Parent employed child on part-time basis	18	25.7
Parent talked to child about business	18	25.7
Parent took child to work with them	12	17.1
Other ways (observation by child)	1	1.4

On a choice of four items, respondents were asked to suggest what would be most helpful to young people who wanted to start their own businesses. Majority of the respondents (41.4%) indicated that they wished to have the guidance of a mentor, such as a business owner. The results are tabulated below:

**Table 12: Helpful Activities for Young People Who Want To Start a Business**

Activity that would be helpful	Frequency	Percentage
Guidance from a mentor, such as a business owner	29	41.4
Student internship in a business	23	32.9
Courses or seminars about starting a business	10	14.3
Help identifying a good business idea	4	11.4

#### **4.6 Role of “Push and Pull” Factors Role in Actual Start-Up of Businesses**

This study sought to find out which factors would pull or push the youth into entrepreneurship.

On the pull factors, that is, those factors which encourage entrepreneurship by virtue of the attractiveness of the entrepreneurial option, majority of the respondents (35.7%) reported that freedom to work for oneself was the most appealing factor. A further 28.6 % of the respondents indicated that they craved the financial rewards of entrepreneurship. None of the respondents indicated that the social standing achieved by entrepreneurs would impact their decision to become an entrepreneur. The results are tabulated below:

**Table 13: Pull Factors (Those That Make Entrepreneurship Attractive)**

Pull Factor	Frequency	Percentage (%)
Freedom to work for oneself	25	35.7
Financial rewards of entrepreneurship	20	28.6
Sense of achievement	15	21.4
Freedom to pursue personal innovation	10	14.3
Social standing achieved by entrepreneurs	0	0

On the push factors, that is those factors which encourage entrepreneurship by making the conventional job option less attractive, 47.1% of the respondents indicated that they feared job insecurity. It is noteworthy noting that most of the respondents had never worked in a conventional job, so this answer could have been from assumptions or hearsay on their part. However, Kenya is a country with a very high unemployment rate and many of the youth are unemployed. They have probably seen their kin being laid off or struggling to retain their jobs. Only 2 people thought that they could be 'misfits' in the organisation.



**Table 14: Push Factors (Those That Make Conventional Job Less Attractive)**

Push factor	Frequency	Percentage (%)
Job insecurity	33	47.1
Inability to pursue personal innovation	16	22.9
Limitations of financial rewards	10	14.3
Career limitations and setbacks	9	12.9
Being a 'misfit' in an organisation	2	2.9

On inhibitors, most of the respondents (48.6%) indicated that they had not started a business because they were unable to get hold of start-up capital. This is surprising because there are funds, such as the Youth Entrepreneurship Fund, which have been specifically created to disburse credit to youth for starting businesses. A further 25.7% indicated that the cost of starting a business was very high. Therefore, a cumulative 74.3% of the respondents indicated that finance was the chief inhibitor. It is of interest to note that one of the inhibitors presented to the respondents was 'a feeling that being an entrepreneur is inferior, as opposed to someone holding a permanent job'. None of the respondents felt this to be the case. This obviously implies that entrepreneurs are not looked down upon by the Kenyan youth. The results are tabulated below:

**Table 15: Inhibitors (Obstacles That Prevent the Start of Business)**

Inhibitor	Frequency	Percentage (%)
Inability to get hold of start-up capital	34	48.6
High costs of starting up	18	25.7
High risks because of business environment	7	10.0
Lack of training as an entrepreneur	5	7.1
Lack of suitable human resources	4	5.7
Legal restrictions and impediments	2	2.9
Being an entrepreneur is inferior	0	0

## CHAPTER FIVE

### SUMMARY OF FINDINGS AND CONCLUSION

#### 5.1 Summary of the Findings

##### 5.1.1 Status of Entrepreneurial Intention among the Youth

There is a high level of entrepreneurial intention among the youth from public and private universities and TIVET institutions in Kenya. Majority of the youth who participated in this study indicated that they were very likely to start businesses.

Highly educated people often have their skills in demand. Consequently many of them may not be actively looking for business opportunities. The results however, showed that even the students from the universities who were currently undertaking non-entrepreneurial oriented courses had a high level of entrepreneurial intention. Even if they would be actively looking for employment, they would still be actively looking for business opportunities and would consider joining their friends and relatives in business. Kenya's current employment situation dictates that people become more entrepreneurial and the youth have realised this. Thus they have open minds and are actively looking for employment and business opportunities, whatever their level of education or the course that they are currently enrolled in. Several studies have shown that successful entrepreneurs are well educated and there is a need to point out and emphasize this to young would-be entrepreneurs.

In this study many of the youth targeted had started entrepreneurial ventures and had strong to medium intentions of one day starting a business. It is worthwhile noting that none of them completely wrote off starting a business.

The majority of the youth indicated that the type of businesses that they would want to form fell in the 'white collar' section. Very few youth thought of starting ventures that could be classified under the 'blue collar' section.

This study demonstrates that the youth aged 18 – 30 have a high level of entrepreneurial intention. They have a positive feeling towards entrepreneurship and can be guided into entrepreneurial activities.

### **5.1.2 Entrepreneurial Reference Group Influence**

In this study, the reference groups that were examined were parents, close relatives and friends. The results of the study show that most of the respondents have entrepreneurial reference groups and that they also have a high entrepreneurial intention. They are likely to start businesses, although these businesses will not be similar to those started by these entrepreneurial reference groups.

Entrepreneurial reference groups are very important. The study noted that most of the respondents had entrepreneurial reference groups either in the form of parents, guardians, relatives and friends. From open-ended questions it was elicited that majority of the respondents had been involved in the businesses as part-time employees or they had observed their reference groups at work.

Even though many of the respondents will not start businesses that are similar to those owned by their reference groups, nevertheless, we can make an assumption that the reference group has been important, because it has helped them identify what they want to do and what they do not want to do.

### **5.1.3 Specific Activities by Entrepreneurial Reference Groups**

Activities by entrepreneurial reference groups that might influence the youth's career path were also examined. It was found that the activities that entrepreneurial reference groups engaged in which significantly helped the thought process were: activities related to involving the respondent in professional activities, employment in the business, and discussions about the business. Mentoring activities by influential business people were limited and many of the youth had not interacted with such successful business people.

Reference groups can affect entrepreneurial intentions if they change attitudes and beliefs about a person's perceived ability to be successful in a new venture.

#### 5.1.4 Push and Pull Factors

The future entrepreneurs suggested that income potential, need for independence and risk significantly affected the decision-making process. Most of the respondents suggested that they had not started businesses because of inability to get hold of start up capital.

The risks involved because of the business environment were also of great concern. Upon further probing, it was discovered that they perceived the economy to be so bad and were not sure that it would improve significantly for them to make profits and survive if they were to start businesses. Therefore, instead of taking risk in stride as part of the entrepreneur's makeup the much touted risk factor was in fact negatively impacting the decisions.

Many respondents cited the lack of job security as a major determinant of their moving into business. In Kenya today, downsizing is the norm rather than the exception.

## 5.2 Conclusions from the Findings

The findings of this study demonstrate that youth in Kenya have a high level of entrepreneurial intention. Entrepreneurial reference groups have an impact on the intentions by the youth to set up entrepreneurial ventures. There are also push and pull factors and inhibitors involved in transcending from the birth of the idea to the actual establishment of the business.

The results of this study have given evidence on the specific interaction that should take place between entrepreneurial reference groups and the youth to increase entrepreneurial intentions. The study has examined and graded the specific

actions that are more beneficial. The conclusion is that reference groups can influence the youth in making career decisions but there is a need to provide guidelines to would-be mentors. Most of the mentors do not know that they are providing a service or that they are influencing their mentees. The implication is that an active mentoring process specific to entrepreneurship, should be developed. Such mentors would, for example, be able to go to schools and to colleges and give talks to influence the youth. Other activities could include taking the youth under their wing, giving them part-time employment and showing them that despite the risks, there are benefits to entrepreneurship.

Attitudes on entrepreneurship need to be changed. Although this study did not specifically seek to find out why there were more youth seeking to put up ventures in the 'white collar' classification, (ICT, tourism, consultancy sectors mostly) we can assume that this is because of the attitudes that are already set, for example, perceived thoughts on which work is more high class. This is all part of the education system and the parental/societal upbringing. If attitudes can be changed, people will be willing to set up entrepreneurial ventures in the *jua kali* sector, leading Kenya to become an industrialised country.

### 5.3 Recommendations based on Findings

The notable trend from this study is that those who had high entrepreneurial intention had played an active role in the business or had an active relationship with the entrepreneurial reference group. This in essence is part of a wider mentoring process, within socialization. By actively experiencing and, therefore, being able to envisage better what can be, is a powerful tool in transforming lives. Sharing in the lifestyle of the successful entrepreneur even through discussions enhances entrepreneurial intention.

Most of the time the mentors may have been unaware of the process that they were playing and the untested hypothesis here is that the effect could have been more if the mentors knew a little bit more about their role. This is an

implication for developing college courses. The more practical components there are and actually asking such mentors to 'actively' mentor the youth, could create more of an entrepreneurial spirit in the youth.

Colleges and schools need to offer more practical evidence on entrepreneurial success and perhaps practical attachments in the offices of successful entrepreneurs. While this is not a new suggestion, a simple analysis of basic entrepreneurial courses through the textbooks used or the allocation of hours shows that there is not much importance attached to practical experience. Yet, practical experience could play a bigger role in influencing the youth, especially in the Kenyan situation where unemployment rates are high.

The results of this study provide managerial implications that may be useful to those interested in facilitating interest in entrepreneurship. University professors could, for example, include course material on the role of mentoring in encouraging interest in entrepreneurship. University programs could also incorporate mentoring opportunities to generate greater interest in business ownership among students. Business owners can provide a great influence on student interest in business ownership by becoming actively involved with students through mentoring and internship programs. Economic development and entrepreneurship centre professionals may also facilitate interaction between business owners and students. Extending the knowledge of the impact of reference groups may be of interest to entrepreneurship programs in colleges and universities, especially as part of their curriculum (e.g., entrepreneurship internships).

#### **5.4 Suggestions for Further Study**

This study did not consider in detail the specific activities that should go into curricula for entrepreneurial courses. While it recognizes that practical mentoring plays a big role in influencing career decisions, it does not highlight what should actually constitute practical activities that the role model and the mentee could engage in fruitfully. A further study would elicit these activities in finer detail.

This study did not fully consider parental influence on the youth with regard to family firm succession. There is wide wrangling in family firms over succession. Noting that there are many big family firms, in Kenya and worldwide, a further study fully focused on family business succession can tease out the actions that parents in particular, in the role of parenting and mentoring, need to engage in to enable their children to be fully appreciative of entrepreneurship.

The sample for this study was relatively small and was focused on the Nairobi CBD, therefore invariably focused on the youth that have been exposed to urban life. Further studies could focus on the youth from the countryside and determine the differences in sociological upbringing between the urban youth and the rural youth that influence entrepreneurial intention. Although the sample was small it covered the whole population of Nairobi but the results may not be applicable to rural youth. The age group of the respondents may have influenced the results on the suitability of current entrepreneurship courses. A study on the entrepreneurship courses covered at lower levels of education, for example, at primary school level may elicit information on what should form the foundation of entrepreneurial courses.

Finally the study took place at a single point in time. A different study covering a lengthier period may point out other factors that influence the entrepreneurial decision-making process. The world is always evolving and things that are important today will not be tomorrow. It is not long ago that entrepreneurship was the in-thing, just before the 'dot.com' bust. Thus, attitudes will continue to change but a longitudinal study will help us better understand the entrepreneurial development process phases and changes that can be expected.

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## APPENDIX 1: QUESTIONNAIRE

*This questionnaire is meant to elicit information on entrepreneurial intention by the youth in Nairobi. All the information will be treated confidentially. Do not write your name on any part of the questionnaire.*

*Please tick the appropriate response, and remember, there are no wrong or right answers. Thank you very much for taking time to respond.*

### Part A: Demographic Information

- A. Age
- i. Under 18
  - ii. 18 - 22
  - iii. 23 - 26
  - iv. 27 - 30
  - v. Over 30

- B. Gender
- Male
- Female

### C. Education

At what level are you currently studying?

- i. primary school
- ii. high school
- iii. technical college
- iv. university first degree
- v. university second degree

D. Employment

What is your current employment status?

- i. Employed full time that is 37 hours a week
- ii. Employed part time that is less than 37 hours a week
- iii. Employed full time or part time and also running a business
- iv. Not employed, but actively looking for employment
- v. Not employed but actively looking for business opportunity
- vi. Self employed full time
- vii. Self employed part time

E. Please indicate the name of the institution where you are currently studying

.....

F. Please indicate the course that you are studying

.....

G. Have you ever taken any entrepreneurship courses in high school or in college?

Yes

No

H. In your opinion, are the entrepreneurship courses sufficient enough to enable one who completes such a course, to start his/her own business successfully?

Yes

No

Part B Objective 1: Entrepreneurial Intention

*(Adapted from Douglas & Fitzsimmons, 2005 and ACOA Entrepreneurship Study)*

Do you presently or have you in the past owned your own business or had part-ownership in a business?

Yes

No

Now, I would like to ask you about career choices you have made in the past or are in the process of making. When you have thought about the career direction that you would like to take in the future, have you considered starting your own business?

Level...

- i. Very seriously
- ii. Somewhat seriously
- iii. Not very seriously
- iv. Not at all seriously
- v. Never

When would you say you are likely to buy or start your own business? Would it be...

- i. Less than one year from now
- ii. one to two years from now
- iii. more than two up to five years from now
- iv. more than five years from now
- v. Never

Do you think that owning your business would be a fulfilling career?

- i. Very likely
- ii. Somewhat likely
- iii. Not very likely
- iv. Not at all likely
- v. Don't know

Attitude Measure:

How likely is it that you would want to be self-employed soon after graduation, assuming you had a good new business opportunity and you could raise the funding necessary to start your own business?

- i. Very likely
- ii. Somewhat likely
- iii. Not very likely
- iv. Not at all likely
- v. Never

How likely is it that you would want to be self-employed at some later point in the future, assuming you had a good opportunity and could raise the funding necessary?

- i. Very likely
- ii. Somewhat likely
- iii. Not very likely
- iv. Not at all likely
- v. Never

How likely is it that you would want to start your own business to exploit a radical innovation?

- i. Very likely
- ii. Somewhat likely
- iii. Not very likely
- iv. Not at all likely
- v. Don't know

How likely is it that you would want to start your own business to introduce a new variant of an existing product or service?

- i. Very likely
- ii. Somewhat likely
- iii. Not very likely



- iv. Not at all likely
- v. Never

How likely is it that you would want to buy a franchise (of an existing firm) to market an existing product into a defined geographic area?

- i. Very likely
- ii. Somewhat likely
- iii. Not very likely
- iv. Not at all likely
- v. Never

Part C: Objective 2 Influence by Reference Groups

Overall, who would you say has been/was most influential in providing information that helped you to make decisions on your future career?

- i. High school career guidance counsellors or teachers;
- ii. Your parents/family members/guardians;
- iii. Your friends;
- iv. The media;
- v. Labour market information resources;
- vi. Local entrepreneurs or business people;
- vii. Promotional materials and events such as career fairs;
- viii. Government programs and information designed to help young people choose a career;

Do either of your parents/guardians now own a business or did they own one in the past?

- Yes
- No

If they are currently running a business, or if they ran a business, what is/was the nature of the business? Please describe briefly (years it has been running, type of business, etc)

.....  
.....  
.....

Were you involved or are you now involved in running the business in any way? Please describe the nature of your involvement

.....  
.....

If you are to start a new business, would you start a business of the same nature (as that run by your parents/guardians)?

Yes

No

If you wish to start a different kind of business, what are your reasons for this decision? Please explain briefly

.....  
.....

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Does anyone else close to you currently run a business, or have run a business in the past?

Yes

No

If you answered 'yes' to the above question, what is your relationship to the person?

Uncles

Aunts

Brothers

Sisters

Other..... (Please specify)

Are you involved in running the business in any way? Please specify the nature of your involvement

.....

Do you have any close friends who strongly want to start their own businesses and are not looking for formal employment?

Yes

No

What kind of business do they want to start? .....

Assuming that the business idea is good, and there is potential income, is there any particular reason why you would decline joining the partnership? Please specify

.....

.....

Part D: Objective 3: Specific ERG Activities

Please indicate specific ways or things that your parents did which influenced your decision on career or starting a business. Choose only one option. that is, the one which in your opinion influenced you most.

- i. took you to work with them
- ii. employed you on a part-time basis
- iii. talked to you about the business
- iv. talked about their work
- v. Other ways not mentioned above which in your opinion were influential  
(please specify).....

In your opinion, which one of the following four options would be of most help to young people who want to start their own businesses?

- Having the guidance of a mentor, such as a business owner
- Going on a student internship in a business
- Attending courses or seminars about starting a business
- Having help identifying a good business

#### Part E: Objective 4: Push and Pull Factors, Inhibitors

What if anything would be the single most appealing thing about owning and running your own business? It would be...

- i. The financial rewards of entrepreneurship;
- ii. The freedom to work for oneself;
- iii. The sense of achievement to be gained from running one's own venture;
- iv. The freedom to pursue a personal innovation;
- v. The social standing achieved by entrepreneurs;

What if anything would be the single most terrible aspect of being employed in any organisation? It would be...

- i. The limitations of financial rewards;
- ii. Job insecurity;
- iii. Career limitations and setbacks;
- iv. Inability to pursue a personal innovation;
- v. Being a 'misfit' in the organisation;

If you intend to start a business, now or in the future, what would you say is the single main obstacle that has prevented you from starting this business?

- i. Inability to get hold of start-up capital;
- ii. High cost of starting up;
- iii. High risks because of the business environment;
- iv. Legal restrictions/impediments on business activities;

- v. Lack of training as an entrepreneur;
- vi. A feeling that being an entrepreneur is inferior, as opposed to someone holding a permanent job;
- vii. Lack of suitable human resources for your business;
- viii. Personal inertia (fear of failure, just sitting and waiting for the right time or the right opportunity to present itself);
- ix. Other obstacles..... (Please specify)