

**TRIGGERS AND BARRIERS TO YOUTH ENTREPRENEURSHIP IN THE
EASTERN CAPE, SOUTH AFRICA**

BY

LYNETY CHINDOGA

**A DISSERTATION SUBMITTED IN FULFILMENT OF THE REQUIREMENTS FOR
THE MASTER OF COMMERCE PROGRAM IN BUSINESS MANAGEMENT**

**DEPARTMENT OF BUSINESS MANAGEMENT
FACULTY OF MANAGEMENT**



AND COMMERCE
University of Fort Hare
Together in Excellence

UNIVERSITY OF FORT HARE

SOUTH AFRICA

SUPERVISOR: DR O. FATOKI

DECLARATION

I, the undersigned, Chindoga Lynety, hereby declare that the thesis is my own original work and that it has not been submitted, and will not be presented at any other University for a similar or any other degree award.



Signature

University of Fort Hare
Together in Excellence

Date

ACKNOWLEDGMENTS

I would like to extend my sincere gratefulness to:

- The Almighty God for making this study a success
- The respondents who took part in the study.
- My supervisor Dr. O. Fatoki for guidance, advice and untiring support throughout the study.
- Dr. G. Herbst for his support and guidance during the preliminary stages of this study.
- My family and friends, for their support, patience and encouragement.
- My statistician for assistance with analysis of data.



University of Fort Hare
Together in Excellence

ABSTRACT

To realise the dream of the African Renaissance and a better life for all South Africans, the entrepreneurial energies of all people, including children, should be harnessed to contribute towards economic development, job creation and poverty alleviation. Entrepreneurship creates wealth and results in economic prosperity for a country. However, in South Africa, entrepreneurship still remains a dream yet to be realised. This is supported by the findings of Maas and Herrington (2006), who identified entrepreneurial activity in South Africa to be very weak as evidenced by a low Total Entrepreneurial Activity (TEA) rate. Youths are not engaging in entrepreneurial activity and are making the bulk of the unemployed in South Africa.

The primary objective of this study was to investigate the perceived triggers and barriers to youth entrepreneurship in South Africa. Two sets of questionnaires were self-administered to high school students and university students. The respondents which consisted of three hundred and twenty three university students and two hundred and fifty six high school students, were selected using simple random sampling method. Five point Likert scale was used to measure the responses. Descriptive as well as inferential statistics were used to analyse the data. The results indicated that youth entrepreneurial intention is low in South Africa. The results also indicated that students perceived mainly extrinsic rewards, market opportunities as well as intrinsic rewards as the three top triggers towards entrepreneurial intention. Independence/autonomy and capital were also regarded as triggers to entrepreneurial intentions. The barriers to youth entrepreneurship included lack of capital, skill and support as well as lack of market opportunities and risk.

The study recommends that in order to encourage youth entrepreneurial intentions, government and all stakeholders should ensure that all the perceived triggers are made available. In addition, the barriers to youth entrepreneurship should be minimised.

DEDICATION

I dedicate this study to my parents, Mr. K. Chindoga and Mrs. V. Chindoga for always supporting me in all ways possible but most importantly through their prayers. I also dedicate this to my son Sean, my sisters Charlotte, Cynthia and Melody, to my husband Lucky, my brother Yardley, my nieces Nyasha, Laura and Demetria. Last but not least, to my uncle Mr. E. Mwera.

We can conquer all odds through God who strengthens us.



University of Fort Hare
Together in Excellence

TABLE OF CONTENTS

ABSTRACT	i
DECLARATION.....	ii
ACKNOWLEDGMENTS	iii
DEDICATION	iv
TABLE OF CONTENTS	v
LIST OF TABLES.....	xi
LIST OF FIGURES.....	xiii
CHAPTER ONE	1
INTRODUCTION TO THE STUDY.....	1
1.1 INTRODUCTION.....	1
1.2 BACKGROUND TO THE STUDY.....	1
1.3 PROBLEM STATEMENT	5
1.4 RESEARCH OBJECTIVES	8
1.4.1 Primary objectives.....	8
1.4.2 Secondary objectives.....	8
1.5 HYPOTHESES.....	9
1.5.1 Primary Hypothesis.....	9
1.5.2 Secondary hypotheses.....	9
1.6 SIGNIFICANCE OF THE RESEARCH.....	11
1.7 RESEARCH METHODOLOGY AND DESIGN	12
1.7.1 Phase 1: Literature review	12
1.7.2 Phase 2: Empirical study	13



University of Fort Hare
Together in Excellence

1.8 LIMITATIONS OF THE STUDY.....	15
1.9 OUTLINE OF PROPOSED RESEARCH.....	16
1.10 SUMMARY	17
CHAPTER TWO.....	18
ENTREPRENEURSHIP IN SOUTH AFRICA.....	18
2.1 INTRODUCTION.....	18
2.2 DEFINING ENTREPRENEURSHIP	18
2.3 IMPORTANCE OF ENTREPRENEURSHIP	22
2.3.1 New employment creation (Entrepreneurship and employment)	22
2.3.2 Poverty and income inequality	25
2.3.3 Economic growth	29
2.4 ENTREPRENEURIAL ACTIVITY IN SOUTH AFRICA.....	32
2.4.1 Total entrepreneurial activity (TEA).....	33
2.5 YOUTH ENTREPRENEURSHIP	36
2.5.1 Definition of youth	36
2.5.2 Youth entrepreneurship in South Africa	36
2.5.3 Importance of youth entrepreneurship	39
2.6 ENTREPRENEURSHIP AND ENTREPRENEURIAL INTENTION.....	40
2.6.1 Theories of entrepreneurial intention	42
CHAPTER THREE	45
TRIGGERS AND BARRIERS TO ENTREPRENEURIAL INTENTION.....	45
3.1 INTRODUCTION.....	45
3.2 TRIGGERS TO ENTREPRENEURIAL INTENTION	45
3.2.1 Extrinsic rewards.....	48



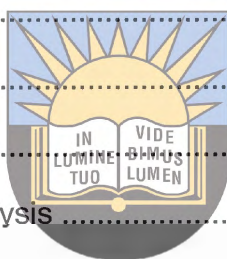
3.2.2 Intrinsic rewards.....	49
3.2.3 Market opportunities	52
3.2.4 Independence/ Autonomy	52
3.2.5 Capital.....	54
3.3 BARRIERS TO ENTREPRENEURIAL INTENTION.....	55
3.3.1 Capital.....	55
3.3.2 Managerial competency and educational skills	58
3.3.3 Social, cultural and government support.....	61
3.3.4 Risk.....	63
3.3.5 Market opportunities	64
3.4 SUMMARY.....	65
CHAPTER FOUR.....	67
RESEARCH METHODOLOGY	67
4.1 INTRODUCTION.....	67
4.2 RESEARCH DEFINED.....	68
4.3 BUSINESS RESEARCH PROCESS.....	68
4.3.1 Step 1: Problem statement, research questions, research objectives and research hypotheses.....	69
4.3.1.1 Problem statement.....	69
4.3.1.2 Research objectives	70
4.3.1.3 Research hypotheses	71
4.3.2 Step 2: Research design.....	73
4.3.2.1 Types of research design.....	73
4.3.3 Step 3: Selecting the primary data collection method	77
4.3.3.1 Basic primary data collection methods.	77



University of Fort Hare

Together in Excellence

4.3.3.2 Questionnaire design and content	80
4.3.3.3 Pre-testing (pilot study)	83
4.3.4 Step 4: Sample design	84
4.3.4.1 Population	84
4.3.4.2 Types of sampling design	85
4.3.4.3 Sample size	86
4.3.5 Step 5: Gathering the data	87
4.3.5.1 Missing values	87
4.3.6 Step 6: Data analysis	88
4.3.6.1 Descriptive statistics	89
4.3.6.2 Principal component analysis	89
4.3.6.3 Bivariate data analysis	91
4.3.6.4 Statistical Package for Social Sciences (SPSS)	92
4.3.6.5 Validity, reliability and errors	92
4.3.7 Step 7: Reporting the results	95
4.4 SUMMARY	95
RESEARCH RESULTS	97
5.2 EMPIRICAL FINDINGS	97
5.2.1 Response rate	97
5.2.2 The normality of the data	98
5.2.3 Reliability of the questionnaires	98
5.3 RESEARCH RESULTS	99
5.3.1 Section A: Demographic information	99
5.3.1.1 Question 1: The age of the respondents	100



University of Fort Hare
Together in Excellence

5.3.1.2 Question 2: The gender of the respondents.....	101
5.3.1.3 Question 3: The educational qualifications (university students only).....	101
5.3.1.4 Question 4: The faculty representations of the respondents (university students only)	102
5.3.2 Section B: Measures of entrepreneurial intention	102
5.3.2.2 Demographic factors and entrepreneurial intentions	104
5.3.3 Question 6 Intentions to start own business after school	107
5.3.4 Triggers of entrepreneurial intention	108
5.3.4.1 Principal component analysis of trigger variables	110
5.3.4.2 Demographic variables and trigger factors compared	120
5.3.5 Barriers to entrepreneurial intention.....	121
5.3.6 Summary of findings	133
5.3.7 Demographic variables and barrier factors compared	135
5.4SUMMARY	136
CHAPTER SIX	138
CONCLUSIONS AND RECOMMENDATIONS	138
6.1 INTRODUCTION.....	138
6.2 SUMMARY OF STUDY.....	138
6.2.1 Introduction to the study (Chapter One).....	138
6.2.2 Entrepreneurship in South Africa (Chapter Two)	141
6.2.3 The triggers and barriers to youth entrepreneurial intention (Chapter Three) .	141
6.2.4 Research methodology (Chapter Four).....	141
6.2.5 Research findings (Chapter Five)	142
6.2.5.1 Response rate	142
6.2.5.2 Demographics.....	142



University of Fort Hare
Together in Excellence

6.2.5.3 Measure of entrepreneurial intention	142
6.2.5.4 Intentions to start own business after school	142
6.2.5.5 Triggers of youth entrepreneurial intention	143
6.2.5.6 Barriers to youth entrepreneurial intention	144
6.3 RECOMMENDATIONS	145
6.4 ACHIEVEMENT OF OBJECTIVES	150
6.5 LIMITATIONS OF THE STUDY	151
6.6 AREAS FOR FURTHER STUDY	151
6.7 SUMMARY	152
REFERENCES	154
APPENDICES	171

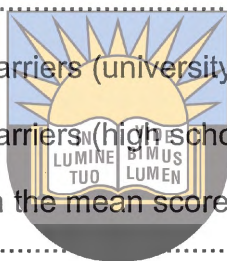


University of Fort Hare
Together in Excellence

LIST OF TABLES

Table 2.1: Unemployment rates in selected African and developed countries	23
Table 2.2: Poverty levels in selected African and developed countries	26
Table 2.3: Gini coefficient in some selected African and developed countries	26
Table 2.4 South Africa's TEA rates 2001-2009 compared to Peru's and Argentina's TEA rates	34
Table 2.5 Involvement in early stage entrepreneurial activity by age	37
Table 5.1: Response rate	98
Table 5.2 Reliability test of the variables	99
Table 5.3 The gender of the respondents	101
Table 5.4 The faculty representation of the respondents (university students only)....	102
Table 5.5 Measures of entrepreneurial intention.....	103
Table 5.6 ANOVA of age and entrepreneurial intention	105
Table 5.7 Independent samples t-test of gender and entrepreneurial intention.....	105
Table 5.8 Independent samples t-test of educational qualification and entrepreneurial intention.....	106
Table 5.9 ANOVA of faculty and entrepreneurial intention	106
Table 5.10 Tukey HSD test for the differences in the entrepreneurial intention with respect to faculty	107
Table 5.11 The intention of starting own business after school.....	108
Table 5.12 Perceived triggers to entrepreneurial intention	109
Table 5.13 KMO and BTS	110
Table 5.14 Rotated factor matrix for triggers (university students)	111
Table 5.15 Rotated factor matrix for triggers (high school students)	113

Table 5.16 T-test for the differences in the mean scores of university students and high school students	115
Table 5.17 Pearson’s correlation between trigger variables and entrepreneurial intention	116
Table 5.18 ANOVA of age, faculty and the trigger factors	120
Table 5.19 Independent samples t-test of gender, educational qualification and the trigger factors	120
Table 5.20 Barriers to youth entrepreneurial intention.....	121
Table 5.21 BTS AND KMO.....	123
Table 5.22 Rotated factor matrix for barriers (university students).....	123
Table 5.23 Rotated factor matrix for barriers (high school students).....	126
Table 5.24 T-test for the differences in the mean scores of university students and high school students	128
Table 5.25 Pearson’s correlation between barrier variables and entrepreneurial intention	129
Table 5.26 Summary of the correlation results for the primary hypothesis.....	133
Table 5.27 Summary of hypotheses and results	134
Table 5.28 ANOVA of age, faculty and the barrier factors.....	135
Table 5.29 Independent samples t-test of gender, educational qualification and the barrier factors	136



University of Fort Hare
Together in Excellence

LIST OF FIGURES

Figure 2.1 Contribution of Entrepreneurships to GDP in different countries.....	31
Figure 4.1 Steps in the business research process.....	69
Figure 5.1 The age of the respondents.....	100
Figure 5.2 The educational qualifications.....	101



University of Fort Hare
Together in Excellence

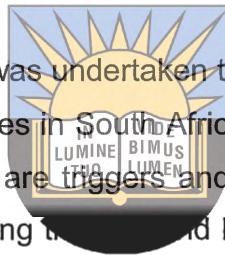
CHAPTER ONE

INTRODUCTION TO THE STUDY

“Youth employment is an acknowledged growing challenge and we believe passionately that entrepreneurship is one solution to it” (Davenport, 2008).

1.1 INTRODUCTION

This chapter introduced a study that was undertaken to determine how to improve youth participation in entrepreneurial activities in South Africa. The argument of the study was that there are perceived factors that are triggers and barriers to youth entrepreneurial intention. Identifying and understanding these triggers and barriers to youth entrepreneurship is important to improving youth entrepreneurial participation in South Africa. The chapter outlined the following areas for the study: The background of the problem, the problem statement, the research objectives, the research hypotheses and the significance of the research. A description of the research methodology, the limitations of the study as well as the layout of the study were done.

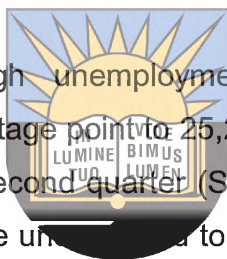


University of Fort Hare
Together in Excellence

1.2 BACKGROUND TO THE STUDY

Entrepreneurship is a dynamic process of creating wealth by individuals or groups of individuals such as youths (Sathiabama, 2010). Most developing and developed countries view entrepreneurship as the vehicle to economic growth, success and prosperity. Therefore, a lot of support and attention is now being given to new business start-ups, especially those by young people. However, in South Africa, Total Entrepreneurship Activity (TEA), which is an estimate of the number of working age adults involved in starting or operating businesses up to 3.5 years old, is one of the lowest in the world (Orford, Wood, Fischer, Herrington & Segal, 2003). According to the

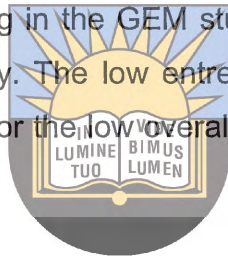
Global Entrepreneurship Monitor (GEM), TEA is a measure of people in the 18-64 age group who are actively involved in the start up process or those managing a business less than forty two months old expressed as a percentage of adults in the same age group. This was supported by the findings in the 2008 GEM report on TEA where South Africa ranked 23rd out of 43 participating countries. The total early stage entrepreneurship activity of South Africa according to the GEM report of 2008 was (7.8%) which is significantly below the average for all participating middle to low income countries of (13.2%) (Herrington, Kew & Kew, 2009). This implies an alarmingly low level of entrepreneurship in South Africa.



South Africa is faced with a very high unemployment rate and this was noted by a significant increase of 0,9 of a percentage point to 25,2% in the first quarter of 2010 and the rate remaining the same in the second quarter (Statistics South Africa, 2010). That percentage brought the number of the unemployed to 4,3 million. Employment declined by 171 000 between the fourth quarter of 2009 and the first quarter of 2010, with the formal sector losing 140 000 and the informal sector shedding 100 000. In total, the number of people in the labour force decreased by 25 000 between the fourth quarter of 2009 and the first quarter of 2010 (Statistics South Africa, 2010). However, according to the same report, unemployment is highest among those aged 15-24. Youth unemployment rate is higher than the national average.

About thirty percent (30%) of all people in the 15-24 age group, are unemployed and in the 25-34 age group, forty percent (40%) are unemployed. Therefore, seventy percent (70%) of the unemployed people are youths and of those, forty-seven percent (47%) are chronically out of work. If we include the number of those who have given up looking for work and those who work for less than twenty hours per month in the forty-seven percent (47%), the figure rises to sixty percent (60%) (Bhorat, 2006:1). These high levels of youth unemployment signifies low rates of youths' engagement in employment activities.

Various definitions of youth exist across countries, these definitions differ due to countries' differences in culture. However, in South Africa, youths are defined as those within the (14-35) age range as mandated by the National Youth Commission Act of 1996 and the National Youth Policy of 2000 (Government Gazette, 2008). Considering that age, it is very much evident that their participation in entrepreneurial activities is very low. In the annual GEM surveys, South Africa's TEA rate is always noted as low with the youth participation being disappointingly low. According to Von Broembsen, Wood and Herrington (2005) in the GEM South Africa report, youths in South Africa were far less likely to start their own businesses as compared to those from other countries. In all countries participating in the GEM study, youths are the most likely to be involved in entrepreneurial activity. The low entrepreneurial activity among youths was found to be the primary reason for the low overall rate of entrepreneurial activity in South Africa.

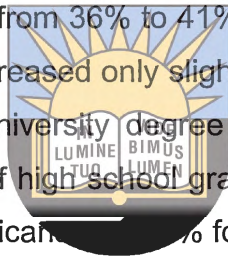


According to Herrington *et al.* (2009), the creation and sustainability of new entrepreneurship are vital to the economic prosperity of South Africa. Without the creation of new entrepreneurship, South Africa risks economic stagnation. Given the failure of the formal and public sector to absorb the growing number of job seekers in South Africa, increasing attention has focused on entrepreneurship and new firm creation and its potential for contributing to economic growth and job creation.

Although much focus is now given to youth entrepreneurship, the level of youth entrepreneurship is currently very low in South Africa. Thus, an investigation of the possible triggers and barriers to youth entrepreneurship is essential. Borat (2006) identifies a worrying trend when looking at youth unemployment by education. Someone in the (15-24) age groups with incomplete secondary school education has a seventy five percent (75%) chance of being unemployed, dropping to sixty six percent (66%) if they have Matric. Those who have a tertiary qualification, but not a degree, have a fifty percent (50%) chance, while those with a degree have a seventeen percent (17%)

chance of not having a job. Therefore early school leavers make up the bulk of the jobless.

In addition, according to Lam, Ardington, Branson, Goostrey and Leibbrandt (2010) educational levels are relatively high in South Africa with almost universal primary education and with most students attending secondary school. The critical education margins for most South Africans today are completion of secondary school and entry into post-secondary schooling. Using the nationally representative Labour Force survey (collected by Statistics South Africa) to analyse educational attainment, the proportion of Africans with grade twelve increased from 36% to 41% between 2000 and 2007 but the proportion going beyond grade 12 increased only slightly from 7.4% to 7.5%. Only 1.7% of 25-29 year old Africans had a university degree in 2007 compared with 16% of whites. Furthermore, the proportion of high school graduates that had gone on to post-secondary education was 21% for Africans and 41% for whites in 2000 with declines for both groups between 2000 and 2007. This suggests that only a few youths that completed high school will go to the university. This further suggests that improvement in education, employment (which is difficult to get) and entrepreneurship offer the way out of the problem for high school students.



University of Port Harcourt
Together in Excellence

Alsos, Isaksen and Ljunggren (2006:669) agree that youth entrepreneurship is one of the ways to improve entrepreneurship. Therefore, it is important to encourage youth enterprises in primary, secondary, college and universities. Through this experience, pupils are expected to learn the entrepreneurial skills and become more aware of entrepreneurship as a career possibility and this would increase their entrepreneurial intention. This is consistent with the view of Peterman and Kennedy (2003:132) who point out that post university based entrepreneurship has attracted the bulk of research with the care of youth entrepreneurship. However, entrepreneurship development in primary and secondary schools is very important. The ideal stage to acquire basic knowledge about entrepreneurship and to develop a positive attitude towards entrepreneurship is during childhood and adolescence years. Because of the points

noted above, this study focused on both university and high school students. In addition, Kazela (2009) points out the two groups of youths most likely to be involved in entrepreneurship are high school and university graduates.

This study attempted to identify the triggers and barriers to entrepreneurial intention by young people as well as suggested possible solutions to avoid future problems associated with increased numbers of unemployed youths. A meta analysis of studies on entrepreneurship in South Africa revealed that no South African study has investigated empirically the triggers and barriers to youth entrepreneurship from the view point of high school and university students. In addition, most of the studies on youth entrepreneurship focused on developed countries. However, studies carried out in developing countries are also very important and may reach different conclusions from those carried out in developed countries. The reason being that of differences in environmental differences between developed and developing countries. For instance South Africa is well known for high crime rate as compared to some developed countries. This factor may affect the entrepreneurial intention of youths. Youth contribution to the economic growth, may help South Africa's economy considering the just ended global economic recession which affected most countries including South Africa (Dugger & Celia, 2009:10).

1.3 PROBLEM STATEMENT

According to Pihie (2009:341) entrepreneurship can be measured in two ways. Actual entrepreneurship (i.e. people that have actually started business) and entrepreneurial intention (i.e. people that intend to start business). The TEA only measures actual entrepreneurship. This study however will investigate the entrepreneurial intention of the youths in South Africa. Masuda (2006:227) points out that entrepreneurial intention can also be called latent entrepreneurship. Latent entrepreneur wishes to be self-employed in the future and have the possibility to realise self-employment with adequate policy. Focusing on the determinants of latent entrepreneurship is very important to

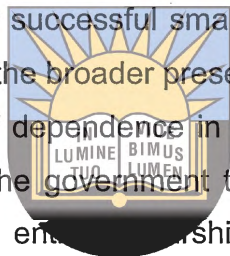
policymakers. This study focused on entrepreneurial intention or latent entrepreneurship. Pihie (2009:341) notes that intention is the state of mind or attitude which influences entrepreneurial behaviour. A strong association exists between the entrepreneurial intention and the actual behaviour. In the theory of planned behaviour, a certain behaviour is planned and preceded by intentions, so much so that the planned behaviour can be predicted by looking at an individual's intention. An individual might have a potential but not make any transition into entrepreneurship because of lack of intention (Ismail, Khalid, Othman, Yusoff, Rahman, Kassim and Zain, 2009:55). According to the theory of planned behaviour by Ajzen (1991) such intentions are influenced by three main factors, which are attitude, perceived behavioural control and social norms (McStay, 2008). In other empirical studies, other factors have been identified as playing a major role in influencing entrepreneurial intentions. These factors which influence entrepreneurial intention can be regarded as either triggers or barriers to the behaviour.



University of Fort Hare

For triggers to entrepreneurial intention, Ashley, Doherty, King & Solomon (2009) identifies two main categories, which are (1) demographic variables and (2) attitudes, values or psychological factors. Demographic factors include gender, family background, having role models and self employed parents. However, these motivators can also be categorised as (1) extrinsic rewards (2) independence/autonomy (3) intrinsic rewards and (4) family security. Extrinsic motives are the economic reasons that entrepreneurs work whilst intrinsic motives are related to self-fulfilment and growth. For a new entrepreneur, expected monetary rewards form part of the extrinsic triggers. Intrinsic reward will centre around the satisfaction of being one's own boss as well as having ultimate control and responsibility for the success of the venture. If the perceived intrinsic and or extrinsic rewards are great, such that they influence an individual's behaviour towards entrepreneurship, then such factors can be explained as triggers to entrepreneurship.

However, low entrepreneurial activity in South Africa, especially amongst the youths is a sign that barriers to entrepreneurial intention exist. Barriers refer to those factors which prevent individuals from engaging in entrepreneurship. In a survey on United Kingdom, GEM 2002 noticed that social and cultural attitudes in this country posed the strongest barrier to entrepreneurship due to the negative attitude towards wealth creation, self employment and business failure (Robertson, Collins, Medeira & Slatter, 2003: 310). In South Africa, the same barrier is evident, where wealth creation is not regarded but rather more emphasis is on attaining an academic qualification to be employable. According to Louw, van Eeden, Bosch and Venter (2003:5), an entrepreneurial culture, which should be the driving force for successful small business enterprises, seems to be missing in South Africa as well as the broader presence of entrepreneurs as initiators and innovators. There is a culture of dependence in South Africa so much so that all people including the youths expect the government to do everything. This idealism is greatly influencing youth intention on entrepreneurship (Herrington *et al.*, 2009). This was supported by findings in a study by Agupusi (2007) that, the attitude of South Africans in Alexandra, a township in South Africa, towards entrepreneurship is similar to that in other parts of the country and formal employment is generally preferred to business creation.



Univeriteit van Fort Hare
To gether in Excellence

Most youths in South Africa are not willing to take risks. These risks associated with owning a business include the failure of the business as well as the prevailing high rate of crime in the country. High crime rates are a serious challenge to new business formations. Agupusi (2007) points out that South Africa has a low TEA rate and that is attributed to high crime and violence. Crime on business in South Africa is not only alarming but also growing as revealed by the South African Police Service Crime Statistics (2009) that, while the incidences of virtually all major categories of crime has fallen during the past year, business related crime is on the increase.

Lack of business skills is also affecting entrepreneurship in South Africa. Louw *et al.* (2003:6) note that South African entrepreneurs lack managerial skills. In the GEM

report, Maas and Herrington (2006) note that, lack of education and training has reduced management capacity in new firms in South Africa. In addition, lack of finance poses a challenge to youth entrepreneurship. In South Africa, financial support is identified as the second major barrier leading to the low TEA rate in the country.

Herrington *et al.* (2009) argue that the government of South Africa, faced with high youth unemployment has introduced a lot of small business and entrepreneurial initiatives such as the National Youth Development Agency. However, most youths are not aware of the available government support schemes. The general belief of entrepreneurs is that, there is no government support for entrepreneurship in South Africa. Based on the noted gaps in the literature, the research problems for this study were:



- What is the entrepreneurial intention of the youths in South Africa?
- What are the triggers to youth entrepreneurial intention in South Africa?
- What are the barriers to youth entrepreneurial intention in South Africa?

1.4 RESEARCH OBJECTIVES

1.4.1 Primary objectives

The primary objectives of this study were:

- To measure the entrepreneurial intention of the youths in South Africa.
- To investigate empirically the triggers of youth entrepreneurial intention.
- To investigate empirically the barriers to youth entrepreneurial intention

1.4.2 Secondary objectives

The objectives were achieved through the following secondary objectives:

- To review the literature on entrepreneurship, youth entrepreneurship and entrepreneurial intention.

- To review the literature on the triggers and barriers to entrepreneurial intention.
- To develop the research methodology to carry out the empirical study.
- To make policy recommendations on how to improve youth entrepreneurial intention in South Africa.

1.5 HYPOTHESES

1.5.1 Primary Hypothesis

The primary hypothesis of this study was:

H₀: There are no significant relationships between the trigger and barrier factors and youth entrepreneurial intention.

H_a: There are significant positive relationships between the trigger and barrier factors and youth entrepreneurial intention.



The primary hypothesis was achieved through the following secondary hypotheses: (for the breakdown of the triggers and barriers to factors, please refer to section, 5.3.4.1, page 84).

University of Fort Hare
Together in Excellence

1.5.2 Secondary hypotheses

• Triggers

H1₀: There is no significant relationship between extrinsic rewards and youth entrepreneurial intention.

H1_a: There is a significant positive relationship between extrinsic rewards and youth entrepreneurial intention.

H2₀: There is no significant relationship between intrinsic rewards and youth entrepreneurial intention.

H2_a: There is a significant positive relationship between intrinsic rewards and youth entrepreneurial intention.

H3₀: There is no significant relationship between independence/autonomy and youth entrepreneurial intention.

H3_a: There is a significant positive relationship between independence/autonomy and youth entrepreneurial intention.

H4₀: There is no significant relationship between market opportunities and youth entrepreneurial intention.

H4_a: There is a significant positive relationship between market opportunities and youth entrepreneurial intention.

H5₀: There is no significant relationship between the availability of capital and youth entrepreneurial intention.

H5_a: There is a significant positive relationship between the availability of capital and youth entrepreneurial intention.



University of Fort Hare

Together in Excellence

- **Barriers**

H1₀: There is no significant relationship between lack of capital and lack of youth entrepreneurial intention.

H1_a: There is a significant positive relationship between lack of capital and lack of youth entrepreneurial intention.

H2₀: There is no significant relationship between lack of skill and lack of youth entrepreneurial intention.

H2_a: There is a significant positive relationship between lack of skill and lack of youth entrepreneurial intention.

H3₀: There is no significant relationship between lack of support and lack of youth entrepreneurial intention.

H3_a: There is a significant positive relationship between lack of support and lack of youth entrepreneurial intention.

H4₀: There is no significant relationship between lack of market opportunities and youth entrepreneurial intention.

H4_a: There is a significant positive relationship between lack of market opportunities and lack of youth entrepreneurial intention.

H5₀: There is no significant relationship between risk and lack of youth entrepreneurial intention.

H5_a: There is a significant positive relationship between risk and lack of youth entrepreneurial intention.



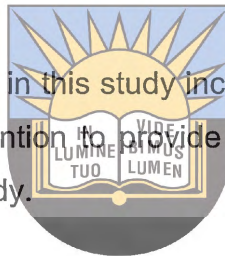
1.6 SIGNIFICANCE OF THE RESEARCH

Entrepreneurship has captured the attention of policy makers and scholars. This is so because there is a growing need for entrepreneurship to accelerate economic development through ideas and venture creations. Entrepreneurship is important in stimulating growth in a growth conscious world therefore it is important to learn how to stimulate it in a country (Turker & Selcuk, 2009:143). South Africa suffers from high crime rates, poverty and social insecurities due to unemployment. Every year more and more youths are leaving institutions and find themselves without work. This problem can be minimised if entrepreneurship is encouraged in South Africa. New enterprises have a major role to play in the South African economy in terms of employment creation, sustainable output growth, the equitable distribution of income and the overall stimulation of the economy (FinMark Trust, 2006). It is therefore of uttermost importance that the perceived triggers and barriers be identified so as to encourage entrepreneurship in this country. The future of any country's economy depends on the youths. Therefore, in order to eradicate any economic losses, the potentials of such youths need to be harnessed in developing the economy through innovation and new business start-ups.

Findings from the present research can be used by economists and consultants who investigate the importance of youth entrepreneurship in building a healthy economy. This study can also be of importance to government and government agencies responsible for youth development. In addition, young people with entrepreneurial intention can understand the barriers to starting businesses in South Africa. The creation and sustainability of new businesses especially by the youth are vital to the economic prosperity of South Africa.

1.7 RESEARCH METHODOLOGY AND DESIGN

The research methodology employed in this study included a review of the literature on the constructs of entrepreneurial intention to provide the theoretical foundation for the research followed by an empirical study.



1.7.1 Phase 1: Literature review

The literature review defined entrepreneurship and examined its importance to an economy. The contribution of entrepreneurship to poverty reduction, income redistribution and employment was reviewed. The entrepreneurship activity in South Africa was reviewed in terms of the TEA rate and the creation and failure rate of new enterprises. In addition, the definition of youth entrepreneurship was examined. The review also examined the relationship between entrepreneurship and entrepreneurial intention. Various entrepreneurial theories including Ajzen's (1991) theory of planned behaviour was discussed. The last part of the literature review focused on the triggers and barriers that can influence entrepreneurial intention and hence activity. Sources that were consulted for the literature study included the following:

- Local and international peer-reviewed journals such as Small Business Economics, Journal of Asian entrepreneurship and sustainability, Journal of small business and enterprise development, Academy of management review, International journal of public sector management, Academy of management journal and International journal of entrepreneurial behaviour and research.

- Books on marketing research, entrepreneurship and research methodology such as Cooper and Schindler (2003), Rwigema and Venter (2004) and Timmons and Spinelli (2007).
- Unpublished Masters and Doctorate dissertations such as Mutezo (2005) and Fatoki (2010).
- Internet sources through the websites of Statistics South Africa and Global Entrepreneurship Monitor.

1.7.2 Phase 2: Empirical study

The empirical research for the study was conducted in two ways; a pilot study and the main survey. The measuring instrument was designed to measure the perceived triggers and barriers that can impact on the entrepreneurial intentions of youths. Questionnaires were designed and administered to 40 respondents at both universities and high schools in a pilot study. For the main survey, a total of 323 questionnaires were administered to final year students at the University of Fort Hare and Walter Sisulu University and 196 questionnaires were returned. The response rate for university students was 60.7%. For high school students, 256 questionnaires were administered and 161 questionnaires were returned. The response rate for high school students was 62.9%. The mean response rate was 61.7%.

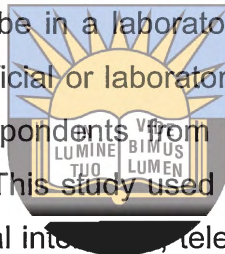
- **Research design**

Two main types of research exist, that is quantitative and qualitative research. The present study used the quantitative research method. Quantitative research involves the collection of primary data from a large number of individuals who would be a representative of the whole population which is under study. Findings from such a sample would enable generalisation of the whole population. The study was based on the collection of results from standardised data in the form of a structured questionnaire and use of mathematical analysis for the data obtained. This enabled more accurate predictions about the relationship between the perceived barriers and triggers with intentions of youths towards entrepreneurship in South Africa. This study enabled the

researcher to validate the relationship as well as to test the hypotheses (Hair, Wolfinbarger, Ortinau & Bush, 2008:126).

- **Data collection method and instrument**

Gerber-Nel, Nel and Kotze (2005:88) identify three primary data collection methods namely, observation, experiment and survey. Observation is a process through which primary data is obtained by observers (humans or machines) about the behavioural pattern of people, objects or occurrences. With the experiment method of data collecting, the researcher manipulates an independent variable and then measures the effect. The experimental setting can be in a laboratory or in the field. In a laboratory, experiments are conducted in an artificial or laboratory setting. In survey research, the researcher selects a sample of respondents from a population and administers a standardised questionnaire to them. This study used survey research. Surveys can be divided into four major types: personal interviews, telephone surveys, mail surveys and self-administered surveys as pointed out by Gerber-Nel, Nel and Kotze (2005:94). Self-administered questionnaires was used by this study for data collection.



University of Fort Hare

- **Study Population and sample size**

Population can be defined as the totality of cases that conform to some designated specifications (Churchill & Brown, 2004: 400). The population used in this study was the final year University of Fort Hare and Walter Sisulu University students as well as high school students from twenty selected high schools in the Mthatha area. The population of university students was 2011 and the population of high school students was 760. Using the Raosoft sample size calculator, the sample sizes were 323 and 256 for university and high school students respectively.

- **Statistical analysis**

Statistical analysis included Analysis of Variance (ANOVA), T-test principal component analysis (which was used to refine the secondary hypotheses) and Pearson's correlation. Twenty questionnaire items and twenty six questionnaire items were identified for the triggers and barriers respectively after a thorough review of the

literature on entrepreneurship. The principal component analysis reduced the questionnaire items to five factors for triggers and five factors for barriers for both high school and university students. The five trigger factors were extrinsic reward, intrinsic reward, independence and autonomy, market opportunities and capital. The five barrier factors were capital, skill, support, market opportunities and risk. Validity was ensured by firstly consulting a statistician to evaluate the instrument and secondly, by pre-testing the instrument in a pilot study. Reliability of the measurement instrument was tested using the Cronbach's Alpha.

- **Referencing style**

The Harvard method of referencing was used for this study.

1.8 LIMITATIONS OF THE STUDY



The study concentrated on the final year students at the University of Fort Hare and Walter Sisulu University as well as twenty selected high schools. However, other youths who dropped out of high schools or who did not proceed to tertiary institutions and are jobless in the streets were not included in the study. However, this was necessary to avoid the disadvantages of convenience sampling method such as non-probability and interviewer bias. Using just two institutions and selected high schools in one province is regional and may not be representative enough to draw conclusions on the whole of South Africa. Therefore, care should be exercised in the interpretation and the application of the results of this study and the generalisation of the findings to the whole of South Africa. Although findings from this study makes a huge and noted contribution to youth entrepreneurship literature, it should be considered as part of a huge journey towards cracking the problem of low levels of youth participation in entrepreneurial activities.

1.9 OUTLINE OF PROPOSED RESEARCH

- **Chapter One:** Introduction

Chapter one gave an introductory note to the study. It provided the background, importance, the research problem, the research hypotheses and the research objectives. A preliminary literature review on youth entrepreneurship was also done followed by a description of the research methodology which was used. Finally, this chapter also encompassed the limitations of the study.

- **Chapter Two:** Entrepreneurship in South Africa

Chapter two will review the literature on the definition of entrepreneurship and the contribution of entrepreneurship. The definition of youth entrepreneurship and youth entrepreneurial activity in South Africa will be discussed. The Total Entrepreneurial Activity (TEA), formation and failure rate of new enterprises in South Africa will be reviewed. Finally, a review of theories of entrepreneurship including Ajzen's (1991) theory of planned behaviour will be done.

- **Chapter Three:** Triggers and barriers to entrepreneurial intention

Chapter three will review the literature on the triggers and barriers to entrepreneurial intention.

- **Chapter Four:** Research methodology

Chapter four will provide a description of the research methodology to be used in carrying out the empirical study. A detailed description of the research design, type of research used, the population and sample design as well as the data collection and analysis methods used will be elaborated in the chapter.

- **Chapter Five:** Data analysis and results

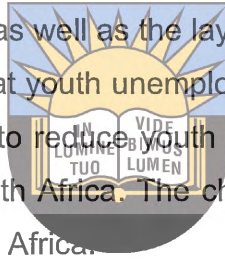
Chapter five will analyse and interpret the research results.

- **Chapter Six:** Conclusions and recommendations

Chapter six will give the conclusions drawn from the findings. Recommendations to improve youth entrepreneurship, the achievement of objectives, the limitations of the study as well as the areas for further study will be presented.

1.10 SUMMARY

This chapter gave an introductory note to the study. It provided the background, the research problems, hypotheses and objectives. A brief discussion of the research methodology, limitations of the study as well as the layout of the study was also given in this chapter. The chapter revealed that youth unemployment is high in South Africa and entrepreneurship is one of the ways to reduce youth unemployment. The next chapter will focus on entrepreneurship in South Africa. The chapter will review the literature on youth entrepreneurial activity in South Africa.



University of Fort Hare
Together in Excellence

CHAPTER TWO

ENTREPRENEURSHIP IN SOUTH AFRICA

“With the changing demographic profile in many countries leading to a significant increase in young people as a percentage of the total population, research into youth and entrepreneurship is becoming more important” (Schoof, 2006).

2.1 INTRODUCTION



Youth unemployment is a cause for concern worldwide as noted from the above statement. It is of utmost importance to examine the situation in South Africa. The focus of this chapter is to define and discuss the importance of entrepreneurship. The chapter will also focus on entrepreneurial activity in South Africa. In addition, the literature both theoretical and empirical on youth entrepreneurship and entrepreneurial intention will be reviewed. The concept of entrepreneurial intention will be explained by examining the theory of planned behaviour by Ajzen (1991).

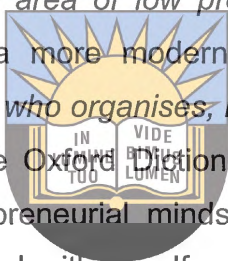
Section 2.2 will examine the definition of entrepreneurship.

2.2 DEFINING ENTREPRENEURSHIP

Literature has failed to come up with one specific definition which totally describes entrepreneurship. However various definitions have emerged in an attempt to explain entrepreneurship. No definition can entirely and accurately define entrepreneurship as it involves a lot of aspects. In South Africa however, the term entrepreneurship is often used interchangeably with small medium and micro enterprises (SMMEs) (Mutezo, 2005).

According to Herrington *et al.* (2009) the debate over entrepreneurship is universal. It is spoken of, written about and discussed frequently – both in academia and in the public press. Regardless of where the debate occurs, entrepreneurship has been identified as being vitally important to the wellbeing of any economy, and its potential to contribute to the creation of employment and the alleviation of poverty has been well documented. “Entrepreneur” is a French word with its origin dating back to the 1700s, and since then has evolved to mean someone who “undertakes a venture”.

Jean-Baptiste Say, a French economist of the 1800s, stated that: “...an entrepreneur shifts economic resources out of an area of low productivity into an area of higher productivity and greater yield.” In a more modern context, the Oxford Dictionary describes an entrepreneur as: “...one who organises, manages and assumes the risk of a business enterprise.” However, the Oxford Dictionary definition remains somewhat limited as individuals with an entrepreneurial mindset are associated not only with business ventures, but are also found within welfare, social, adventure and sporting ventures. Entrepreneurs are also found in government, universities and other similar institutions (Herrington *et al.*, 2009)



University of Fort Hare
Together in Excellence

Hitt, Ireland, Camp and Sexton (2002) summarised the various definitions of entrepreneurship (and their authors as follows):

Schumpeter (1934) *Entrepreneurship is seen as new combinations, including the doing of new things that are already being done in a new way. New combinations include:*

1. *Introduction of new goods*
2. *New method of production*
3. *Opening of new markets*
4. *New source of supply*
5. *New organisations*

Kirzner (1973) *Entrepreneurship is the ability to perceive new opportunities. This recognition and seizing of the opportunity will tend to “correct” the market and bring it back to equilibrium.* Drucker (1985) *Entrepreneurship is the act of innovation that involves endowing existing resources with new wealth capacity.* Stevenson, Roberts & Grousbeck (1985) *Entrepreneurship is the pursuit of an opportunity without concern for current resources or capabilities.* Rumelt (1987) *Entrepreneurship is the creation of new business: new business meaning that they do not exactly duplicate existing business but have some element of novelty.* Low & MacMillan (1988) *Entrepreneurship is the creation of new enterprise.* Gartner (1988) *Entrepreneurship is the creation of organisations: the process by which new organisations come into existence.*

Timmons (1997) *Entrepreneurship is a way of thinking, reasoning and acting that is opportunity obsessed, holistic in approach, and leadership balanced.*

Venkataraman (1997) *Entrepreneurship research seeks to understand how opportunities to bring into existence future goods and services are discovered, created, and exploited, by whom and with what consequences.* Morris (1998) *Entrepreneurship is the process through which individuals and teams create value by bringing together unique packages of resource inputs to exploit opportunities in the environment. It can occur in any organisational context and can result in a variety of possible outcomes, including new ventures, products, services, processes, markets, and technologies.* Sharma & Chrisman (1999) *Entrepreneurship encompasses acts of organisational creation, renewal, or innovation that occur within or outside an existing organisation.*

Entrepreneurship is the process through which individuals and teams create value by bringing together unique packages of resource inputs to exploit opportunities in the environment. It can occur in any organisational context and can result in a variety of possible outcomes, including new ventures, products, services, processes, markets, and technologies (Morris, 1998).

A true modern day entrepreneur, Sir Richard Branson, eloquently sums up much of what has been said about entrepreneurs when he states that:

“...entrepreneurs have been the driving force for growth in countries around the world. Their ability to see opportunities, to see order amongst chaos where others see only issues, problems and disorganisation, has helped transform communities and economies.”

Consistent with the above definitions of entrepreneurship, Linan, Rodriguez-Cohard and Rueda-Cantuche (2005) define entrepreneurship as an attitude that reflects an individual's motivation and capacity to identify an opportunity and to pursue it, in order to produce new value or economic success. Other definitions include Stevenson (1985) as cited by (Sherief 2008) who defines entrepreneurship as the process of creating value by pulling together a unique package of resources to meet unmet market demand. Jones and Sakong (1980) as cited by (Sherief 2008) describe entrepreneurship as the force that mobilises other resources to meet unmet market demand.



Rwigema and Venter (2004:6) define entrepreneurship as the process of conceptualising, organising, launching and through innovation, nurturing a business opportunity into a potentially high growth venture in a complex and unstable environment. This definition is consistent with Sherief (2008) who defines entrepreneurship as “a force that mobilises other resources in order to meet unmet market demand, creating and building something from practically nothing and creating value by pulling together a unique package of resources to exploit an opportunity”.

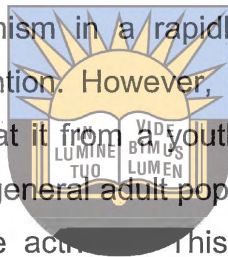
From the outlined definitions, it can be noted that entrepreneurship holds the promise for future growth, expansion and long-term financial gain. Having defined entrepreneurship, it is of importance to state that in literature as well as in South Africa, entrepreneurs and small business owners are often used interchangeably though in the actual fact they are not the same. An entrepreneur differ in that he or she creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying opportunities and investing resources in the hope of a successful venture. A small business owner differs in that he may start a business that is not new

and just follows the same production as that of other competitors in the same industry (Mutezo, 2005).

Having examined at the various definitions of entrepreneurship, the next section will review the literature on the importance of entrepreneurship.

2.3 IMPORTANCE OF ENTREPRENEURSHIP

In recent years, the promotion of entrepreneurship as a possible source of job creation, empowerment and economic dynamism in a rapidly changing world has attracted increasing policy and scholarly attention. However, despite this attention, there has been no systematic attempt to look at it from a youth angle. The tendency has been either to subsume the youth into the general adult population or to ignore their efforts to forge a livelihood through enterprise activities. This has resulted in the lack of an adequate understanding of the potential benefits of youth entrepreneurship as a means of improving youth livelihoods (Chigona, 2002).



University of Fort Hare
Together, Excellence

Most countries, especially developing countries, are faced with high rates of unemployment, forcing most people to live in poverty. The only solution to this problem is employment creation. Worldwide, it has been identified that small firms and entrepreneurs are the major source of employment to most people.

2.3.1 New employment creation (Entrepreneurship and employment)

According to the National Labour and Economic Development Institute (2008) unemployment is extremely high in South Africa and it is seen as one of the most pressing socio-political problems facing the government. The current employment situation in South Africa is that the economy is unable to absorb productively all current labour force or all the increment to the labour force. The unemployment rate at 24.5% according to Statistics South Africa (2010) is one of the highest in the world.

Table 2.1: Unemployment rates in selected African and developed countries

African countries	Unemployment rate (%)	Developed countries	Unemployment rate (%)
South Africa	23	France	8.8
Cameroon	30	UK	5.3
Senegal	48	USA	7.6
Zambia	50	Australia	5.1

Source: World Bank (2009).

Table 2.1 compares the unemployment rates in selected African countries (South Africa included) and selected developed countries. The table shows that unemployment is much higher in developing countries when compared to developed countries. According to the European Union (2009) SMEs account for a large proportion of Europe's economic and professional activity. 99% of firms in the European Union are SMEs and they provide two-thirds of all private sector jobs. Therefore, SMEs are in fact the real giants of the European economy. SMEs are one of the primary reasons why unemployment is low in Europe. Large firms in Europe have been shedding jobs while employment in the SME sector has increased.

In South Africa, government expects SMEs and entrepreneurship to be the engine of employment creation. FinMark Trust (2006) also points out that unemployment remains a huge problem in South Africa today. *“One of the best ways to address unemployment is to leverage the employment creation potential of SMEs and to promote entrepreneurship”*.

McLarty (2000:616) notes that it was the employment generating potentials of small entrepreneurial firms in the United States of America as pointed out in the Birch Report of 1979 that stimulated interest in the study of SMEs worldwide. Birch examined data on individual firms between 1969 and 1976 and concluded that small firms created 82% of

the new jobs in the United States over the period. The report found that contrary to the popular belief that large firms created most new jobs, it was primarily the SMEs that drove the job creating efforts, and at a faster rate.

The World Bank (2003) agrees that entrepreneurship and SME development are very important to reducing the high unemployment rate in most developing countries including South Africa. The SME sector is the largest provider of employment in most countries, especially of new jobs. SMEs are usually locally owned and controlled and can thus strengthen the extended family and other social systems and cultural tradition. SMEs are a nursery and a proving ground for entrepreneurship and innovation. The products of SMEs tend to reflect local technology and tend to be more appropriate for the needs of poorer people and market changes. Entrepreneurships and small businesses also fill gaps overlooked by larger firms as they are scattered throughout the country. This ensures a more equitable distribution of employment opportunities especially in the rural areas thereby reducing rural–urban migration. The findings of the World Bank (2003b) are consistent with the conclusions of similar empirical studies on the job creation potential of SMEs.



University of Fort Hare
Together in Excellence

Lloyd (2009) for instance points out that the South African economy is currently characterized by high levels of unemployment. Issues such as the absence or limited availability of social safety nets in South Africa, reinforces the dire need for SMEs and self-employment. This will largely decrease the state of dependency of a large percentage of people, either unemployed or potentially unemployed. Furthermore, the development of SMEs and entrepreneurial behaviour will lead to the extension of labour market skills and will combat the possible obsolescence of current skills due to prolonged periods of unemployment. The SME sector is considered to be one of the most viable means to create employment and well-being in the South African economy. SMEs are the logical 'kick-start' mechanism to job creation and future prosperity in the country.

Therefore, new employment creation is one of the identified benefits of entrepreneurial activity in a country. In Ireland, total entrepreneurial activity (TEA) is very high. This had

been supported by the findings of the 2008 GEM Irish report. The TEA in Ireland was 7,6 percent in 2008 which implies that, about two thousand eight hundred (2 800) individuals set up a new business every month. Such large investment in enterprises is contributing greatly to the Irish economy, mostly through creation of new jobs. The active entrepreneurial activity in Ireland is greatly benefiting the society (Flood, 2009).

In South Africa, the high rates of youth unemployment can as well be reduced by entrepreneurship. Dust (2007) was of the opinion that, entrepreneurs bring about powerful innovation and employment. These new entrants take new risks in the markets with unique new customers and unique value propositions. It is these entrepreneurs that would create sustainable, long-term middle class jobs in South Africa and continue to be innovative and create wealth. As Mutezo (2005) point out that entrepreneurship is the key to resolving social challenges and economic growth. Rwigema *et al.* (2004:393) estimate that entrepreneurship contributes approximately forty percent (40%) of South Africa's GDP and account for some 3,5 million jobs. Thus entrepreneurship is very important in reducing unemployment in South Africa. Foxcroft, Wood, Kew, Herrington and Segal (2002) in the GEM report on South Africa note that entrepreneurial businesses less than three and a half years old account for one third of the total number of jobs in privately owned owner managed firms excluding the owner/s of the firm. Therefore, entrepreneurial firms play a major role in job creation in South Africa.

Schumpeter (1934) as cited in Wong, Ho and Autio (2005:335) states that entrepreneurship is a vital force behind the progress of capitalism. The innovation that entrepreneurs have promotes creative destruction process by causing constant disturbances to an economic system which would be in equilibrium, creating an opportunity for economic rent. In adjusting to equilibrium, other innovations are spun-off and more entrepreneurs enter the economic system. Thus, an increase in the number of new enterprises will lead to an increase in economic growth and employment.

2.3.2 Poverty and income inequality

Poverty occurs throughout the world. However, the level varies worldwide. Data indicate that poverty is significantly higher in developing countries than in developed countries.

Table 2.2 depicts the poverty levels in South Africa and some selected African countries as well as some developed countries. Table 2.3 depicts the Gini coefficient in some selected African and developed countries. The Gini coefficient is a measure of statistical dispersion most prominently used as a measure of income or wealth inequality. A Gini coefficient of one indicates perfect income inequality, while a Gini coefficient of 0 indicates perfect equality (World Bank, 2008).

Table 2.2: Poverty levels in selected African and developed countries

African countries	Poverty level (%)	Developed countries	Poverty level (%)
South Africa	57	France	6
Cameroon	48	UK	14
Senegal	54	USA	12
Zambia	86	Australia	8

Source: World Bank (2008).

Table 2.3: Gini coefficient in some selected African and developed countries

African countries	Gini coefficient	Developed countries	Gini coefficient
South Africa	0.58	France	0.33
Cameroon	0.45	U.K	0.36
Senegal	0.41	USA	0.41
Zambia	0.49	Australia	0.25

Source: World Bank (2008).

Tables 2.2 and 2.3 show that poverty and income inequality are very high in South Africa compared to other countries.

Kawai and Urata (2002:42) suggest that one of the ways to reduce poverty and income inequality is the development of entrepreneurship and SME sector. According to the Parliament of the Republic of South Africa (2005), the government of South Africa identifies SMEs as a key to poverty alleviation, income equality, employment and sustainable economic growth. *“The stimulation of SMEs must be seen as part of an integrated strategy to take this economy onto a higher road - one in which our economy is diversified, poverty is reduced, productivity is enhanced, investment is stimulated and entrepreneurship flourishes”.*

In addition, The New Partnership for Africa's Development (NEPAD) agrees that *“SMEs and entrepreneurship offer significant prospect for increased employment, poverty alleviation, increased utilisation of Africa's productive and intellectual resources, improved tax base for government revenues and low-cost, accessible investment opportunities for local populations”* (NEPAD, 2003).

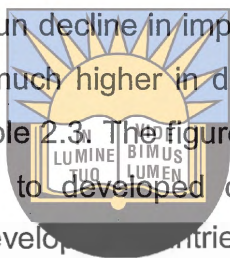


University of Fort Hare

The World Bank (2003) in addition, asserts that a vibrant SME sector improves productivity, promotes economic growth and increases opportunities for the poor. SMEs are the most important driver of local economic development. This is one of the reasons why all over the world, governments are stimulating and supporting a healthy small business sector. The pro-SME policy of the World Bank is based on three core arguments. First, SMEs enhance competition and entrepreneurship and hence have external benefits on economy-wide efficiency, innovation, and aggregate productivity growth. Second, SMEs are more productive than large firms, but the financial market and other institutional failures impede SME development. Third, SME expansion boosts employment more than large firm growth because SMEs are more labour intensive. Therefore, SMEs can be used to alleviate poverty and unemployment.

According to The Economist (2009) since 1994, absolute levels of poverty have declined in South Africa. But the discrepancies in wealth are still huge despite government job-creation schemes and the expansion of welfare benefits. The income of

the top 10% of the population is nearly 100 times that of the bottom 10%. Demombynes and Ozler (2005:267) point out that the Gini coefficient in South Africa is 0.58, making the country one of the most unequal countries in the world. The country also inherited vast inequalities in education, health, and basic infrastructure, such as access to safe water, sanitation, and housing. Leibbrandt, Fields and Chichello (2005:147) investigate changes in the well-being of South Africans between 1996 and 2001 across two dimensions: The distribution of income and access to basic goods and services. Their results indicate a persistent but changing population-group footprint in the structure of South African inequality and poverty. Inequality between population groups is still extremely high but continues a long-run decline in importance. In addition, inequality as measured by the Gini coefficient is much higher in developing countries compared to developed countries as shown by Table 2.3. The figures indicate that income inequality is much higher in Africa compared to developed countries. The United States of America is a glaring exception in developed countries with income inequality of 0.41 which compares with that of Senegal.



University of Fort Hare

Together in Excellence

Mnenwa and Maliti (2008:15) study the role of SMEs in Tanzania and find that SMEs help to reduce income inequality. According to Liu and Yu (2008:139) since the 1980s, income disparity has increased significantly in the People's Republic of China, largely as a result of widening urban-rural income gaps. The urban-rural inequality stems from the dual economic structure between urban and rural areas as well as the insufficient development of non-agricultural industries and township and village enterprises in rural areas. The economic divergence across regions can also be related to the unbalanced development of small and medium enterprises (SMEs). Promoting the development of SMEs in rural areas and economically underdeveloped regions could help reduce urban-rural migration and regional income inequality.

Agbeibor (2006:36) agrees that entrepreneurship plays an important role in alleviating poverty and at the same time contributing significantly towards the growth of developing economies. Agbeibor also argues that in Ghana, small scale agriculture employs about 60% of the work force and provides income for most of the rural people in Ghana. The

employment and the incomes from agriculture have significantly reduced rural poverty in Ghana. Nugent and Seung-Jae Yhee (2003:89) also argue that SMEs are more labour intensive than large firms and have narrower wage differentials across workers. Wages are also distributed more equally than profits, rent, and other components of national income. Hence, as the SME sector expands relative to the large firm sector of the economy, all things being equal, firstly the share of labour in national income should rise, secondly inequality among wage earners should decrease, and thirdly overall income inequality should decrease. It can be deduced from the review of empirical literature that entrepreneurship and SMEs are a key driver of poverty reduction and income equality.

2.3.3 Economic growth

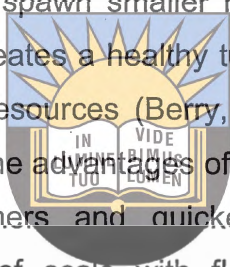
Entrepreneurial firms introduce new products and develop new technologies thus stimulating competition. Entrepreneurship is very important because once new technology is introduced, the firm becomes strong and competitive such that it can as well produce quality products which compete with imports from other countries as well as compete in other countries if the products are to be exported. Entrepreneurial firms also do supply their products at relatively low prices as their costs of production is usually lower than that of big businesses due to their less expensive employees (Gree and Thurnik 2003: 244).

In addition, because of the presence and successful performance of entrepreneurs, a country's economy will grow. Countries such as America, China and Thailand experience economic growth due to exportation, mostly by small firms. Income from such exports will increase the country's gross domestic product (GDP) and enhance its revenue in the form of tax. This revenue, if effectively utilised, can form part of new wealth for reinvestment (Loyd-Reason and Sear, 2001).

Entrepreneurship provides stimulation in the economy, and almost without exception, countries have sought ways and means to encourage an increase in their number. Entrepreneurships function in every economic activity, they contribute to productivity and GDP through their role of restructuring existing markets and by creating new

markets. In South Africa, entrepreneurship contribute (36%) of the (GDP). Entrepreneurship act as agents of change, by helping to create and diffuse innovations and by developing additional markets. Changing market conditions requires continuous adaptation of industrial structures. New companies introduce new products and processes.

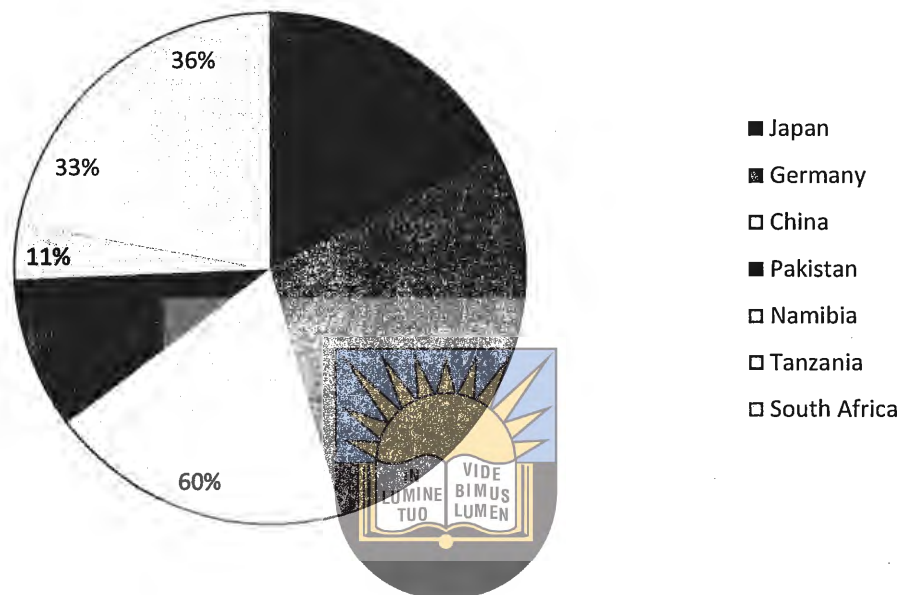
While some established companies may be unable to compete and thus disappear from the market, and making it possible for better adapted firms to occupy their positions. Some small companies grow into large ones, while some of the large ones may either fail or decide to shed activities and spawn smaller new companies. This process of entry and exit, and growth decline creates a healthy turbulence and implies a constant search for more productive use of resources (Berry, 2000). Some entrepreneurs complement large firms, introducing the advantages of flexibility, lower transaction costs due to close contact with customers and quicker decision-making while large enterprises exploit the economies of scale with flexibility and the advantages of specialisation (Ntsika, 2002)



University of Fort Hare
Together in Excellence

Other entrepreneurs contribute to the growth of the GDP through the role of restructuring existing markets and creating new markets. They act as agents of change, by helping to create and diffuse innovation and develop additional markets. Some entrepreneurs contribute to productivity and growth of GDP through their role of testing new business ideas and thereby challenges established ways of doing business and, in case of success, adjust the production system to changing conditions (Berry, 2000). Figure 2.1 highlights the contribution of entrepreneurs to GDP in different countries.

Figure 2.1 Contribution of Entrepreneurships to GDP in different countries



Source: OECD Development Centre, African Economic 2004.
 University of Fort Hare
Together in Excellence

Entrepreneurship is one of the contributors of a major portion of the GDP across the globe. However, looking at the contribution of entrepreneurship to GDP in South Africa was thirty six percent (36%) it was lower as compared to other developed countries such as Germany with eighty seven percent (87%), China with sixty percent (60%) and Japan with fifty five percent (55%) (African Development Bank, 2004). The main reason for these differences may be that there is low growth rate of entrepreneurship in South Africa since entrepreneurs lack sufficient funds to invest in businesses. For entrepreneurships to increase their contribution to GDP they should operate to their full capacity and this can only happen if they have sufficient resources.

This section has examined the importance of entrepreneurship to new employment creation, poverty alleviation, income equality and economic growth. The following section will focus on entrepreneurial activity in South Africa.

2.4 ENTREPRENEURIAL ACTIVITY IN SOUTH AFRICA

According to Maas and Herrington (2006), the primary measure of entrepreneurship is the Total Early-Stage Entrepreneurial Activity (TEA) index published by GEM. This TEA measures the percentage of individuals between the ages of 18 and 64 that is involved in starting a new enterprise. TEA only measures new enterprises and does not measure those already established.

GEM was started in 1999 as a joint project by academics at the London School of Business and the Babson College in the United States of America. The reasons behind the GEM study were to:

- Compare countries in terms of their entrepreneurial activity.
- Establish which factors promote entrepreneurship.
- Determine whether the rate of entrepreneurship in a country affects national economic growth.
- Identify policies that encourage entrepreneurial activity.

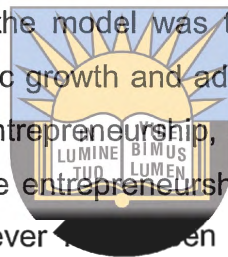


University of Fort Hare
Together in Excellence

Teams from forty two countries (including South Africa) around the globe have participated in the GEM surveys. It is the largest and most rigorous longitudinal study of entrepreneurship and new firm creation in the world. GEM focuses on small firms. Although the GEM study acknowledges the economic contribution of large corporations, GEM's specific focus is on new SMEs (Maas & Herrington, 2006).

Sandu (2008:242) agrees that GEM is considered the world's largest annual measure of new firm creation worldwide. There are three main objectives of GEM; to apply harmonized metrics to measure the level of entrepreneurial activities among countries, which allows cross country comparisons; to identify the main determinants of different levels of entrepreneurship as well as to propose strategies that foster the level of entrepreneurial activity.

Reynolds, Busma, Antio, Hunt, De Bono, Servais, Garcia and Chin (2005:208) also point out that the GEM research program provides the required fundamental knowledge by assembling relevant harmonized data on an annual basis. The data has been assembled to facilitate cross national comparisons in the level of national entrepreneurial activity, estimate the role of entrepreneurial activity in national economic growth, determine the factors that account for national differences in the level of entrepreneurship, and facilitate policies that may be effective in enhancing entrepreneurship. The GEM research program was designed to provide, at the lowest possible cost, empirical measures of the critical variables associated with the GEM conceptual model. The purpose of the model was to guide research on the role of entrepreneurship in national economic growth and adaptation, further understanding of differences in the national level of entrepreneurship, and assist in the development of effective, efficient policies to enhance entrepreneurship. In that regard the project has been more successful than could ever have been anticipated, as the results have transformed the perspectives of policymakers and scholars alike. Never again will entrepreneurship be seen as a peripheral activity unrelated to economic adaptation and change.



University of Fort Hare
Robertson, 1997

2.4.1 Total entrepreneurial activity (TEA)

South Africa's TEA has always been lagging behind most of the fellow participating countries in GEM survey. Orford, Herrington and Wood (2004) in the GEM South Africa report, note that the TEA for South Africa for 2004 was 5,4% which was an increase as compared to 4,3% in 2003 but was a decrease as compared to 6,3% in 2002. In the same report, the new firm activity was 1,6% compared to an average of 4,4% in all GEM participating countries and an average of 9,5% in the developing countries. Thus, in that year the TEA for South Africa was six times lower than that of developing countries and ranked 26th out of 32 countries.

South Africa does not offer any incentives for uninterrupted leisure over attempting to find some form of employment. South Africa has high rates of unemployment relative to the rest of the countries participating in the GEM survey with an unemployment rate of

23% which nearly doubled the average of other developing countries that participated in GEM at 12% (Herrington *et al.*, 2009).

Table 2.4 depicts South Africa's TEA rates for the period between 2001 and 2009 as compared to Peru and Argentina.

Table 2.4 South Africa's TEA rates 2001-2009 compared to Peru's and Argentina's TEA rates

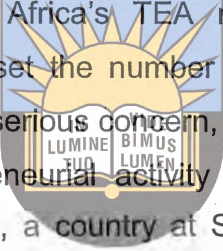
Year	2001	2002	2003	2004	2005	2006	2008	2009
South Africa								
TEA rate	9.3	6.3	4.3	5.4	5.15	5.29	7.8	5.9
Peru								
TEA rate	-	-	40.0	-	40.2	25.9	25.6	20.9
Argentina								
TEA rate	11.1	14.2	19.7	12.8	9.5	10.2	14.4	16.5

Source Herrington *et al.* (2009)

It can be noted from the literature above that there is low TEA in South Africa as compared to Peru and Argentina. The period 2005- 2009 Peru's TEA rate was very high and left South Africa's TEA rate with a very great margin. As for Argentina, its TEA rate has always been higher than that of South Africa. Research by the South African GEM team shows that higher probabilities of entrepreneurial confidence in Argentina and India and the perception of good business opportunities in India help explain lower rates of new venture creation in South Africa compared to Argentina and India (Orford *et al.*, 2003). The low TEA signifies low new firm formation. Low TEA rate hinders economic growth and increases unemployment and poverty.

Maas and Herrington (2006) in the 2006 GEM Report agree that South Africa's performance in terms of relative position has, since 2001, consistently been below the

median and this trend continued in 2008. Table 2.5 depicts South Africa's TEA rate between 2005 and 2008. South Africa's present TEA rate of 7.8% is significantly lower than the average for all efficiency-driven economies (11.4%) as well as the average for all middle to low income countries (13.2%). The low TEA is an impediment to the sustainability of economic growth necessary to create wealth and reduce poverty and unemployment. With a young population, more pressure is being exerted on existing firms to create enough wealth for all. If the TEA is not improved quickly enough, the danger exists that the dependency level on existing firms will become too much. Therefore, more new firms need to be created in order to accommodate more people in the labour force. However, South Africa's TEA rate indicates that not enough businesses are being created to offset the number of new entrants into the labour market. These findings are cause for serious concern, particularly as they again confirm the trend of below-average entrepreneurial activity demonstrated in previous GEM surveys. According to the GEM data, a country at South Africa's stage of economic development would be expected to have a TEA rate in the order of 13%, almost double South Africa's actual rate of 7.8%.



University of Fort Hare
Together in Excellence

Herrington *et al.* (2009) add that two further factors exacerbate the concern evoked by South Africa's low TEA rate. Firstly, South Africa is not a nation that is able to provide generous welfare benefits to the unemployed. There are thus no incentives to choose uninterrupted leisure over attempting to find some form of employment or self-employment, as is the case in certain European countries. Secondly, South Africa has staggeringly high levels of unemployment relative to the rest of the countries in the GEM sample. South Africa's 2007 unemployment rate of 23% is double the next highest which Columbia is at 12%. The economic implications of these findings are certainly worrying. The contribution of nascent entrepreneurial firms to economic development is minimal. South Africa's low new firm and established business prevalence rates thus paint a bleak picture of the SME sector's potential to contribute meaningfully to job creation, economic growth and more equal income distribution.

Section 2.4 discussed entrepreneurial activity in South Africa including the TEA rate. Section 2.5 will review the literature on youth entrepreneurship.

2.5 YOUTH ENTREPRENEURSHIP

2.5.1 Definition of youth

Since the focus of this study is on youth entrepreneurship, the definition of the term “youth” is also important. Plainly defined, youth refers to a transition period in a person’s life from childhood to adulthood through a process of intense physiological, psychological, social and economic change as well as recognising oneself as an adult (Umsobomvu Youth Fund, 2008). Thus, youths are sometimes referred to as young adults. However, defining the term “youth” varies from country to country depending on the specific socio-cultural, institutional, economic and political factors. For the purpose of this study, the National Youth Policy 2008-2013 of South Africa will be used. It inclusively refers to the term “youth” as those within the fourteen to thirty-five (14-35) age ranges as mandated by the National Youth Commission Act of 1996 and the National Youth Policy of 2000 (Government Gazette, 2008).

2.5.2 Youth entrepreneurship in South Africa

According to Herrington *et al.* (2009) the influence of age on entrepreneurial activity tends to be very similar throughout GEM. The prevalence of early-stage entrepreneurial activity tends to be relatively low in the 18-24 years cohort, peaks among 25-34 year olds, and then declines as age increases with the sharpest decrease after the age of 54. This reflects the interaction between ‘desire to start a business, which tends to reduce with age, and perceived skills, which tends to increase with age. Table 2.5 depicts youth participation in entrepreneurship in South Africa.

Table 2.5 Involvement in early stage entrepreneurial activity by age

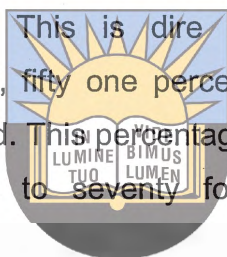
Age category	2005	2006	2008
18-24 years	16%	22%	17%
25-34 years	30%	31%	27%
35-44 years	25%	24%	23%
45-54 years	14%	13%	24%
55-64 years	15%	10%	9%

Adapted from Herrington *et al.* (2009).

In 2005, 2006 and 2008, youths' entrepreneurial participation within the age 18-24 years was lower as compared to those in the 25-34 years range. Table 2.5 above depicts South Africa's TEA involvement over the period 2005-2008, disaggregated according to age category. The trend is similar to that found in the overall GEM sample. According to Herrington *et al.* (2009) South Africans aged between 25 and 44 years are clearly the most entrepreneurially active, accounting for 54% of all early-stage activity. The increased entrepreneurial activity in the 45-54 year group since 2008 is, perhaps, an indication of a maturing entrepreneurial population in South Africa who regard entrepreneurship as a career choice – either remaining in a successful business or exiting a business in order to start a new enterprise. Although the low prevalence of entrepreneurial activity in the 18-24 age cohort is in line with general GEM trends, it is of concern in the South African context. The majority of school leavers in South Africa do not pursue tertiary studies and therefore form part of the potential labour force. Unemployment has affected primarily women and the youth. The unemployment rate for the under 30s was 39% compared with 15% for those over 30. If the expanded definition (which includes discouraged job seekers) was used, the figures leapt to 47% for the youth compared to 20% for the over 30s. Young black African women were the worst affected, with an unemployment rate of 49% (58% using the expanded definition). A particularly disturbing finding to emerge from the labour force data was that of the younger unemployed, four out of five had never had a job. In GEM 2008 report, research has shown that the majority of people starting businesses were employed

while developing their business. The fact that so many young people in South Africa are excluded from the work arena means that they will have been denied the opportunity to access knowledge and develop skills. This makes it unlikely that they will ever be able to break into the labour force either in formal or self-employment. The disproportionately high unemployment figures for the youth highlight the importance of finding alternative ways of increasing youth participation in the economy.

In addition, youth entrepreneurship has been declining in South Africa as evidenced by Table 2.5 on page 37. Entrepreneurship declined for youths in the 18-24 and 25-34 age groups between 2006 and 2008. This is dire for South Africa where youth unemployment is very high. In 2007, fifty one percent (51%) of youths surveyed by Labour force survey were unemployed. This percentage increased in 2008 and the total for the unemployed youths added to seventy four percent (74%) of the total unemployed.



University of Fort Hare

The proportion of youths who believe they have the ability to start a business is very low in South Africa as compared to other developing countries participating in the GEM survey. It is this low confidence that explains the low entrepreneurial activity in South Africa. As noted above, it is mainly youths who are in the 25-34 age range that greatly participate in entrepreneurial activity mainly because of the skills and confidence that they would have acquired. Orford *et al.* (2004) note that, an individual's belief in their own ability to start a business plays an important role in their decision to start a business. Thus, individuals who believe that they have the ability to start a business are five times more likely than others to actually attempt to start a business. This confidence is lacking in South Africa's youths and they lag behind in entrepreneurial activity.

Lack of self confidence is not the only hindrance to youth entrepreneurship in South Africa, lack of credit history and/or assets also leaves the youth with no collateral to secure financial assistance. This explains the high failure rate of enterprises in South Africa and low levels of youth entrepreneurship. The majority of youth businesses

operate in the retail sector. This sector has low barriers to entry with respect to start-up capital and requires a low level of skills (Herrington *et al.*, 2009).

Various government programmes aimed at helping youths in South Africa are not reaching the intended recipients (Agupusi, 2007). In addition, other factors may act against the success of youths. Some youths leave school early and do not go for tertiary education. These early school leavers would not have sufficient literacy, numeracy and livelihood skills. Some would lack managerial, technical, marketing skills and experience. Lack of such skills imposes a disadvantage to the youth in a competitive and dynamic environment. This is the situation in South Africa and due to these disadvantages, South African markets are now being dominated by big companies and Asian imports. This leaves no room for entrepreneurs because they cannot stand the competition, thus explaining low youth entrepreneurial activity in this country (Herrington *et al.*, 2009).



University of Fort Hare

In the 2009 GEM report, it was identified that young men in South Africa are more interested in starting their own businesses as compared to their female counterparts. Young women lack the confidence in their ability to identify a business opportunity and come up with a good business idea as well as fear of business failure. The findings clearly indicate that of the few youths who are engaging in entrepreneurship, men dominate more than women. This might be attributed to the imbalances of the past as well as the social factors especially in rural areas which deny women the chance of opening a business (Herrington *et al.*, 2009).

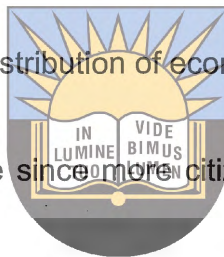
2.5.3 Importance of youth entrepreneurship

The growing body of unemployed youths in South Africa places an additional burden on limited government budget that already has a large number of dependants (Herrington *et al.*, 2009). Young people's engagement in entrepreneurship helps them to achieve economic independence and reduce their reliance on state welfare. When young people engage in entrepreneurship, they are most likely to engage in their communities,

spreading their experience and energy and creating additional jobs. Youth entrepreneurship brings about self esteem and makes the youths more productive members of their families and communities.

Youth entrepreneurship brings about growth in an economy in that, by providing employment, the employees and the business would pay taxes thus contributing to government revenue and can be included in the government statistics and in labour market information analyses (Antonites, 2003). Youth entrepreneurship according to (Mutezo 2005) would bring about a multiplier effect to the South African economy because of the following reasons:

- Economic stability and better distribution of economic activities;
- Empowerment of local citizens;
- Improvement in the rates base since more citizens can thereafter afford to pay for services; and
- Supply of employment and creation of work opportunities, innovation, encouraging operation of free market and supply to large organisations.



University of Fort Hare
Together in Excellence

Entrepreneurship including youth entrepreneurship improves the general standard of society as a whole, which leads to political stability and national security. Youth entrepreneurship reduces crime, poverty and income inequality. This indirectly induces an environment for national and regional economic growth and development (Mutezo 2005).

Section 2.6 will provide the link between entrepreneurship and entrepreneurial intention. Various theories of entrepreneurial intention will be discussed including Ajzen's (1991) theory of planned behaviour.

2.6 ENTREPRENEURSHIP AND ENTREPRENEURIAL INTENTION

Entrepreneurship can be divided into two main categories. These are actual and nascent entrepreneurship. An actual entrepreneur refers to an individual who has

developed an interest in entrepreneurship and eventually engaged in such. This involves a risk taker who braves uncertainty, strikes out on his own and through devotion to duty and purpose, creates a business where none existed before and undertakes to control such a business bearing all the risks and profits. On the other hand, nascent entrepreneurs (also regarded as entrepreneurial intention, latent entrepreneurship and desire for self-employment) are those who have indicated an entrepreneurial intention but have not yet actually realised the goal (Blackman, 2003).

The focus of this study is on entrepreneurial intention. Henley (2007) points out that entrepreneurship is an intentional activity, in that for many those intentions are formed at least a year in advance of new venture creation suggesting a link between entrepreneurship and intention. Choo and Wong (2009) define entrepreneurial intention as the search for information that can be used to help fulfil the goal of venture creation. Entrepreneurial intentions can also be described as one's judgments about the likelihood of owning one's own business. The personal commitment of the would-be entrepreneur to found a business has a significant impact on shaping the entrepreneurial intention. Choo and Wong (2009) add that intention is the single best predictor of entrepreneurial behaviour. Individuals with intentions to start a business can be identified and studied as they progress through the entrepreneurial process much more readily than people without an initial intention. Intention can therefore be used as a basis for studying would-be entrepreneurs.

Mazzarol, Volery, Doss and Thein (1999: 51) note that starting a business is not an event, but a process which may take many years to evolve and come to fruition. Before organisations there are pre-organisations. Initially they exist only as the thoughts, ideas, or dreams of an individual. Through the start-up process, the founder's thoughts are sometimes (but not always) translated into a pre-organisation (an attempt to found), and then sometimes (but not always), an organisation. Central to the process is the founding individual - the entrepreneur in whose mind all the possibilities come together, who believes that innovation, is possible, and who has the motivation to persist until the job is done. Van Gelderen, Brand, Van Praag, Bodewes and Van Gils (2008: 541) note that

entrepreneurial intentions are central to understanding the entrepreneurship process because they form the underpinnings of new organizations. Due to the fact that entrepreneurship occurs over time, entrepreneurial intentions might be viewed as the first step in an evolving, long-term process. Entrepreneurial intentions refer to intentions of setting up one's own business in the future.

Intentionality is defined by Bird (1989) as cited in Vesalainen and Pihkala (2000:145) as "... a conscious state of mind that directs attention (and therefore experience and action) toward a specific object (goal) or pathway to achieve it (means)". This concept goes beyond the one of entrepreneurial propensity: Individuals with the intention to start a business not only have a propensity to start, but in addition, adopt a rational behaviour to reach their goal. They have therefore already taken some steps (e.g. gathered some information; established a business plan, saved some money) toward this goal. Intentionality is, thus, grounded on cognitive psychology that attempts to explain or predict human behaviour. It is seen that behavioural intention results from attitudes and becomes an immediate determinant of behaviour.

University of Fort Hare
Together in Excellence

2.6.1 Theories of entrepreneurial intention

Theories of entrepreneurial intention include Ajzen and Fishbein's 1975 theory of reasoned behaviour, Shapero and Sokol's entrepreneurial event theory of 1982, Bandura's process driven theory of 1986 and Ajzen's theory of planned behaviour of 1991. The theory of planned behaviour by Ajzen in 1991 forms the theoretical foundation of this study but the other theories of entrepreneurial intention will also be discussed.

Ajzen and Fishbein's (1975) theory of reasoned action was of the opinion that behaviour is greatly influenced by one's intention to engage in that behaviour and intentions are influenced by attitude towards the behaviour. This implies that intention comes first before the actual behaviour. This is true and in line with findings by Herrington *et al.* (2009) where women were identified as less likely to engage in entrepreneurship in South Africa because they lack self confidence. Due to this, very few women have intention to start their own businesses.

Another theory of entrepreneurial intention is the process driven theory developed by Bandura in 1986. Bandura reasoned that, behaviour is dependent upon an individual's perception that they can carry out the intended action. According to the process driven theory, external environment influences thoughts, which shape attitude and form intention, which if strong enough leads one to action (Bird, 2001). Such external environmental factors might explain the current entrepreneurial level in South Africa. Thus identifying any external factors which influence entrepreneurial intention would help meet the primary objective of this study.

Shapiro and Sokol's (1982) introduced another theory of entrepreneurial intention called entrepreneurial event theory. These theorists looked at life path changes and their impact on individual desirability and perceptions of feasibility related to new venture formation. The underlying assumption of the entrepreneurial event theory is that, critical life changes (displacement) precipitate a change in entrepreneurial intention and subsequent behaviour. Displacement can occur in a negative form such as job loss or a positive form such as financial support. The intention to become an entrepreneur therefore depends on the individual perceptions of desirability and feasibility in relation to that activity.

This study will focus on Ajzen's (1991) theory of planned behaviour. This theory focuses on intentions by an individual which will determine the actual behaviour towards something. Since the present study focuses on the perceived triggers and barriers to youth entrepreneurship, such perceptions can be explained by the intention of becoming or not becoming entrepreneurs by the youths. Linan and Chen (2006) point out that the theory of planned behaviour can be applied to almost all voluntary behaviour. According to Ajzen's theory of planned behaviour, there is a relationship between the intention to be an entrepreneur and the act of becoming one. Thus, one's intention greatly explains the behaviour. This was also supported by Lee and Wong (2004:15) that entrepreneurial intentions are the first step in the evolving and sometimes, long-term process of venture creation. The underlying assumptions in this theory are that:

- Much human behaviour is planned and therefore preceded by intention towards that behaviour.
- Human beings are rational and make systematic use of information available to them when making decisions.
- Intention predicts planned behaviour (Ashley-Cotleur *et al.*, 2009).

2.7 SUMMARY

This chapter examined the definition and the importance of entrepreneurship to employment creation, poverty alleviation, income equality and economic growth in South Africa. The chapter also reviewed the literature on the creation rate of new business in South Africa as measured by the TEA. The findings revealed that the TEA rate of South Africa is one of the lowest in the world with dire consequences for employment, poverty alleviation, and income equality. The definition of the term "youth" as well as the importance of youth entrepreneurship was also investigated. The findings indicated that youth entrepreneurship in South Africa is low compared to other developing countries. Therefore, it is important to understand the triggers and the barriers to youth entrepreneurship in South Africa. The chapter also provided the link between entrepreneurship and entrepreneurial intention. Furthermore, the theories of entrepreneurial intention which form the foundation of this study were discussed.

The next chapter will review the literature on the triggers and barriers to entrepreneurial intention in South Africa.

CHAPTER THREE

TRIGGERS AND BARRIERS TO ENTREPRENEURIAL INTENTION

“New entrepreneurial ventures emerge because of careful thought and actions. Therefore, entrepreneurship is seen as an exemplar of planned behaviour. Since entrepreneurship is a process that does not occur in a vacuum, environmental factors have some bearing on an individual’s entrepreneurial intentions” (Nasurdin, Ahmad & Lin, 2009: 366).



3.1 INTRODUCTION

The high rates of youth unemployment in South Africa prevent some economic benefits which can accrue from startups by such youths. The underlying assumptions of the current study is that some triggers and barriers influence entrepreneurial intention and decision to start or not to start a business. Triggers are those factors which positively influence youths to start their own business, while barriers are those which prevent youths from starting a business. This chapter will review the literature on the triggers and barriers to youth entrepreneurial intention.

The next section will look at the triggers to entrepreneurial intention.

3.2 TRIGGERS TO ENTREPRENEURIAL INTENTION

Various factors can influence youths to become entrepreneurs. As push factors, youths may decide to start their own enterprises due to unemployment, retrenchment, a low paying job with little upward mobility and or a desire to escape supervision. On the other hand, the desire to become one’s own boss, increase wealth, changing lifestyle or need to use one’s own experience and knowledge, forms part of the pull factors for youths

towards entrepreneurship (Benzing & Chu, 2009:62). However, these factors differ within different countries. Developed countries entrepreneurs are mainly necessity driven (a need pushes them) while developing countries entrepreneurs are mainly opportunity driven (an opportunity pulls them) (Benzing & Chu, 2009: 62).

According to McClelland, Swail, Bell and Ibbotson (2005: 87), some individuals in South Africa and other countries surveyed, find it as a hobby to create a viable business opportunity and to develop a flexible working life. It therefore underlines their motive of entrepreneurship. However, other people such as women in South Africa are motivated by the need to create employment for people, especially in rural areas. Thus such entrepreneurs are motivated by their social orientation (McClelland *et al.*, 2005: 89). It therefore becomes apparent that economic entrepreneurs can be opportunity driven and necessity driven.



Some youth entrepreneurs show real characteristics, such as acumen, creativity, dynamism and innovation. Due to such entrepreneurial characteristics, these youths engage in informal entrepreneurship. This, according to them, is an incubator for business potential and a transitional base for accessibility and graduation to the formal economy. Therefore, such youths engage in entrepreneurship because they have the entrepreneurial characteristics which they intend to use in creating an innovative formal business (Williams & Round, 2009:96). Furthermore, Williams and Rounds established that some young people engage in youth entrepreneurship due to both opportunity and necessity. It became apparent that a computer technician employed by a software company but offer private services during his spare time was necessity driven because his salary was not enough for his family. However, he was also opportunity driven because he had ready access to clients who were not willing to pay the fees charged by his company. Thus he filled the gap. Therefore, youths are motivated by both opportunity as well as necessity to engage in entrepreneurial activities.

Youths are motivated by the need for more control over one's own work and life, to obtain an alternative route for advancement from a dead-end job, to obtain additional money and to provide products not available elsewhere. In the United Kingdom, for

example, the youth, especially the graduates, are motivated primarily by desires for independence and flexibility and not necessarily money (Organisation of Economic Cooperation and Development, 2004). In contrast, youth in developing countries tend to go into business out of economic necessity or need to survive, or out of failure to find productive use of their energy in other avenues. Lack of employment, the need to supplement household income, and poverty play a major role. However, others are motivated by the need to accumulate wealth (Chigunta, 2002).

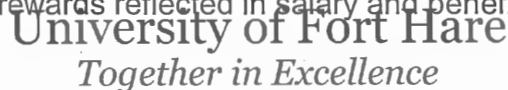
Examining what influences young people to decide to start a business is important for the promotion of youth entrepreneurship. This is because the world is faced with a challenge of promoting entrepreneurship as a genuine career alternative for young people, especially as a way to achieve greater financial reward and work satisfaction, and also as an escape from unemployment and poverty (Chigunta, 2002).

Ashley- Cotleur *et al.* (2009: 2) state that there are a number of factors that motivate individuals to become entrepreneurs. According to their study, these factors can be categorised as demographic variables or attitudes, values or psychological factors. Two demographic factors suggested by them were family background and gender. Other studies done on entrepreneurial intention and motivation identified family background as playing a big role in influencing entrepreneurial intention. According to Drennan, Kennedy and Renfrow (2005) parental business experience as well as a difficult childhood have an impact on both perceived desirability and perceived feasibility of starting one's own business. The findings differ from that of Frazier (2008) who found that students who reported family members with small business experience expressed weak entrepreneurial intentions than those with no entrepreneur in the family. Choo and Wong (2009:49) study on Singapore however, reveals that family business background is a significant factor in explaining entrepreneurial intention. Thus, people with entrepreneurial exposure will develop a positive attitude towards it. Robichaud, McGraw and Roger (2001:200) argue that motivators fall into four categories, extrinsic rewards, intrinsic rewards, independence/ autonomy and family security. For the purpose of this study, five main trigger factors were identified. These factors are extrinsic rewards,

intrinsic rewards, availability of market opportunities, need for independence/ autonomy and availability of capital. Each of these factors will be discussed below.

3.2.1 Extrinsic rewards

Extrinsic rewards are the economic reasons why entrepreneurs work. According to Choo and Wong (2009:49), aspirant entrepreneurs are motivated by extrinsic rewards. Extrinsic factors are the financial or other tangible rewards that are made possible by the financial performance of a business. This is a common trigger to the mid-career professionals and relates to an opportunity to invest savings in a business venture that will provide a job and the satisfaction of being rewarded on the merits (Volery, Doss and Mazzarol 1997) as cited in Choo and Wong (2009:50). This implies that, the presence of these financial rewards can positively influence youths into entrepreneurship. In addition, Ashley- Cotleur *et al.* (2009) agree that extrinsic motives are the economic reasons that entrepreneurs work. Extrinsic factors for a nascent entrepreneur will include expected monetary rewards reflected in salary and benefits.



Davidsson (2009) points out that the current employment status and changes in it can be assumed to be one of the most important situational influences that can motivate entrepreneurship and there is a positive relationship between unemployment and firm formation. During the recent deep recession in Sweden, close to 30 percent of the business founders stated that avoiding unemployment was the prime reason for founding their own firms. In the United States of America, the comparatively high proportions of nascent entrepreneurs (i.e., people who are in the process of founding their own firm) among students and the unemployed, whereas very low proportions were found among homemakers and those in retirement.

In a related study Pihie (2009:339) finds that attitudes towards self-employment are the difference between perceptions of personal desirability to become self-employed or employed by an organization. Therefore high' attitude towards self-employment actually indicates that the respondent is more in favour of self-employment than organizational employment. Kolvereid and Isaken (2006) defined self-employment as the situation in

which individuals are faced with two alternatives when selecting a career – either as self-employed or employed in an organization. Attitudes towards self-employment associated with self-employment intentions.

Ashley-Cotleur (2009) argues that extrinsic reward is not limited to employment. Extrinsic reward as a trigger of entrepreneurial intention also includes making money or financial gain. However, the study finds that while making money can be a motivator, entrepreneurs place more value on the ability to control one's future and engage in interesting and meaningful work than they do on financial gain.

This is consistent with the view of Hutton (2008) that extrinsic reward can be a pull or push factor towards entrepreneurship. At times of high unemployment and depressed market conditions, individuals may be pushed into starting a business because it offers higher utility than unemployment, or trying for a job. It appears that the proportion of people setting up a business is higher among the unemployed, but the total number of new businesses being started is higher among the employed or self-employed. In a large-scale study of American men, unemployed and lower-paid wage workers were found to be more likely to become self-employed than other workers. Therefore, while many factors may contribute to entrepreneurship, the threat of unemployment is becoming an increasingly important factor leading to self-employment. Conclusively, the review of the literature revealed that extrinsic factor is important to entrepreneurial intention. Extrinsic reward that can impact on entrepreneurial intention includes factors such as employment and financial gain. Therefore, it is hypothesised that there is a significant positive relationship between extrinsic rewards and youth entrepreneurial intention.

3.2.2 Intrinsic rewards

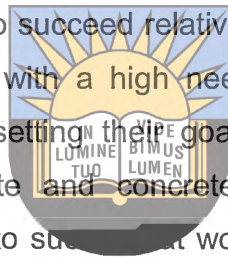
Robichaud *et al.* (2001:2001) argue that intrinsic rewards are related to self-fulfilment and growth. Intrinsic rewards will centre on the satisfaction of being one's own boss, being more in control of your own destiny, and having ultimate responsibility for the success of the venture. According to Choo and Wong (2009:49) an individual who has

an attitude of making a difference in the society might engage in entrepreneurship to fulfil the interest. This individual would be having a perception that, by engaging in entrepreneurship, he or she would be able to meet the intended outcome.

According to McClelland (1961) as cited in Hellriegel *et al.* (2008:272), when a need is acting as a determinant of a person's behaviour, it is referred to as a motive. McClelland (1961) identifies intrinsic motives or rewards to include the following:

- **Need for Achievement**

The achievement motive is a desire to succeed relative to some standard of excellence or in competitive situations. People with a high need for achievement often like to assume personal responsibility for setting their goals, prefer to pursue moderately difficult goals, and desire immediate and concrete feedback. Being achievement oriented may be necessary in order to succeed at work in an increasingly competitive business world.



University of Fort Hare
Together in Excellence

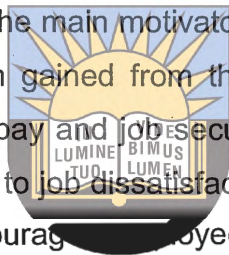
- **Need for Affiliation**

The affiliation motive is a person's desire to develop and maintain close, mutually satisfying interpersonal relationships with others. Individuals with a strong affiliation motive tend to seek approval and reassurance from others and conform to group norms. The affiliation motive affects people's willingness to work together in teams.

- **Need for Power**

The power motive is an individual's desire to influence and control others and the social environment. The power motive is expressed in two ways: as personal power and as socialised power. With personal power, people try to influence and control others merely to assert their dominance. With socialised power, individuals use their power to solve organisational problems and help the organisation reach its goals. The power motive also may affect how employees react to team operations, particularly with regard to self-managed work teams.

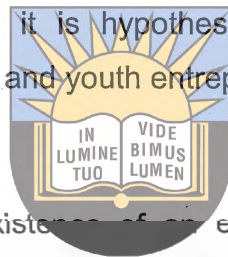
According to Marvel, Griffin and Vojak (2007:15) the Hawthorne Studies, conducted by Elton Mayo from 1924 to 1932 found that employees were motivated by sources other than financial reward, and their motivation, in turn, influenced behavior. This suggests that entrepreneurial intention is not only motivated by extrinsic factors but also intrinsic factors. Marvel *et al.* (2007:16) point out that Herzberg's hygiene-motivation theory can be dichotomized into hygiene factors and motivation factors. Motivators or intrinsic factors such as achievement and recognition produce job satisfaction because of the individual's need for growth and sense of self-achievement. It follows therefore that to motivate an individual, a job must be challenging, must have enrichment potential, and must be of interest to the jobholder. The main motivators are not in the environment but in the intrinsic value and satisfaction gained from the job itself. On the other hand, hygienic or extrinsic factors such as pay and job security are not directly a part of the job itself and for this reason may lead to job dissatisfaction. When there is a shortage of motivating factors that positively encourage employees, they may focus on other non-job-related hygiene factors like motivators. A lack of intrinsic motivators leads to overconcentration on potentially non-hygiene factors. Herzberg's theory recognizes the intrinsic satisfaction that can be obtained from the work itself and places attention on job design.



University of Hare
Faculty of Education

According to Brice (2008: 202) a survey conducted among new business start-ups in 11 countries found six reasons motivating people to become entrepreneurs. They include the need for approval, the perceived wealth, the degree of communitarianism, the need for personal development, the need for independence, and the need for escape. These findings indicate that business owners in different countries have different motives for business ownership. American entrepreneurs considered need for independence the most important reason for starting a business. Italian business owners, however, ranked communitarianism first on the list. In Australia and Great Britain, entrepreneurs cited money as the reason for becoming business owners, while the Scandinavians rated this factor the least significant.

More recently, some studies have argued that motivational synergy is best achieved by both intrinsic and extrinsic mechanisms. A meta-analysis on this topic showed that tangible rewards can enhance rather than undermine the effects of intrinsic motivation, if the rewards are dependent on performance. Creativity is particularly important as it may be best to hold off heavily emphasizing extrinsic motivators, especially during the problem presentation and idea generation states when intrinsic motivation appears to be most important. However, extrinsic motivators may be helpful in sustaining intrinsic motivation during the sometimes arduous validation and implementation stages. The review of the literature suggests that intrinsic rewards can be a motivator for entrepreneurial intention. Therefore, it is hypothesised that there is a significant relationship between intrinsic rewards and youth entrepreneurial intention.



3.2.3 Market opportunities

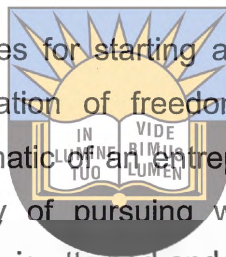
Market opportunities refer to the existence of an environment which will allow the business to grow and be successful with the support of customers and good economic conditions. (Market opportunity is also a barrier factor and is further explained under the barrier section). Choo and Wong (2009:48) note that, not all aspiring entrepreneurs are successful in starting a business. The reasons could be attributed to the market appearing not as attractive as initially perceived. Individuals who perceive the existence of market opportunities are more likely to make the decision to start a new business. On the other hand, if the individuals have negative perception regarding the environment of the business, they might decide not to start their own business. Thus, a need exist for an attractive market if youths are to consider entrepreneurship as a carrier. Therefore, it is hypothesised that there is a significant positive relationship between market opportunities and youth entrepreneurial intention.

3.2.4 Independence/ Autonomy

Independence refers to the enjoyment of doing things as one pleases without another person's instructions or supervision while autonomy also means self-rule or the ability to control one's future (Ashley- Coutler *et al.*, 2009). Some youths engage in entrepreneurship to enjoy self rule unlike working for someone else and abiding to their

rules. The confidence in taking risks and the need for control also influence entrepreneurship. That is, an individual who wants to run and control own business and deal with own risks would engage in entrepreneurship (Stewart & Roth, 2001:147). Segal, Borgea and Schoenfeld (2006:44) quoted Gilad and Levine's pull theory in explaining motivations to entrepreneurship. To them, individuals are "pulled" into entrepreneurship by seeking independence, self fulfilment, wealth and other desirable outcomes. Thus the need for control and achievement greatly attracts individuals into entrepreneurship. A person with strong need for making own decisions is most likely to start a business.

According to Brice (2008:201) motives for starting a business include the reward of independence which is the expectation of freedom from supervision, rules, and bureaucracy. This reward is symptomatic of an entrepreneur's desire to be one's own boss and experience the autonomy of pursuing whatever course holds personal interest. The reward for independence is attained and sustained as a result of profitable venturing. Lastly, the reward of a satisfying way of life is the expectation of freedom from a routine, boring, and unchallenging job and lifestyle. This expectation is characteristic of entrepreneurs who view their businesses as tools of pleasure instead of work. This is a common sentiment among entrepreneurs who use their businesses as an instrument for self-expression and self-actualization.



University of Fort Hare
Together in Excellence

Marvel, Griffin & Vojak (2007:15) agree that in examining the motivational aspects of the entrepreneurial process, the literature shows some goal orientations that are commonly ascribed to entrepreneurs. Entrepreneurs enjoy the opportunity to seek financial and personal rewards. However, the personal rewards cited by entrepreneurs include independence and freedom. The authors find that the dominant reasons for going into business included gaining freedom by being one's own boss, controlling one's own future, and satisfying the need for achievement. Burch (1986) as cited in Marvel *et al* (2007:15) identified entrepreneurs as individuals seeking independence, wealth, and opportunity. Out of the seventeen psychological characteristics most commonly associated with entrepreneurs, the characteristics important for motivation include

commitment, perseverance, achievement, drive, and opportunity orientation. This implies that motivation for entrepreneurial intention not only includes extrinsic reward, but also intrinsic reward and the desire for independence and autonomy.

Brice (2008:201) suggests that while the literature indicates a wide variety of possible motivational factors, there are a few elements which consistently emerge throughout the writings in the field. One is the importance of extrinsic rewards, perhaps in the forms of monetary compensation or building equity in the firm. A second theme involves intrinsic rewards which accrue to someone through task accomplishment, perhaps satisfying the need for control and achievement. Additionally, many owners indicate that compensation itself acts as an intrinsic motivator because it essentially provides feedback that the public has accepted the entrepreneur's ideas or concept. Third is the freedom and control which one realizes by being one's own boss. Finally, as many owners are pushed into entrepreneurship, losing their jobs in large companies through downsizing, entrepreneurs seek the employment security which firm ownership affords for them and their families. This implies that independence and autonomy are factors that can impact on entrepreneurial intention.

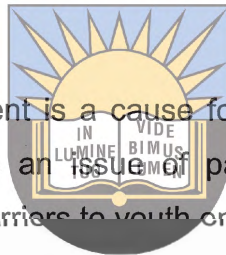
Therefore, it is hypothesised that there is a significant positive relationship between independence/ autonomy and youth entrepreneurial intention.

3.2.5 Capital

Ismail *et al.* (2009:56) highlight that, not having access to finance and lacking support from formal institutions may hinder a person's tendency in becoming an entrepreneur. Capital is important for the success of the business. (the issue of capital is discussed in detail under the barriers to entrepreneurial intention). Hutton (2008) points out that access to capital is one of the triggers of entrepreneurial intention and that capital includes not only financial capital but other sources of capital such as human capital and government support. In Vietnam for example, the government has committed itself to attracting external support, building infrastructure and enabling structural flexibility for the success of small firms. Government intervention helps in providing policy support,

external resources and institutional infrastructure for growth (Nguyen, Alam, Prajogo & Duog 2008:1). In South Africa, many support programmes have been established mainly by the government to encourage and support potential entrepreneurs. These support programmes are however not reaching the entrepreneurs as the study by Mutezo (2005) revealed. Financial support is essential for the operations of the business. It is therefore hypothesised that there is a significant positive relationship between the availability of capital and youth entrepreneurial intention.

3.3 BARRIERS TO ENTREPRENEURIAL INTENTION



The high rates of youth unemployment is a cause for concern in most countries and youth entrepreneurship has become an issue of paramount significance. The next section will to look at the perceived barriers to youth entrepreneurship

3.3.1 Capital

University of Fort Hare

Together in Excellence

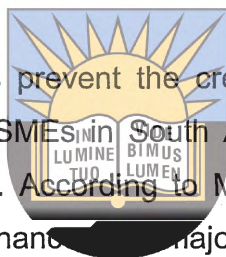
Pretorius and Shaw (2004:223) and Alieno (2009:33) observe that entrepreneurs need to access external finance is needed to reduce the impact of cash flow problems. Financing is needed for new firms to start and expand operations, develop new products, invest in new staff or production facilities. New firms without access to credit are more vulnerable to external shocks. The availability of finance for investment in positive net present value projects is vital to the sustainability and viability of new firms. A vast majority of new SMEs depend on internal finance (contribution from the owners, family and friends). Internal finance is often in adequate for new SMEs to survive and grow. A large percentage of new SME failure is attributed to inadequate capital structure or resource poverty. Carpenter and Petersen (2002:300) investigate the relationship between dependence on internal finance and the growth of new SMEs. They find that growth of new SMEs is constrained by dependence on internal finance. In contrast, firms that make use of external funds exhibit growth rates far above what can be supported by internal finance. Fiercer competition in the light of globalization trends, rapid technological development, shorter product cycles, and innovation requirements

has put pressure on new SMEs to increase and speed up their development investments. It is, however, increasingly difficult to keep the costs within the constraints of self-financing. Therefore new SMEs need capital from external sources.

According to Demircug-Kunt, Maksimovic, Beck and Laeven, (2006:933) the two primary sources of external finance for new SMEs are equity and debt. External equity in the form of venture capital or the stock exchange is usually not available for new SMEs. Venture capitalists often enter the firm at the middle or later stages of its life cycle. Entrepreneurs must thus primarily rely on debt when raising external funds. Shane (2008) contends that venture capital provided only a small proportion of the equity funding for SMEs. Venture capital funds are not interested in providing the small amounts of funding sought by many new SMEs. Less than 1% of new SMEs in the United Kingdom have financial input from venture capitalists. Berger and Udell (2002:2130) also find that angel finance (1.85%) and venture capital (1.85%) are minor providers of funding to new SMEs in the United States. In fact, the odds that a new SME in the United States of America will get venture capital money are about 1 in 4,000. According to the South African Venture Capital Association (2008) there are at least 65 venture capital funds in South Africa controlling a total of R29 billion with an average investment size of R15.4 million. However, new venture investment with a SME focus is approximately R1.1 billion which is only 3.8% of the funds. This indicates that the availability of venture capital is limited for new SMEs in both developed and developing countries. The lack of venture capital funds makes many new SMEs dependent on bank loans and overdrafts and suppliers credit for early-stage financing. This is consistent with the pecking order theory of financing by Myers (1984:577) which states that firms will meet investment and financing requirements of the firm in a hierarchical fashion, preferring internal funds first, external debt next and external equity as a last resort.

Blumberg and Letterie (2008:188) agree that the lack of venture capital funds makes many new SMEs dependent on bank loans, overdrafts and suppliers credit for early-stage financing. Despite the dependence of SMEs on debt finance, paradoxically

access to debt finance is very limited for new SMEs, especially in developing countries. Commercial banks and trade creditors hesitate to lend to new SMEs. Stiglitz and Weiss (1981:395) refer to this phenomenon as capital rationing. In the Stiglitz and Weiss formulation, credit rationing is said to occur if (1) among loan applicants who appear to be identical, some receive credit while others do not; or (2) there are identifiable groups in the population that are unable to obtain credit or can only obtain credit at much higher prices. The Stiglitz and Weiss' theory therefore suggests that there are significant numbers of new SMEs that could use funds productively if they were available, but cannot obtain finance from the formal financial system.



Various challenges and impediments prevent the creation of new SMEs as well as cause the high failure rates of new SMEs in South Africa. One of these is the non-availability of formal sector financing. According to Maas and Herrington (2006) and Herrington *et al.* (2009) access to finance is a major problem for the South African entrepreneur. Lack of financial support is the second-most reported contributor to low new firm creation and failure, after education and training, in South Africa. Many entrepreneurs raise the start-up capital from their own or family savings, which is often inadequate, rather than approaching formal institutions or agencies for external finance.

Youth owned enterprises must overcome the same obstacles like those of any venture in their quest for capital. However, some of the obstacles to be overcome by youth entrepreneurs are even more pronounced as these enterprises do not have extensive career track records or significant personal assets to use as collateral. Capital is extensively acknowledged as important for the starting of a new business and the expansion of existing one. To raise capital or finance, youth entrepreneurs can use their own money, social network funding, loans from the banks or and venture capitalists (Fatoki and Garwe, 2010:731). The need for capital is common to everyone who is self employed.

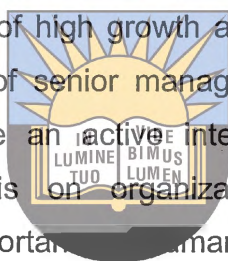
According to Westhead and Wright (2000:ii), absence of adequate funding presents an obstacle to entrepreneurs who will resort to requesting loans from their families, friends or acquaintances to meet their enterprises' financial needs. Hussain, Millman and Matley (2006:586) in their study on China and the United Kingdom also found that lack of finance is an obstacle faced by entrepreneurs. Maas and Herrington (2006) indicate that lack of financial support is the second major contributor to the low TEA rate in South Africa. Agupusi (2007) notes that financial obstacle hinders business start-up in South Africa.

Financial support is an important resource for the success of a business. Mutezo (2005) found that most entrepreneurs struggle to access finance from the banks due to excessive red tape and administrative burden. Financial institutions hardly finance start up firms and are not willing to assist with finance to people who do not have a business record. From the above literature above, it is evident that entrepreneurs are failing to achieve their entrepreneurial goals due to financial constraints. Most entrepreneurs, especially the youth, when they start their enterprises, do not have any work experience or start-up capital. Therefore, it is hypothesised that there is a significant relationship between lack of capital and lack of youth entrepreneurial intention.

3.3.2 Managerial competency and educational skills

Managerial competencies are sets of knowledge, skills, behaviours and attitudes that contribute to personal effectiveness (Hellriegel *et al.*, 2008:5). According to Cizel, Anafarta and Sarvan (2007:15), competencies are either observable performance or the standards or quality of the outcome of the person's performance or the underlying attribute of a person. The purpose of defining competencies is to improve performance. Therefore, competencies are the things people have to be, know, and do to achieve required outputs. Competencies are skills, ability or characteristics associated with high performance. Managerial competencies are part of the capabilities or assets of a firm. It is these skills, which allow the organisation to transform itself, improve performance and grow (Lefebvre and Lefebvre 2002) and (Martin and Staines 2008).

Lefebvre and Lefebvre (2002:285) report that innovative capabilities of the management team (e.g. ability to undertake research and development, knowledge intensity and unique know-how) are strongly associated with export performance and firm growth. Martin and Staines (2008) examine the importance of management competence in small firm success. The researchers point out that the failure rate of new business start-ups is very high in the United Kingdom with nearly half of new business start-ups disappearing within four years. Lack of managerial experience, skills and personal qualities as well as other factors such as adverse economic conditions, poorly thought out business plans and resource starvation are found as the main reasons why new firms fail. The distinguishing feature of high growth and low growth small firms is the education, training and experience of senior managers. The owners of high-growth small firms are more likely to take an active interest in their immediate market environment, place more emphasis on organizational structure and specialist management skills, recognize the importance of human resources management and the acquisition, development and retention of managerial talent.



University of Fort Hare
Together in Excellence

Bosma, Van Praag, Thurnik and De Wit (2004:227) also find that the endowed level of talent of a small business founder is not the unique determinant of performance. Rather, investment in industry-specific and entrepreneurship-specific human capital contributes significantly to the performance of small firm founders. The authors measured human capital in three ways. The first is entrepreneurship-specific investments measured by experience in business ownership and experience in activities relevant to business ownership. The second is industry-specific investment measured by experience in industry and the third is general investment measured by high education and experience as an employee. The result shows that human capital appears to influence the entire set of performance measures (profitability, employment and survival). Former experience of the business founder in the industry in which he starts his business appears to improve all performance measures. Moreover, experience in activities relevant to business ownership (e.g. experience in leadership) increases the firm's survival time. Finally, high-educated people make more profits, while those who have

experience as an employee create more employment. Other empirical studies such as Smallbone and Welter (2001:251) and Hisrich and Drnovsek (2002:178) find that managerial competencies as measured by education, managerial experience, start-up experience and knowledge of the industry positively impact on the performance of new SMEs.

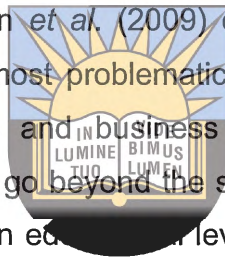
Cornell (2001) points out that youth unemployment tends to hover around roughly twice the adult rate. With this situation, it becomes clear that young people remain stranded outside both education systems and society's workplaces, untouched and not helped by traditional economic, labour and education policies. Cornell (2001) submits that this is a waste of human resources that could contribute to economic progress in the short run.

In South Africa, Herrington and Wood (2003) in the Global Entrepreneurship Monitor Report point out that lack of education and training have reduced management capacity in SMEs in South Africa. This is one of the reasons for the low level of entrepreneurial creation and the high failure rate of their ventures. The quality and context of the educational system do not promote the development of managerial competencies. Until recently, the school curriculum did not adequately integrate entrepreneurship and this has left a legacy of lack of confidence, initiative and creative thinking.

Lack of skills, experience and knowledge are also key limiting factors for entrepreneurship in South Africa. New SME owners in South Africa often lack the expertise, experience and training related to the business they establish. Due to the managerial deficiency, there is the prevalence of necessity (survivalist) compared to opportunity entrepreneurial activity in South Africa. This is one of the reasons why South Africa appears to lag behind other developing countries in entrepreneurship. Smit, Cronje, Brevis, & Vrba (2007:5) agree that South Africa has a critical shortage of skilled managers. This makes it difficult for new SMEs to attract highly competent managers. Recruiting highly skilled employees is one of the biggest challenges facing

small firms, and a key component of organisational success. Another challenge is that of high staff turnover due to low salaries.

Herrington *et al.* (2009) agree that the most crucial factor hindering entrepreneurship in South Africa is lack of education and training. The perception is that there is a direct relationship between levels of education and employment. The quality of basic education is deteriorating in South Africa. More than half of the students in high schools in South Africa do not complete their Matric. This result in skills shortage and the impact is seen as hindering economic growth and business efficiency. The Global Competitiveness Report in Herrington *et al.* (2009) cited South Africa's inadequately educated workforce as the second most problematic factor for doing business in the country. Without enough academic and business management skills, most new enterprises in South Africa would not go beyond the start up stage. GEM research has always shown an association between education levels and entrepreneurial success. In the GEM South Africa report for 2003, it was noted that within education and training, the two most commonly identified problems were the failure of the teaching system to develop entrepreneurial skills and attitudes at the secondary and post secondary level. It is this problem in the education system that explains the low TEA rate in the country.



University of Fort Hare
Together We Excel

Lack of entrepreneurial expertise is a limiting factor in South Africa. Even, if the government tries to assist entrepreneurs, but without adequate managerial and educational skills, the efforts will be in vain. This suggests that a greater knowledge of the entrepreneurial environment which can come about through education and managerial competency will contribute to a more realistic perception about entrepreneurial activity and would have influence on perceived feasibility and possibly on desirability. Therefore, it is hypothesised that there is a significant positive relationship between lack of skill and lack of youth entrepreneurial intention.

3.3.3 Social, cultural and government support

Promoting an entrepreneurial culture is one of the most essential and neglected components of entrepreneurship development (Schoof & Semlali, 2008: 3). As cultural

and social background influence an individual's approach to life, they similarly influence entrepreneurial activity and enterprise culture. An enterprise culture is a set of attitudes, values and beliefs operating within a particular community or environment that lead to enterprising behaviour and aspiration towards self employment (Schoof, 2006).

Chigunta (2002) found evidence from developing countries that participation of youths varies with gender where young men are more likely to be self employed than young women. These findings appear to suggest the existence of socio-cultural constraints which tend to affect the penetration rate of young women. However, these socio cultural factors differ from country to country and are totally absent in developed countries where the rates of female entrepreneurship are high and at times even higher than those of men. Culture takes different dimensions Hofstede (1980) in Lee and Peterson (2000) demonstrates meaningful differences such as power distance, uncertainty avoidance, individualism/collectivism masculinity/femininity.



University of Fort Hare

Similarly, Ndhlovu and Twala (2007) ~~found that the~~ ^{together in the} ~~obtaining~~ integrated business support services by entrepreneurs is difficult in South Africa. Access to government financial support is a problem in South Africa. Government needs to create fair distribution of resources and an enabling environment for entrepreneurs. Schoof and Semlani (2008: 3) suggested that young entrepreneurs often lack business support services that are keys to transforming fragile start ups into successful small and medium sized businesses. In addition, Maas and Herrington (2006) point out that despite a host of government programmes aimed at assisting young people to take entrepreneurship as a career such as Umsobomvu Youth Fund, awareness of such programmes is limited. Youths with entrepreneurial tendencies perceive that there is no support from government. In addition, in the social context, the culture is that of dependency. People including the youths expect government to do everything for them and are not willing to be entrepreneurial. This implies that there is no social support for entrepreneurship as a career option. In addition, there is the perception that the government is not doing anything to support young entrepreneurs in South Africa. Therefore, it is hypothesised

that there is a significant positive relationship between lack of support and lack of youth entrepreneurial intention.

3.3.4 Risk

According to Robinson (2008:126) one of the obstacles to the success of an enterprise is lack of willingness to take risk. Fear of failure and embarrassment prevent people with ideas not to explore them and venture into a competitive stage. However, in order to be successful, new entrepreneurs must gain knowledge on their tolerance of risk. Many young entrepreneurs become risk averse because of their social environment (Kazela, 2009). However, starting a business needs drive and perseverance (Botha, 2006). Studies on entrepreneurial intention such as Bird (2001), Blackman (2003) and Brice (2003) find that risk is a barrier to entrepreneurship. However, none of these studies focused on youths.



In addition, starting a business is very risky in South Africa because of crime. The United Nations Human Settlement Programme (2002) points out that South Africa has the dubious distinction of being amongst the world's five most-murderous nations. South Africa is ranked amongst the top five countries with the highest murder rates in the world together with Colombia, Jamaica, Guatemala, and Venezuela. In 1998, there were 59 recorded murders per 100,000 of the country's population. According to the OECD (2006) the low crime rate is one of the reasons for sustained economic growth in most developed countries. In addition, crime could be one of the reasons for the observed differences in the sustainability of SMEs in developed countries compared to developing countries.

Brown (2001:270) asserts that business is the largest organized group suffering from crime and violence. The effect of crime on business in South Africa is not only alarming but also growing. According to the South African Police Service Crime Statistics (2009) while the incidences of virtually all major categories of crime has fallen during the past year, business related crime is on the increase. The incidence of murder – that is the number of cases per 100,000 has fallen by 4.7%, attempted murder by 7.5% and

assault by 4.6%; however crimes that affect the business community have increased. Burglary at non-residential premises rose by 6.8%, commercial crimes went up by 4.8% and shoplifting rose by 1.3%. Government acknowledges that, though crime statistics show a steady decline, crime levels are still unacceptably high. The actual raw number of robberies at business premises went up by a massive 47.4% from 6,689 to 9,862 between 2006 and 2008. Most of these robberies were on small business premises. This suggests that the fear of crime can impact on entrepreneurial intention.

Maas and Herrington (2006) in the Global Entrepreneurship Monitor South African Report agree that crime is one of the major factors that influence people negatively towards the creation of their own businesses in South Africa. The costs of crime are higher for small entrepreneurs than large firms and a major crime incident can hit a small firm very hard and leads to its failure to meet due obligations. Crime necessitates that entrepreneurs invest money in burglar bars, alarm systems and security companies to ensure that their property and products are well protected. The result is that crime increases insurance premiums and thus decreases profits. It negatively impacts on sustainability and success and can cause business closure. Thus, it is hypothesised that there is a significant positive relationship between risk and lack of youth entrepreneurial intention.

3.3.5 Market opportunities

According to Ehlers and Lazenby (2007:108) economic forces can influence market opportunities and ultimately result in prosperity or adversity. Business organizations have to study the economic environment to identify changes and trends, and their strategic implications. Economic factors have a direct impact on the potential attractiveness of various strategies and consumption patterns in the economy and have significant and unequal effects on organisations in different industries and in different locations.

Choo and Wong (2009:48) note that, not all aspiring entrepreneurs are successful in starting a business. The reasons could be attributed to the market appearing not as

attractive as initially perceived. Individuals who perceive the existence of market opportunities are more likely to make the decision to start a new business. On the other hand, if the individuals have negative perception regarding the environment of the business, they might decide not to start their own business.

The current economic downturn in South Africa suggests that it will be a difficult time for aspiring entrepreneurs. Coleman and Cohn (2000:82) state that an economic down-turn usually impacts negatively on entrepreneurs especially new ones that have just entered the market, do not have many loyal customers and cannot reduce prices. Mollentz (2002) affirm that market issues and demand for your products are the most important factors that positively influence new SME growth.



South Africa's current economic environment is characterised not only by high interest rates but also by low growth rates (low inflation and volatile exchange rates. In addition, the country has just got out of an official economic recession for the first time in seventeen years due mainly to the global economic meltdown. These factors can create a barrier to youth entrepreneurship. Thus, it is hypothesised that there is a significant positive relationship between weak market opportunities and lack of youth entrepreneurial intention.

3.4 SUMMARY

This chapter reviewed the literature on the triggers and the barriers to youth entrepreneurial intention. Some of the triggers identified include the need for self actualisation through being own boss. Both push and pull factors were highlighted. Empirical studies reviewed were specifically on access to finance, financial support offered by government, managerial competency and educational skills as well as social and cultural factors. It was found from the studies reviewed that these factors impose a barrier to youth entrepreneurial intention. In addition, the literature on the possible triggers to entrepreneurship was also reviewed. Intrinsic factors, extrinsic factors as well

as the need for independence, market opportunities and capital were identified as triggers. The primary objective of this study is to empirically investigate the triggers and barriers to youth entrepreneurial intention. Therefore, the next chapter will focus on the research methodology that will be used for the empirical study.

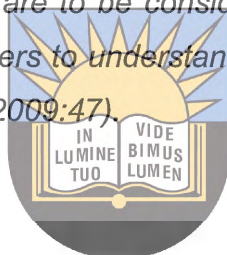


University of Fort Hare
Together in Excellence

CHAPTER FOUR

RESEARCH METHODOLOGY

“The South African government recognizes the importance of developing a strong entrepreneurial sector. It is internationally accepted and acknowledged that entrepreneurial sector is an essential factor in promoting and achieving economic growth and development and the widespread creation of wealth and employment” (Nieman 2001:445). “If new ventures are to be considered as engines of growth in an economy, it is incumbent on policy makers to understand the key factors that impede the creation of start-ups” (Choo & Wong, 2009:47).



4.1 INTRODUCTION

University of Fort Hare

Together in Excellence

It can be noted from the above statements that entrepreneurship contributes to the economic prosperity of a country. However, entrepreneurship (including youth entrepreneurship) as measured by the total entrepreneurship activity (TEA) is still very low in South Africa (Herrington *et al.*, 2009). In addition, youth unemployment is very high in South Africa. Therefore, it is important to investigate the possible triggers and barriers to youth entrepreneurship.

This chapter will explain on the research methodology used in the empirical part of the study. Whether and Cook (2000:195) define research methodology as the way in which data will be gathered in a research project. It includes the collection, analysis and interpretation of data to attain the research objectives. Research methodology is important in research work because it specifies the sampling design. This study will follow the business research process as (Figure 4.1) in explaining the methodology used. The research design and data collection methods will be explicitly explained. The various statistical methods which will be used in analysing the data as well the validity and reliability will be elaborated on.

4.2 RESEARCH DEFINED

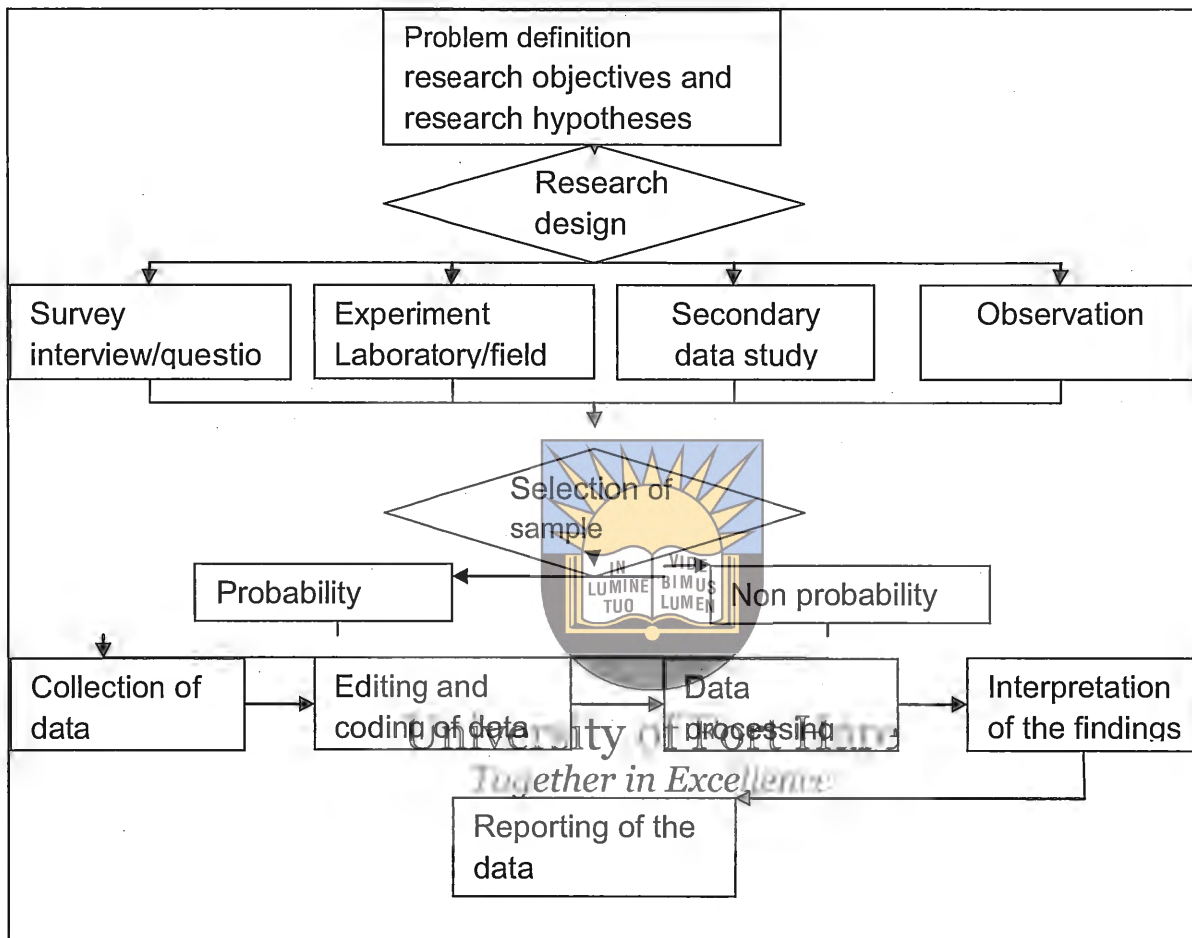
According to Cooper and Schindler (2003:33) research is the way of gathering facts and data which can be used to get insight and eventually draw conclusions on a prevailing condition. Wheather and Cook (2000:11) define research as the systematic process of collecting, analysing and interpreting data to increase the understanding of a phenomenon or concern of interest.

4.3 BUSINESS RESEARCH PROCESS



Business research is the systematic and objective process of planning, gathering, analysing and reporting data which may be used to solve a specific problem or opportunity (Cant, Gerber-Nel, Nel & Kotze, 2003:28). Business research process is a sequence of steps in the systematic collection and analysis of business data. It describes how the research is designed and implemented (Cant *et al.*, 2003:29).

Figure 4.1 Steps in the business research process



Source: Adapted from Zikmund (2003:61) as cited in Fatoki (2010:172).

4.3.1 Step 1: Problem statement, research questions, research objectives and research hypotheses

4.3.1.1 Problem statement

The research process begins with problem identification. A problem is a prevailing situation that might be affecting the society as a whole. Proper problem identification is essential for a researcher to come up with the appropriate solutions (Cant *et al.*, 2003: 40).

According to the Youth Business International (2009) there would be three billion people in the world under the age of twenty five by 2015. In addition, due to the ever increasing number of school leavers from high schools and universities in South Africa, there will be a sustained rise in youth unemployment. Entrepreneurship is one of the key solutions to youth unemployment as government agencies and private firms cannot employ all school leavers. The research problems for this study were:

- What is the entrepreneurial intention of youths in South Africa?
- What are the triggers to youth entrepreneurial intention in South Africa?
- What are the barriers to youth entrepreneurial intention in South Africa?

4.3.1.2 Research objectives

Cooper and Schindler (2003:45) state that a research objective is the researcher's version of a business problem. Objectives explain the purpose of the research in measurable terms and define the standards of what the research should accomplish.

This study had the following objectives:

- To measure the entrepreneurial intention of youths in South Africa.
- To investigate empirically the triggers of youth entrepreneurship.
- To investigate empirically the barriers to youth entrepreneurship.

The study had the following secondary objectives:

- To review the literature on entrepreneurship, youth entrepreneurship and entrepreneurial intention.
- To review the literature on the triggers and barriers to entrepreneurial intention.
- To develop the research methodology to carry out the empirical study.
- To make policy recommendations on how to improve youth entrepreneurial intention in South Africa.

4.3.1.3 Research hypotheses

Cooper and Schindler (2003:118) point out that a hypothesis refers to possible answers to stated research questions. A hypothesis can be defined as an unproven statement or proposition about a phenomenon that is of interest to the researcher. Hypothesis is a proposition that is empirically testable. Cooper and Schindler (2003:119) further note that in order to answer research questions, they must first be translated into hypotheses (null and the alternative). The null hypothesis is denoted as H_0 and is a statement that maintains that there are no differences between groups or no relationship between measured variables. The alternative is denoted as H_a and maintains that there is a difference or relationship between measured variables. The primary hypothesis of this study was:



H_0 : There are no significant relationships between the trigger and barrier factors and youth entrepreneurial intention.

H_a : There are significant positive relationships between the trigger and barrier factors and youth entrepreneurial intention.

University of Fort Hare
Together in Excellence

The primary hypothesis was achieved through the following secondary hypotheses:

- **Triggers**

$H1_0$: There is no significant relationship between extrinsic rewards and youth entrepreneurial intention.

$H1_a$: There is a significant positive relationship between extrinsic rewards and youth entrepreneurial intention.

$H2_0$: There is no relationship between intrinsic rewards and youth entrepreneurial intention.

$H2_a$: There is a significant positive relationship between intrinsic rewards and youth entrepreneurial intention.

H3₀: There is no relationship between independence/autonomy and youth entrepreneurial intention.

H3_a: There is a significant positive relationship between independence/autonomy and youth entrepreneurial intention.

H4₀: There is no significant relationship between market opportunities and youth entrepreneurial intention.

H4_a: There is a significant positive relationship between market opportunities and youth entrepreneurial intention.

H5₀: There is no significant relationship between the availability of capital and youth entrepreneurial intention.

H5_a: There is a significant positive relationship between the availability of capital and youth entrepreneurial intention.



University of Fort Hare
Together in Excellence

• **Barriers**

H1₀: There is no significant relationship between lack of capital and youth entrepreneurial intention.

H1_a: There is a significant positive relationship between lack of capital and youth entrepreneurial intention.

H2₀: There is no significant relationship between lack of skill and lack of youth entrepreneurial intention.

H2_a: There is a significant positive relationship between lack of skill and lack of youth entrepreneurial intention.

H3₀: There is no significant relationship between lack of support and lack of youth entrepreneurial intention.

H3_a: There is a significant positive relationship between lack of support and lack of youth entrepreneurial intention.

H4₀: There is no significant relationship between lack of market opportunities and lack of youth entrepreneurial intention.

H4_a: There is a significant positive relationship between lack of market opportunities and lack of youth entrepreneurial intention.

H5₀: There is no significant relationship between risk and lack of youth entrepreneurial intention.

H5_a: There is a significant positive relationship between risk and lack of youth entrepreneurial intention.

4.3.2 Step 2: Research design

Research design is an overall plan for the methods to be used to collect and analyse the data of a research study. It is a detailed blueprint used to guide a research study towards its objectives. The research design involves coming up with the research approach that is, determining how the information would be obtained. The research design provides answers to questions such as: What techniques will be used to gather data? What sampling techniques will be used? How will time and cost constraints be dealt with? (Hair *et al.*, 2008:32).



University of Fort Hare
Together in Excellence

4.3.2.1 Types of research design

There are three basic types of research design: qualitative, quantitative and a hybrid of the two. Zikmund (2003:68) notes that the choice of research design centres on the nature of the research, the setting, the possible limitations and the underlying paradigm that informs the research project.

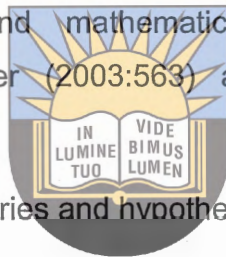
- **Qualitative research**

Chisnall (2005:18) explains that qualitative research aims to gather an in-depth understanding of human behaviour and the reasons that govern such behaviour. A major strength of the qualitative approach is the depth to which explorations are conducted and descriptions are written, usually resulting in sufficient details. The ultimate aim of qualitative research is to offer a perspective of a situation and provide

well-written research reports that reflect the researcher's ability to illustrate or describe the corresponding phenomenon.

- **Quantitative research**

According to Cooper and Schindler (2003:563) quantitative research is a systematic scientific investigation of quantitative properties and phenomena and their relationship. The objective of quantitative approach is to develop and employ mathematical models, theories and/or hypotheses pertaining to a phenomenon. The provision of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships. Cooper and Schindler (2003:563) add that the requirements for quantitative research include:



- The generation of models, theories and hypotheses.
- The development of instruments and methods for measurement.
- Collection of empirical data.
- Modelling and analysis of data.
- Evaluation of results

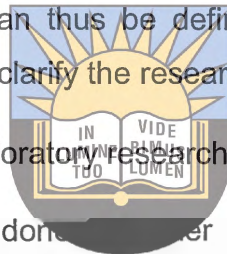
University of Port Hare
Together in Excellence

The present study used the quantitative research design, which Ghauri and Gronhaug (2005:204) describe as studies whose findings are mainly the product of statistical summary and analysis. The main feature of quantitative research is the heavy reliance of the researcher on data analysis to arrive at findings or conclusions. Numbers are assigned to the properties in the phenomena to represent their qualities. According to Ghauri and Gronhaug (2005:204) qualitative research on the other hand is referred to as “that research which produces research findings that are not arrived at by statistical summary or analysis and lack quantification altogether”.

There are three types of research that can be used in quantitative research or qualitative research or both, depending on the information required by the research problem. The three types of research are exploratory, descriptive and causal.

- **Exploratory research**

Gerber-Nel *et al.* (2005:30) describe exploratory research is initial research conducted to clarify and define the nature of the research problem or opportunity by giving ideas or insights as to how the research problem can be addressed. The information required is only loosely defined at this stage, as the process forward is still flexible and relatively unstructured. Exploratory research can thus be defined as research that is used to gather preliminary information to help clarify the research problem.



The researcher in this study used exploratory research for the following purpose:

- To discover what has been done in previous studies related to the research problem;
- To discover whether there are any significant gaps in the literature that necessitate this study;
- To formulate the research problem and questions for more precise investigation, in order to formulate hypotheses;
- To develop and refine the questionnaire items; and
- To gather information about practical problems of carrying out this research.

University of Fort Hare
Together in Excellence

- **Descriptive research**

The exploratory research identified that youth entrepreneurship is weak and youth unemployment is high in South Africa and no study has empirically investigated the triggers and barriers to youth entrepreneurship in South Africa. This significant gap in the literature stimulated this empirical study. Descriptive research is used to describe the research problem in detail. Gerber-Nel *et al.* (2005:32) note that descriptive research answers questions: who, what, when, where and how? Implicit in descriptive research is

the realisation that the researcher already knows or understands the underlying relationships of the research problem. The researcher may have a general understanding of the research problem but conclusive evidence that provides answers to the question should still be collected to determine a course of action. Descriptive research can be conducted in two ways, namely longitudinal or cross-sectional.

According to Cooper and Schindler (2003:45) longitudinal studies are investigations involving a fixed sample of element (a panel) that is measured repeatedly. There are two types of longitudinal study:

- True panels are fixed samples of respondents whose variables are measured repeatedly over time.
- Omnibus panels are fixed samples of respondents who are measured repeatedly and whose variables change from measurement to measurement.



Cross-sectional studies on the other hand are a type of research that involves the collection of information from any given sample population elements only once. Cross-sectional studies are usually performed by means of sample surveys. In sample surveys, a sample is selected as representative of the target population and the emphasis is on the generation of summary statistics, such as averages and percentages (Gerber-Nel *et al.*, 2005:32). This study used the cross-sectional approach where data was collected from the respondents only once through the survey method. Descriptive statistics such as mean, standard deviation, bar chart and tables were also used during data analysis.

- **Causal research**

Cooper and Schindler (2003:46) point out that causal research examines whether one variable causes or determines the value of another variable. A variable is a symbol or concept that can assume any one of a set of values. Causal research reveals a cause-and-effect relationship between dependent and independent variables. A dependent variable is a symbol or concept that is expected to be explained or caused by an independent variable. An independent variable is a symbol or concept over which the

researcher has some control. It is hypothesised that the independent variable causes or influences the dependent variable. Researchers can also use causal research to test hypothesis. Causal research through the use of Pearson correlation was one of the research methods used for this study.

4.3.3 Step 3: Selecting the primary data collection method

The next step in the research process is data collection. This section will discuss the various methods of data gathering as well as the questionnaire design.

4.3.3.1 Basic primary data collection methods.

Gerber-Nel *et al.* (2005:88) identify three primary data collection methods namely observation, experiment and survey.



- **Observation**

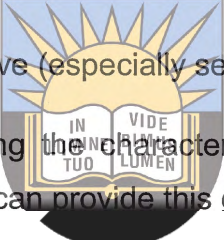
Cooper and Schindler (2003:114) describe observation as a process through which primary data is obtained by observers (humans or machines) about the behavioural pattern of people, objects or occurrences. Observation was inapplicable for this kind of result study because the researcher wanted to obtain critical information from the respondents and not observe their behaviour.

- **Experiment**

Cooper and Schindler (2003:115) point out that under the experiment method of data collection, the researcher manipulates an independent variable and then measures the effect. The experimental setting can be in a laboratory or in the field. This study however was not about the manipulation of variables. Therefore, experiment was not used as a method of data collection. This study used the survey as the research method because other methods of data collection such as observation and experiment were inapplicable to collecting data to investigate the research problems.

- **Survey**

Wheather and Cook (2000:195) note that the broad area of survey research encompasses any measurement procedures that involve asking questions to respondents. A survey will ask a series of questions that require answers from these groups which are then analyzed at the end of the survey when the participant level has been reached. In survey research, the researcher selects a sample of respondents from a population and administers a standardized questionnaire to them. The study used survey research for the following reasons as pointed out by Cooper and Schindler (2003:663):

- 
- Surveys are relatively inexpensive (especially self-administered surveys).
 - Surveys are useful in describing the characteristics of a large population. No other method of data collection can provide this general capability.
 - Surveys can be administered from remote locations using mail, email or telephone. Consequently, very large samples are feasible, making the results statistically significant even when analyzing multiple variables.

The study followed the survey research process as pointed out by Gerber-Nel *et al.*, (2005:94):

- The population to be studied was defined.
- A representative sample was selected.
- Data was collected through the use of self-administered questionnaires.
- SPSS (Statistical Package for Social Sciences) was used to tabulate and analyse the sample to produce various sample statistics.
- Inferences were made from sample statistics to population parameters of interest.

- **Methods of conducting survey research**

Gerber-Nel *et al.* (2005:94) suggest that surveys can be divided into four major types: personal interviews, telephone surveys, mail surveys and self-administered surveys. Gerber-Nel *et al.* (2005:94) further define a personal interview (i.e. face-to-face communication) as a two-way conversation initiated by an interviewer to obtain information from a participant. The personal interview was not used during data collection because it is a costly method of data collection.

According to Gerber-Nel *et al.* (2005:94) telephone interviews take place when respondents are telephoned in order to gather primary data about a specific research problem. The researcher decided not to use telephone interviews because its response rate is lower than for personal interview or self-administered questionnaires, responses to the questions may be less than complete and many of the phone numbers may not be working making directory listings unhelpful. Cooper and Schindler (2003:430) describe a mail survey as a survey that takes place when the researcher selects a sample of names and addresses and sends questionnaires to these respondents with the aim of collecting data. The researcher decided not to use mail survey because of the following reasons: the respondents may not return the questionnaires and mail surveys are a very slow method of data collection.

Data for the research study was gathered through self-administered questionnaires, as a way of avoiding limitations associated with the other methods of conducting surveys. Self-administered questionnaires are research questionnaires personally delivered to the respondent by the interviewer but completed by a respondent with no interviewer involvement (Cooper & Schindler, 2003:326). The researcher used self-administered questionnaires for the following reasons:

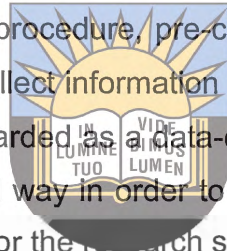
- Self-administered questionnaires ensure anonymity and privacy of the respondents, thereby encouraging more candid and honest responses.
- Self-administered questionnaires have proved to have a higher response rate than other data gathering techniques such as mail surveys.

- Self-administered questionnaires are less expensive than other data gathering methods such as personal interviews where the researcher must be present with respondents at all times (Cooper & Schindler, 2003:369).

4.3.3.2 Questionnaire design and content

- **Questionnaire**

The primary research instrument used by the researcher were questionnaires. Wheather and Cook (2000:195) define a questionnaire as a formalized set of questions for obtaining information from respondents. A questionnaire can further be described as a booklet of structured standardised procedure, pre-coded and containing open-ended questions at times that are used to collect information from the respondents who record their own answers. It can also be regarded as a data-collection instrument that sets out the questions to be asked in a formal way in order to produce the desired information. The researcher used questionnaires for the research study for the following reasons:



University of Fort Hare
Together in Excellence

- Questionnaires help to ensure that information from different respondents is comparable.
- Questionnaires increase the speed and accuracy of recording.
- Questionnaires facilitate data processing.
- Questionnaires are economical in terms of time and money.
- Questionnaires enable the respondents to remain anonymous and be honest in their response.

- **Survey questions**

Gerber-Nel *et al.* (2005:150) state that there are two basic types of survey questions from which to choose: open-ended and closed-ended. For open-ended question format, respondents use their own words to respond to certain questions or statements. No response options are given to respondents. This implies that the respondents are not influenced by a predetermined set of alternative responses. Open-ended questions are

ideal when the researcher is doing exploratory research and does not know the possible responses to questions or statements. Gerber-Nel *et al.* (2005:150) further note that the use of open-ended questions should be limited for self-administered questionnaires because respondents will often give very elaborate answers. The researcher did not use any open-ended question for this research because it is difficult to categorise respondents' responses as they vary from one respondent to another. In addition, open-ended questions are difficult to code and analyse.

Wheather and Cook (2000:195) assert that close-ended (structured) questions specify the permitted responses and make information available to the respondents. For self-administered questionnaires, respondent cooperation is improved if the majority of the questions are structured. Close-ended response format questions offer a respondent a selection of possible responses. The researcher used closed-ended questions because as pointed out by Cooper and Schindler (2003:520) they are more easily analyzed. Every answer can be given a number or value so that a statistical interpretation can be made. Closed-ended questions are also better suited for computer analysis. If open-ended questions are analyzed quantitatively, the qualitative information is reduced to coding and answers tend to lose some of their initial meaning. In addition, closed-ended questions can be more specific, thus more likely to communicate similar meanings. Because open-ended questions allow respondents to use their own words, it is difficult to compare the meanings of the responses. Closed-ended questions take less time from the interviewer, the participant and the researcher, and so is a less expensive survey method. The response rate is higher with surveys that use closed-ended question than with those that use open-ended questions.

Gerber-Nel *et al.* (2005:152) stipulate that close-ended questions include dichotomous questions and multiple choice questions such as ordinal questions and Likert scale questions. Dichotomous questions only have two response alternatives such as yes or no or male and female (Dichotomous questions were used in the biographical part of the questionnaire). Ordinal also referred to as rank order scales require the respondents to rank objects that are presented to them simultaneously according to some kind of

criteria. In ordinal questions, the number assigned to the answer category has meaning. The answer categories are ranked from highest to lowest (or lowest to highest). Ordinal questions were used by the researcher to rank the importance attached to internal and external factors about why credit is not granted by commercial banks and trade creditors to new SMEs.

According to Cooper and Schindler (2003:420) the Likert scale is a type of response scale often used in questionnaires and is the most widely used scale in survey research. A Likert item is simply a statement that the respondent is asked to evaluate according to any kind of subjective or objective criteria; generally the level of agreement or disagreement is measured. When responding to a Likert questionnaire item, respondents specify their level of agreement to a statement. A typical test item in a Likert scale is a statement. The respondent is asked to indicate his or her degree of agreement with the statement. The statements can be positively or negatively phrased. The seven-point Likert scale was used. The researcher used Likert scale questions because of the under listed reasons as pointed out by Cooper and Schindler (2003:421):



University of Fort Hare
Together in Excellence

- The Likert scale eliminates the development of response bias amongst the respondents.
- The Likert scale can be used to assess attitudes, beliefs, opinions and perception.
- Using the Likert scale makes the response items standard and comparable amongst the respondents.
- Responses from the Likert scale questions are easy to code and analyse directly from the questionnaires.
- They are easy to code and analyse.
- Interviewer bias is reduced.
- Questions can be administered more quickly.

- **Items included in the questionnaire**

The first section of the questionnaire focused on demographic information. This section was important to ensure that the respondents were within the youth age range. The second section focused on the entrepreneurial intention of youths in South Africa. The third section investigated the triggers to entrepreneurship. This was necessary so as to identify the factors that positively influence youth involvement in entrepreneurship. The last section investigated the barriers to youth entrepreneurship.

4.3.3.3 Pre-testing (pilot study)

Churchill (2002:250) refers to pre-testing as the testing of the questionnaire on a small sample of respondents to identify and eliminate potential problems. Pre-testing is essential for the researcher to be satisfied that the questionnaire he has designed will perform its various functions in the interview situation, and that the data collected will be relevant and accurate. Respondents for the pre-test should be drawn from the same population. Pre-testing can be used to improve the content, phrasing, sequence, layout and instructions of a questionnaire. The questionnaire was pre-tested to a sample of forty respondents from both high schools and universities. The pre-testing led to certain amendments to the questionnaire. The researcher pre-tested the questionnaire because as pointed out by Churchill (2002:251), pre-testing:

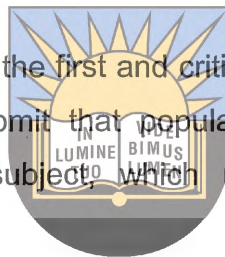
- Permits a thorough check of the planned statistical and analytical procedures, giving the researcher a chance to evaluate their usefulness for the data. The researcher may then be able to make needed alterations in the data collecting methods, and therefore, analyze data in the main study more efficiently.
- Can greatly reduce the number of unanticipated problems because the researcher has an opportunity to redesign parts of the study to overcome difficulties that the pilot study reveals.
- Saves a lot of time and money. The pre-testing almost always provides enough data for the researcher to decide whether to go ahead with the main study.

4.3.4 Step 4: Sample design

According to Cooper and Schindler (2003:179) the basic idea of sampling is that by selecting some of the elements in a population, it is possible to draw conclusions about the entire population. Sampling is the act, process, or technique of selecting a suitable sample, or a representative part of a population for the purpose of determining parameters or characteristics of the whole population. The purpose of sampling is to make generalizations about the whole population which are valid and which allow prediction.

4.3.4.1 Population

Defining the universe or population is the first and critical step in the sampling process. Goddard and Melville (2001:35) submit that population is the subject of research interest. Population is the study subject, which may be individuals, groups or organisations.



The population used in this study included the final year University of Fort Hare and Walter Sisulu University students in the Eastern Cape province of South Africa as well as high school students from ten high schools in the the same province. The population of university students has been selected for consistency with previous studies done on youth entrepreneurship such as Dionco-Adetayo (2006). However, other universities such as Rhodes and Nelson Mandela Metropolitan were not used due to financial constrain as well as limited time. Taking this approach allowed a more comprehensive analysis and comparison of outcomes from the research at hand with those from previous studies. Thus, conclusions were drawn from a similar population base.

Final year university students and high school students within the youth age range were interviewed to get their perceptions on the triggers and barriers to entrepreneurial intention. The Planning and Development Department at the University of Fort Hare in Alice campus and the Bereau for Institutional Research and Planning at Mthatha campus of Walter Sisulu University, provided statistics of the registered final year students for 2009 for both institutions. According to the statistics obtained, the total final year students for the two universities in 2009 was two thousand and eleven students.

For the high schools, the population was obtained from the school principals and clerks. Twenty high schools in the Mthatha area were selected due to proximity to the researcher who is a teacher at a high school in Mthatha. The population of high school students was seven hundred and sixty.

4.3.4.2 Types of sampling design

Bryman and Bell (2003:100) note that there are two major types of sampling design. These are probability and non-probability sampling. This study used the probability sampling method.

- **Probability sampling**

Bryman and Bell (2003:100) define probability sampling as a controlled procedure that assures that each population element is given a known non-zero chance of selection. In contrast, non-probability sampling is arbitrary (non-random) and subjective. Each element of the population does not have a known non-zero chance of being included in the study. This study used probability sampling because as pointed out by Bryman and Bell (2003:101) probability sampling allows the researcher to make inferences from information about a random sample to the population from which it was selected. This implies that findings derived from a sample can be generalized to the population. With probability sample, there is substantial confidence that the sample is representative of the population from which it is drawn. Furthermore, if the non-probability sampling method was used, there was the possibility that human judgment would have affected the selection process, making some elements of the population more likely to be selected than others. This kind of bias was eliminated through the use of probability sampling.

Cooper and Schindler (2003:192) identify four major types of probability sample. These are systematic sampling, stratified sampling, cluster sampling and simple random sampling. This study used the simple random sampling method. Simple random sampling is simple to apply, in that, random sample is chosen from a population and




University of Fort Hare
Together in Excellence

without any order. Furthermore, data analysis is reasonably easy and has a sound mathematical basis. The sample was obtained from all the elements of the population.

4.3.4.3 Sample size

The sample size is the total number of elements included in the research. Goddard and Melville (2001:59) assert that the correct sample size is dependent on the population and the significance of the study. The Raosoft sample size calculator can be used to calculate the sample size. Raosoft is statistical software used in the calculation of sample size. Raosoft takes into consideration four factors in determining sample size. These factors include the margin of error, the confidence level, the population and the response distribution.

- 
- *The margin of error:* The margin of error (also known as the confidence interval) measures the precision with which an estimate from a single sample approximates the population value. The margin of error ranges from 3% to 7% in entrepreneurial research, with 5% being the most commonly accepted.
 - *Confidence level:* The confidence level is the estimated probability that a population estimate lies within a given margin of error. It is the amount of uncertainty that the researcher can tolerate. The confidence interval in entrepreneurial research varies from 90% to 100% with 95% being the most commonly accepted.
 - *The population:* This population to be used for the study.
 - *Response distribution:* This answers the question, “for each question in the questionnaire, what does the researcher expects the answer to be”. If the answer is skewed highly one way or the other, the population is probably skewed too. 50% is usually used as the response distribution as it gives the largest sample size (Raosoft, 2009).

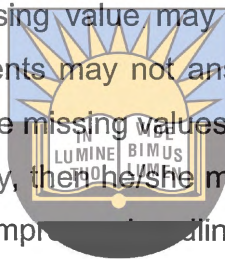
Using the Raosoft sample size calculator, the minimum recommended sample size for university and high school students was three hundred and twenty three and two hundred and fifty six respectively.

4.3.5 Step 5: Gathering the data

This section will describe the actual data collection and the treatment of missing values. The researcher and one paid fieldworker distributed the questionnaire between April and July of 2010. Some respondents completed the questionnaire on the spot. The researcher was also able to obtain the names and telephone numbers of the respondents when the questionnaires were distributed. Repeated call backs were made to the respondents to ensure they completed the questionnaires.

4.3.5.1 Missing values

Allison (2001:172) posits that a missing value may represent or is a product of an unknown value. In surveys, respondents may not answer certain questions. It is very important for the researcher to manage missing values efficiently. If the researcher does not handle the missing values properly, then he/she may end up drawing an inaccurate inference about the data. Due to improper handling of missing values, the result obtained by the researcher will differ from those where the missing values are present.



University of Fort Hare

Together in Excellence

Graham (2009:551) notes that there are three basic options when dealing with missing values. The first option is to do nothing. Leave the data as it is, with the missing values in place. This is the most frequent approach, for a few reasons. First, the number of missing values is typically small. Second, missing values are typically non-random. However, if a researcher chooses the first option, he must keep in mind how Statistical Package for Social Sciences (SPSS) will treat the missing values. SPSS will either use listwise deletion or pairwise deletion of the missing values. The researcher can elect either one when conducting each test in SPSS.

- **Listwise deletion**

According to Graham (2009:551) under listwise deletion, SPSS will not include cases (subjects) that have missing values on the variable(s) under analysis. If only one variable is being analysed, listwise deletion simply analyses the existing data. If multiple variables are being analysed, listwise deletion removes cases (subjects) if there is a missing value on any of the variables. The disadvantage is a loss of data because you

are removing all data from subjects who may have answered some of the questions, but not others (e.g., the missing data).

- **Pairwise deletion**

Graham (2009:551) notes that with pairwise deletion, SPSS will include all available data. Unlike listwise deletion, which removes cases (subjects) that have missing values on any of the variables under analysis, pairwise deletion only removes the specific missing values from the analysis (not the entire case). In other words, all available data is included. Pairwise deletion is useful when the sample size is small. The second option is to delete cases with missing values. For every missing value in the dataset, the researcher can delete the subjects with those missing values. This means that the researcher is left with complete data for all subjects. The disadvantage to this approach is that the sample size is reduced.



The third option to replace missing values is imputation. This could be done by mean substitution or regression substitution. Mean substitution replaces the missing value with the mean of the variable. Regression substitution uses regression analysis to replace the missing value. Regression analysis is designed to predict one variable based upon another variable, so it can be used to predict the missing value based upon the subject's answer to another variable. Missing values presented a problem that had to be addressed in this research before evaluation could proceed. There were only three cases of missing values and pairwise deletion method under SPSS was used.

University of Fort Hare
Together in Excellence

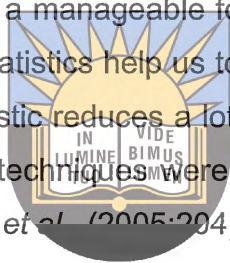
4.3.6 Step 6: Data analysis

The objective of this section is to indicate how the data collected will be analysed by the researcher. Data analysis usually involves the reduction of accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques. It also includes the interpretation of research findings in the light of the research questions, and determines if the results are consistent with the research hypotheses and theories (Cooper & Schindler, 2003:87). Data analysis for the study

included descriptive statistics, principal component analysis, t-test, ANOVA and Pearson correlation.

4.3.6.1 Descriptive statistics

Descriptive statistics are used to describe the basic features of the data in a study (Gerber-Nel *et al.*, 2005:204). Descriptive statistics are used to describe the main features of a collection of data in quantitative terms. They provide simple summaries about the sample and the measures. Together with simple graphics analysis, they form the basis of virtually every quantitative analysis of data. Descriptive statistics are used to present quantitative descriptions in a manageable form. In a research study we may have a lot of measures. Descriptive statistics help us to simply large amounts of data in a sensible way. Each descriptive statistic reduces a lot of data into a simpler summary. In this study, the following statistical techniques were used as the tools of descriptive analysis as pointed out by Gerber-Nel *et al.* (2005:204).

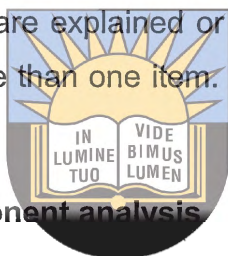


4.3.6.2 Principal component analysis

Cooper and Schindler (2003:591) describe the principal component analysis as a multivariate statistical method used to describe variability among observed variables in terms of fewer unobserved variables called factors. Principal component analysis is a statistical approach that can be used to analyse inter-relationships among a large number of variables and to explain these variables in terms of their common underlying dimensions (factors). The statistical approach involving finding a way of condensing the information contained in a number of original variables into a smaller set of dimensions (factors) with a minimum loss of information. Principal component analysis has two main purposes. Firstly, it is used for data reduction and secondly for detection of structure (underlying dimensions) in a set of variables. Principal component analysis was used in this study to enhance the reliability and validity of the measuring instrument, as well as for data reduction. Principal component analysis also assisted in classifying the variables and in developing and refining research hypotheses.

University of Fort Hare
Together in Excellence

Leech, Barrett and Morgan (2005:79) point out that the decision about which factor to retain depends on the percentage of the variance accounted for the variable, the absolute variance accounted for by each factor, and whether the factor can be meaningfully interpreted. Varimax rotation was used to transform the components into factors that were more clearly interpretable. To facilitate an easier interpretation of principal components, factor rotation methods were developed. This research study uses Varimax orthogonal rotation method. This rotation method is based on the criterion of maximizing the factor loadings of dominant variables in each principal component. Varimax rotation facilitates an easier interpretation of factors. Rotation makes it so that, as much as possible, different items are explained or predicted by different underlying factors, and each factor explains more than one item. Factors with Eigenvalues greater than one are usually retained.



- **Assumptions of principal component analysis**

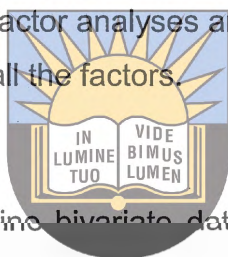
Leech *et al.* (2005:80) note the assumptions for principal component analysis include:

- *Normality:* Principal component analysis is robust to the assumption of normality. However, if variables are normally distributed, then the solution is enhanced.
- *Sampling adequacy:* Bartlett's test of sphericity and the Kaiser-Meyer-Olkin (KMO) measure the sampling adequacy and can be used to determine the factorability of the matrix as a whole. If Bartlett's test of sphericity is large and significant, and if the KMO is greater than .6, then factorability is assumed. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. High values (between 0.5 and 1.0) indicate factor analysis is appropriate. Values below 0.5 imply that factor analysis may not be appropriate. The KMO tells the researcher whether or not enough items are predicted by each factor. The Bartlett test should be significant (i.e., a significance value of less than .05). This means that the variables are highly correlated enough to provide a reasonable basis for factor analysis (Leech *et al.*, 2005:82).

- **Procedures followed for principal component analysis**

The procedures followed for the principal component analysis in this study were as pointed out by Leech *et al.* (2005:80).

- Eigenvalues greater than 1.00 were identified.
- The variables are subjected to exploratory factor analysis. Where the variables loaded were found to be less than 0.300, they were removed and another round of exploratory factor analysis carried out.
- Rotated, unrotated and sorted factor analyses are carried out for the factors. Item analysis is then carried out for all the factors.



4.3.6.3 Bivariate data analysis

Cooper and Schinder (2003:531) define bivariate data analysis as data analysis and hypothesis testing when the investigation concerns simultaneous investigation of two variables using tests of differences or measures of association between two variables at a time. The t-test and ANOVA were used to test the differences in the results and Pearson correlation was used to test the association. According to Coakes (2005:73) a t-test is used to determine whether there is significant difference between two sets of scores. ANOVA was also used to test for significant differences in situations where the variables were more than two.

University of Fort Hare
Together in Excellence

- **Pearson correlation**

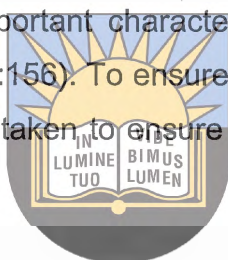
The Pearson correlation was used to test for the direction and strength of relationship between the business environmental factors and availability of debt. According to Coakes (2005:18) the main result of a correlation is called the correlation coefficient (or "r"). It ranges from -1.0 to +1.0. The closer r is to +1 or -1, the more closely the two variables are related. If r is close to 0, it means there is no relationship between the variables. The P-value measures the significance. 5% level of significance was used for this study. This is consistent with the significance level of most of the empirical studies on entrepreneurship.

4.3.6.4 Statistical Package for Social Sciences (SPSS)

This study used SPSS Version 12.0 for Windows as the statistical software for data analysis. According to Coakes (2005:5) SPSS is software for performing statistical procedures in the social sciences field. SPSS is among the most widely used programs for statistical analysis in social science.

4.3.6.5 Validity, reliability and errors

A researcher has to ensure that the evidence and conclusions from a research can stand up to scrutiny. This depends on how scientifically sound the measuring instrument is. Validity and reliability are two important characteristics of a sound measurement instrument (Cooper & Schindler, 2003:156). To ensure the credibility of the findings and conclusions of this study, steps were taken to ensure both the reliability and validity of the instrument and reduce the errors.



- **Validity**

University of Fort Hare

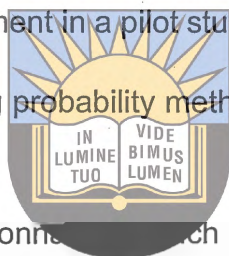
Together in Excellence

Babbie and Mouton (2002:15) explain that validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. Validity refers to whether an instrument actually measures what it is supposed to measure given the context in which it is applied. Babbie and Monton (2002:15) identify four major types of validity. These are face (content) validity, criterion related validity, content validity and construct validity.

According to Babbie and Monton (2002:15), face (content) validity refers to the fact that the concept being measured is done so appropriately. Face validity of a measuring instrument is the extent to which the instrument provides adequate coverage of the concept. Face validation is a judgmental process that can be done in many ways. The researcher may choose to do it alone or may use a panel of experts or senior researchers in the field of study to judge how well the instrument meets the standard. Cooper and Schindler (2003:214) state that criterion related validity, also referred to as instrumental validity, is used to demonstrate the accuracy of a measure or procedure by comparing it with another measure or procedure, which has been demonstrated to be

valid. Gerber-Nel *et al.* (2005:30) point out that content validity refers to the use of measures that will incorporate all of the meanings associated with a specific concept. Cooper and Schindler (2003:214) refer to construct validity as how adequately a scale or a test measures what it proposes to measure. The researcher used the following steps to ensure the validity of the study as pointed out by Cooper and Schindler (2003:214).

- Using a statistician and a panel of experts to evaluate the research instrument for conceptual clarity.
- Pre-testing the research instrument in a pilot study.
- Sampling was carried out using probability methods ensuring external population validity.
- Using self-administered questionnaires which generally have a high response rate.
- Using a big sample size with a margin of error of not more than 5% and a confidence level of 95%.
- Comprehensively reviewing the literature for theoretical constructs and empirical conclusions.



University of Fort Hare
Together in Excellence

• Reliability

Babbie and Monton (2002:81) point out that the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability. According to Babbie and Monton (2002:81), the Cronbach's alpha can be used to measure reliability. The Cronbach's alpha is a test for a survey's internal consistency. It is also called the scale reliability test. The Cronbach's alpha is a measure of how well each individual items in a scale correlates with the remaining items. The alpha coefficient ranges in value from 0 to 1. The higher the score, the more reliable the generated scale is. Cooper and Schindler (2003:417) submit that a score of 0.7 is the acceptable reliability coefficient but lower thresholds are sometimes used in

the literature. Reliability for the following steps as also enhanced this study pointed out by Babbie and Monton (2002:81):

- Pre-testing the research instrument in the survey development stage through a pilot study.
- Discussions were held with senior researchers who had had previous experience in similar studies.
- Keeping open-ended questions to the minimum; devising response scales that are likely to increase the variability of responses thereby ensuring higher statistical value from the data by using a large sample size.
- Performing a thorough review of the literature in the field of interest review of literature.



- **Errors**

University of Fort Hare

Together in Excellence

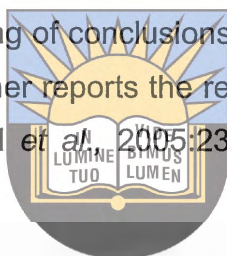
According to Cooper and Schindler (2008:332), errors, especially the response and non-response errors, can also pose a serious threat to the reliability of data and must be minimised by the researcher. Response errors are the estimated inaccuracies that can be introduced by the researcher, the interviewer or the respondents. The researcher may make the error in the design of the measurement instrument or may not properly define the problem and the related information required. Response errors can also occur when the respondent deliberately or mistakenly provide incorrect answers to the survey questions.

Gerber-Nel *et al.* (2005:231) describe a non-response error as an error caused by failure to contact all members of a sample and/or the failure of some contacted members of the sample to respond to all or a specific part of the questionnaire. The non-response error occurs because people who respond to the survey might not have characteristics similar to those who do not. The following steps were used to reduce non-response errors as identified by Babbie and Monton (2002:81):

- Using self-administered questionnaires, which involved a direct meeting between the researcher and the respondents.
- Repeated telephone calls and visits to the respondents.
- Removing sensitive questions from the questionnaire.
- Carefully constructing and pre-testing the questionnaires.

4.3.7 Step 7: Reporting the results

The final stage in the business research process as depicted in Figure 4.1 is the interpretation of the results and drawing of conclusions relevant to managerial decision-making. During this step, the researcher reports the research findings, conclusions and makes recommendations (Gerber-Nel *et al.* 2005:234). The research results will be presented in the next chapter.



4.4 SUMMARY

University of Fort Hare
Together in Excellence

This chapter examined aspects of the research methodology for this study. The steps in the business research process were identified and followed by the researcher. As pointed out in the business research process, the problem statement, the research hypotheses and the research objectives were identified. The two major types of research design, namely qualitative and quantitative research, were explained. The motivation for using quantitative research for the study was discussed. In addition, the three types of research that can be used in quantitative research or qualitative research were discussed. The three types of research are exploratory, descriptive and causal. The study used a combination of the three. Gerber-Nel *et al.* (2005:88) identify three primary data collection methods namely observation, experiment and survey. The motivation for using the survey method was given.

The chapter also discussed the four major of survey: personal interviews, telephone surveys, mail surveys and self- administered surveys. The motivation for using the self-

administered survey was discussed. A questionnaire was used as the data collection instrument. The questionnaire contained close ended questions and Likert scale questions. The pre-testing of the questionnaire was done and this led to some amendments to the questionnaire. A missing value may represent or is a product of an unknown value. The pairwise deletion method under SPSS was used. The data collected for this study was analysed using descriptive statistics, factor analysis, t-test, ANOVA and Pearson correlation. In addition, the methods used to ensure validity and reliability were discussed. The final step in the research process concerns the analysis of results of the empirical study. This will be presented in the next chapter.



University of Fort Hare
Together in Excellence

CHAPTER FIVE

RESEARCH RESULTS

5.1 INTRODUCTION

Chapter four presented aspects of the research methodology including the research design, the sampling method as well as the data collection and data analysis methods that were used for this study. This chapter will examine the empirical findings of the study. The results obtained from carrying out the survey will be properly discussed in this chapter in line with the research objectives.

The objectives of this chapter are twofold. (1) To systematically present the findings of the research study, and (2) To interpret the findings. Data was analysed using the principal component analysis, ~~descriptive statistics, t-test~~, ANOVA and Pearson correlation. A summary of findings in line with the hypotheses was also done. Due to huge volume of data analysis, only the summary results were presented in this chapter.

5.2 EMPIRICAL FINDINGS

5.2.1 Response rate

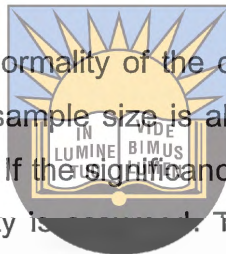
In Table 5.1 the response rates of both university and high school students are presented. The response rate for university students was 60.7% and for high school students was 62.9%. The mean response rate was 61.7%. The results indicated that high school students responded better to the survey than university students. This can be attributed to the fact that the researcher is a high school teacher in the study area.

Table 5.1: Response rate

Respondents	No. sent out	No. Returned	Response rate
University students	323	196	60.7%
High school students	256	161	62.9%
Total	579	357	61.7%

5.2.2 The normality of the data

According to Coakes (2005:35) the normality of the data can be determined by using the Kolmogorov-Smirnov test (if the sample size is above 100) and the Shapiro-Wilks test (if the sample size is below 100). If the significance level is greater than 0.05 using either of the two tests, then normality is assumed. This study used the Kolmogorov-Smirnov test to determine the normality of the data because the sample sizes were more than 100. The significance of the Kolmogorov-Smirnov test was greater than 0.05 in all the tests. This implies that the normality of the data can be assumed.



University of Fort Hare
Together in Excellence

5.2.3 Reliability of the questionnaires

The two sets of questionnaires consist of four main sections each. The first section is about demographic information, the second is the measure of entrepreneurial intention, the third measures the triggers to entrepreneurial intention and the fourth looks at barriers to entrepreneurial intention. The reliability of the variables in three of the four sections namely entrepreneurial intention, triggers and barriers was tested using the Cronbach's coefficient alpha. The variables were tested for reliability after the questionnaires were returned by the two sets of respondents. The reliability of each variable was as indicated in Table 5.2.

Table 5.2 Reliability test of the variables

	Number of variables	Cronbach's alpha
Entrepreneurial intention		
University students	10	0.760
High school students	10	0.810
Triggers		
University students	20	0.832
High school students	20	0.856
Barriers		
University students		0.804
High school students		0.791



University of Fort Hare
Together in Excellence

The first variable- “entrepreneurial intention” had ten items with an alpha of 0.760 and 0.810 for university students and high school students respectively. The second variable- “triggers” had twenty items and recorded an alpha of 0.832 and 0.856 for university students and high school students respectively. The third variable- “barriers” had an alpha of 0.804 for university students and 0.791 for high school students and consists of twenty-six (26) items. Cooper and Schindler (2003:417) note that a score 0.7 is the acceptable reliability coefficient. The results indicated that the scales are reliable.

5.3 RESEARCH RESULTS

Research results refer to the outcomes of a study. In this section outcomes of this study will be discussed by analysing every section of the questionnaire.

5.3.1 Section A: Demographic information

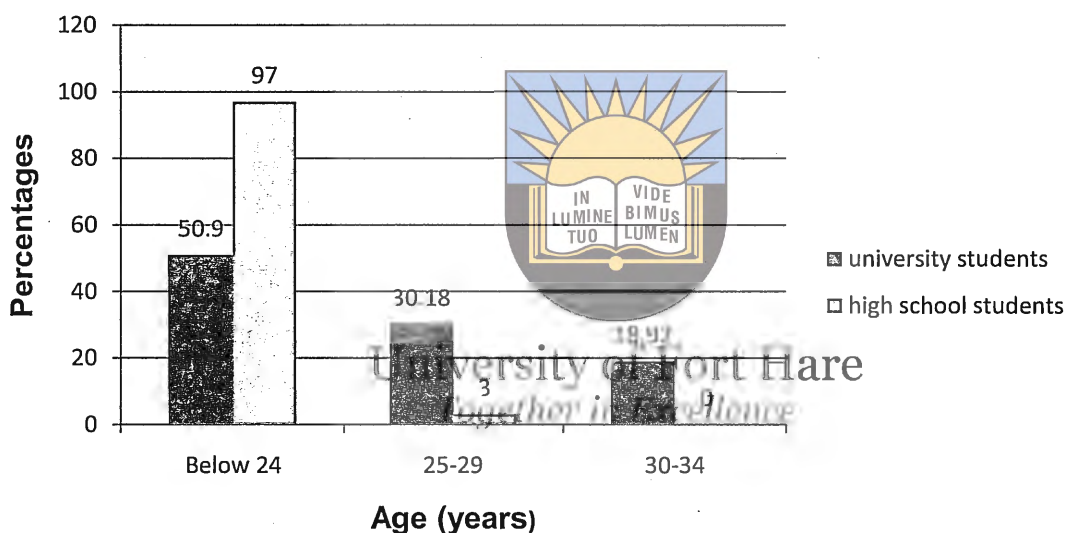
Demographic questions were asked because they are important in establishing the general profiles of respondents, that is, age, gender and educational levels and faculty for university students and only age and gender for high school students. These

questions were also important as other studies argue that these factors have an influence on entrepreneurial intentions. Age was specifically asked to ensure no one outside the youth age range would be included in the survey.

5.3.1.1 Question 1: The age of the respondents

The following figure shows the results obtained for the age of participants.

Figure 5.1 The age of the respondents



The age is distributed into three main categories, that is: below 24 (includes 24), 25-29 and 30-34. The distributions show that the majority of respondents in the study were those between the ages of 24 and below followed by the 25-29 age range. The 30-34 age range had the least representation with none for the high school students belonging into that age range.

5.3.1.2 Question 2: The gender of the respondents

Table 5.3 The gender of the respondents

Gender	Female	Male
Frequency		
University students	87	109
High school students	69	92
Percentage (%)		
University students	44.5	55.5
High school students	43	57



From Table 5.3, (55.5%) of the respondents for the university students were males while (44.5%) were females. For high school students, (57%) were males while (43%) were females. From the findings, it can be noted that males dominated.

5.3.1.3 Question 3: The educational qualifications (university students only)

Figure 5.2 The educational qualifications (level of study)

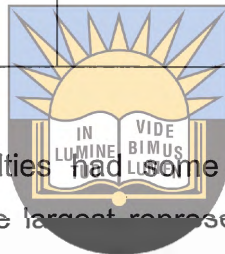


From the results above, majority of the respondents were undergraduate students.

5.3.1.4 Question 4: The faculty representations of the respondents (university students only)

Table 5.4 The faculty representation of the respondents (university students only)

Faculty	Science and Agriculture	Education	Social Science and Humanities	Management and Commerce	Law
Frequency	36	33	39	45	43
Percentage (%)	18.32	16.76	20.02	22.79	22.12



University of Fort Hare
Together in Excellence

From the results obtained, all faculties had some representation. The Faculty of Management and Commerce had the largest representation totalling (22.79%) of the respondents while Faculty of Education had the least representation of only (16.76%). The remaining percentages were distributed as (18.32%), (20.02) and (22.12%) over the remaining three faculties, namely, Science and Agriculture, Social Science and Humanities and Law respectively.

5.3.2 Section B: Measures of entrepreneurial intention

The objective of section B of the questionnaires (refer to question 5 of the questionnaire for university students and question 3 of the questionnaire for high school students) was to measure the entrepreneurial intention of South African youths. Pihie (2009:338) defines entrepreneurial intention as that act which predicts an individual's choice to create a firm. Intention can be used as a measure of those who might eventually become entrepreneurs. A measure of entrepreneurial intention was necessitated by the need to identify the intentions of students as they leave school. To measure the entrepreneurial intention of university and high school students, a ten-item scale was developed after the review of the literature such as Choo and Wong (2009) and Pihie (2009:338). Frank, Korunka, Leuger and Mugler (2005) also used the same ten item scale to measure entrepreneurial intention of high school students in Austria and

Malaysia respectively. Entrepreneurial intention was a dependent variable in this study, which was believed to be influenced by certain triggers and barriers. Table 5.5 shows the results of the measures of entrepreneurial intention among the youths.

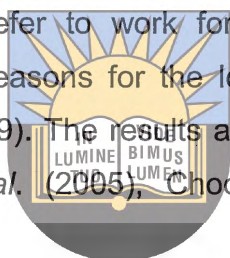
Table 5.5 Measures of entrepreneurial intention

Items	University		High school	
	Mean	Standard deviation	Mean	Standard deviation
I'll put all effort to start and run my own business	1.17	.129	1.02	.219
I'm determined to create a firm in the future	2.95	.189	1.39	.654
My professional goal is to become an entrepreneur	1.35	.420	1.05	.224
I wish to start my business in the next five years	1.70	.318		.318
I prefer to be an entrepreneur than to be an employee in a company	1.23	.321	1.03	.197
I will start my business in the next ten years	1.96	.109	1.21	.320
I have thought seriously to start my own business after completing my study	1.19	.318	1.02	.219
I am prepared to do anything to be an entrepreneur	1.22	.322	1.06	.229
I want to be my own boss	2.29	.620	1.15	.165
I have a strong intention to start a business someday	2.25	.589	1.22	.322

It can be noted from Table 5.5 that both groups of students have a low entrepreneurial intention. However, high school students have a lower entrepreneurial intention compared to the university students.

The results indicated a low level of entrepreneurial intention amongst university and high school students in South Africa. Since the two sets of students form the bulk of the youths in South Africa, the results implied a low level of entrepreneurial intention of South African youths.

This suggests that most youths prefer to work for private firms and government establishments. This is one of the reasons for the low TEA rate in South Africa as pointed out by Herrington *et al.*, (2009). The results are consistent with the findings of similar studies such as Frank *et al.* (2005), Choo and Wong (2009) and Pihie (2009:340).



5.3.2.2 Demographic factors and entrepreneurial intentions

University of Fort Hare
Together in Excellence

This section examined if there are any differences in demographic variables and entrepreneurial intentions of university students and high school students. For two variables such as gender and educational qualifications, the t-test was used. ANOVA was used when the variables were more than two.

Table 5.6 ANOVA of age and entrepreneurial intention

Age	Mean	Mean square	F	Sig.
University				
Below 24	1.74	0.259	0.525	0.638
25 -29	1.62	0.341		
30 -34	1.60			
High school				
Below 24	1.88	0.128	0.473	0.422
25 -29	1.27	0.293		
30 -34	1.34			

The results of the ANOVA ($F = 0.525$, $Sig = 0.638$) for university students and ($F = 0.473$, $Sig = 0.422$) indicated that there are no significant differences in entrepreneurial intention of the two sets of respondents when grouped by age.

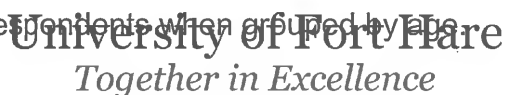


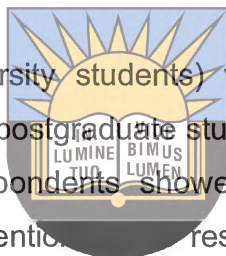
Table 5.7 Independent samples t-test of gender and entrepreneurial intention

Gender	Mean	t	df.	Sig. (2-tailed)
University				
Male	1.325	1.183	245.522	0.352
Female	1.745			
High school				
Male	1.623	1.128	234.116	0.265
Female	1.554			

The results of the t-test ($t = 1.1183$, $p = 0.352$) for university respondents and ($t = 1.128$, $p = 0.265$) for high school students show that there are no significant differences in the entrepreneurial intention of the two sets of respondents based on gender.

Table 5.8 Independent samples t-test of educational qualification and entrepreneurial intention.

Educational qualification	Mean	t	df.	Sig. (2-tailed)
University students		1.294	126.208	0.424
Undergraduate	1.273			
Postgraduate	1.009			



Educational qualification (only university students) was asked to determine if the respondent was an undergraduate or postgraduate student. The results of the t-test ($t = 1.294$, $P = 0.424$) for university respondents showed that there are no significant differences in the entrepreneurial intention of respondents based on educational qualifications.


University of Fort Hare
Together in Excellence

Table 5.9 ANOVA of faculty and entrepreneurial intention

Age	Mean	Mean square	F	Sig.
University students		0.349	0.525	0.04
Science and Agriculture	1.347	0.361		
Education	1.270			
Social science and Humanities	1.633			
Management and commerce	2.655			
Law	1.840			

The ANOVA of faculty and entrepreneurial intention is for university respondents only. The results of the ANOVA ($F=0.525$, $P= 0.04$) indicated that there are significant differences in the mean score of the respondents based on faculty. Faculty of management had the highest mean of (2.655) while the other faculties had very low means. Due to that, the overall mean score for all the faculties combined resulted in a low mean score of (1.7). When the results of an ANOVA reveal a significant difference, the researcher needs to go further and determine using a Tukey HSD test, where the significance lies.

Table 5.10 Tukey HSD test for the differences in the entrepreneurial intention with respect to faculty



Faculties	Sig
Science and Agriculture	0.214
Education	0.139
Social science and Humanities	0.286
Management and Commerce	0.036
Law	0.121

The results of the Tukey HSD test revealed that the significant difference is with the mean scores of the respondents in the Faculty of Management and Commerce. The results imply that students in the Faculty of Management and Commerce have a higher level of entrepreneurial intention compared to students from other faculties.

5.3.3 Question 6 Intentions to start own business after school

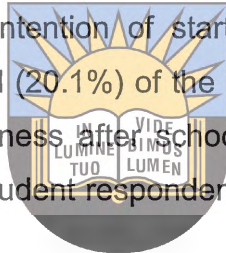
The control question used to measure entrepreneurial intention as related to triggers and barriers was 'Do you intend to start your own business when you leave school?'. A 'Yes' answer was used to determine triggers and a 'No' answer was used to determine barriers. If the answer was 'Yes', the respondents were asked for the triggers and if the answer was 'No', the respondents were asked for the barriers (refer to the question 6 of

the questionnaire for university students and question 4 of the questionnaire for high school students).

Table 5.11 The intention of starting own business after school

	Yes	No
University students	23.80	76.20
High school students	20.10	79.90

Table 5.11 show the respondents' intention of starting own business after school. (23.8%) of the university students and (20.1%) of the high school respondents showed an interest in starting their own business after school while (76.2%) and (79.9%) of university students and high school student respondents respectively do not have such intention.



University of Fort Hare

Together in Excellence

The following question was for those who indicated a positive interest towards owning a business after school to indicate what it is that triggers their intention. This was necessitated by the need to identify the perceived triggers towards entrepreneurship within the nascent entrepreneurs (students).

5.3.4 Triggers of entrepreneurial intention

This section examined the triggers to entrepreneurial intention by university and high school students. (refer to the question 7 of the questionnaire for university students and question 5 of the questionnaire for high school students). Table 5.12 presents the means and standard deviations of the triggers of entrepreneurial intention by university and high school students.

Table 5.12 Perceived triggers to entrepreneurial intention

Items	University		High school	
	Mean	Standard deviation	Mean	Standard deviation
To take advantage of my creative talent	3.28	0.951	3.53	0.774
To use the skill learned at school	3.46	0.739	2.96	0.801
For my own satisfaction and growth	3.22	0.834	3.20	0.855
To provide employment	4.92	0.877	4.80	0.967
To challenge myself	2.04	0.625	1.23	0.761
To be my own boss	4.48	0.921	3.75	0.943
To provide job security	3.96	0.865	3.89	0.658
To earn a reasonable living	4.54	0.951	4.29	0.937
I enjoy taking risks	4.13	0.717	3.62	0.739
To enjoy myself	1.39	0.762	1.41	0.734
Entrepreneurial family culture	1.42	0.709	1.44	0.822
Availability of support for potential entrepreneurs	3.23	0.620	1.35	0.511
To follow the example of someone I admire	1.36	0.881	1.32	0.799
To invest personal savings	4.44	0.662	3.95	0.438
To increase my prestige and status	3.28	0.738	1.24	0.672
Existence of opportunities in the market	3.87	0.981	2.89	0.730
To support my family	1.27	0.811	1.22	0.698
To have personal freedom	3.04	0.812	3.00	0.654
Good economic environment	3.55	0.740	3.31	0.701
To realise my dream	3.77	0.866	3.52	0.827

The results for university students indicated that to provide employment (4.92), to earn a reasonable living (4.54) and to be my own boss (4.48) had the highest means, while to support my family (1.27), to follow the example of someone I admire (1.36) and to enjoy

myself (1.39) had the lowest means. For high school students, to provide employment (4.80), to earn a reasonable living (4.29) and to invest personal savings (3.95) had the highest means while to support myself (1.22), to challenge myself (1.23) and to increase my prestige and status (1.24) had the lowest means. The results indicated that to provide employment is the most important trigger of entrepreneurial intention by university and high school students. This is understandable in the light of high youth unemployment in South Africa.

5.3.4.1 Principal component analysis of trigger variables

The principal component analysis was used for data reduction and secondly for the detection of structure (underlying dimensions) in the set of both the trigger and the barrier variables. Questionnaire items with factor loading lower than 0.300 were removed as suggested by Leech, Barrett and Morgan (2005: 13). The results of the principal component analysis are presented from section A to C.

A. BTS AND KMO

University of Fort Hare

Together in Excellence

To ensure the use of factor analysis, the Barlett Test of Sphericity (BTS) and Kaiser-Meyer-Olkin (KMO) test of appropriateness were carried out accordingly. The results for both university students and high school students are presented in table 5.13.

Table 5.13 KMO and BTS

Variables	University students	High school students
KMO	0.852	0.722
BTS	430.625	530.653
Sig.	0.002	0.001

Sig at 0.05 (2- tailed)

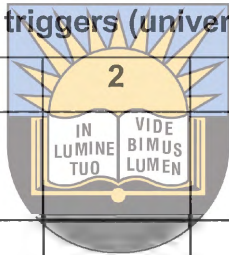
The results (BTS=430.625; sig. = 0.002 for university students) and (BTS = 530.653; sig. = 0.001 for high school students) indicated that the data were appropriate for the purpose of factor analysis. Statistically, this meant that there exist relationships between the variables and that they can be appropriately included in the factor analysis. The

result of the KMO measure of sampling adequacy was 0.852 and 0.722 for university students and high school students. The results indicated that there are sufficient items for each factor. The two tests support the appropriateness of the principal component analysis technique.

B Rotated factor loadings for triggers

This section depicts the factor loadings for triggers for university students and high school students. Five factors were identified for the respondents.

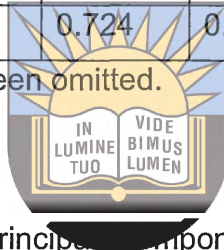
Table 5.14 Rotated factor matrix for triggers (university students)



Factors	1	2	3	4	5
To provide employment	0.92				
To earn a reasonable living	0.87				
To provide job security	0.79				
To invest personal savings	0.71				
To use the skill learned in school		0.69			
Availability of support for potential entrepreneurs		0.66			
Existence of opportunities in the market			0.82		
Good economic environment			0.69		
To take advantage of my creative talent			0.57		
I enjoy taking risks				0.76	
To challenge myself				0.72	
To be my own boss				0.67	
To realise my dream				0.61	

For my own satisfaction and growth				0.54	
To have personal freedom					0.77
To increase my prestige and status					0.52
Eigenvalue	14.65	7.98	4.26	3.22	2.17
Percentage of variance explained	38.26	16.71	11.51	6.74	4.98
Cronbach's apha	0.821	0.724	0.810	0.807	0.784

Factor loading less than 0.300 have been omitted.



C Total variance explained

According to the results of the principal component analysis, five factors with Eigenvalues greater than one account for 76.40% of the total variance. The five factors were further explained by the rotation sum of squares after Varimax rotation. According to the rules of factor analysis, only factors that have Eigenvalues greater than one should be retained. In addition, the higher the percentage of total variance, the greater the contribution of the factor. Four items namely entrepreneurial family culture, to enjoy myself, to follow the example of someone that I admire and to support my family had factor loadings lower than 0.300 and were removed. The factor analysis therefore resulted in the reduction of the twenty item questionnaire to sixteen items and five underlying factors for university students.

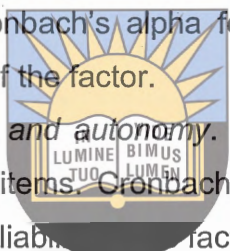
- **University students**

The five factors for triggers for university students are presented below in order of importance as indicated by their contribution to the percentage of total variance.

- ❖ Factor one was *extrinsic rewards*. The Eigenvalue for the factor is 14.65. The factor includes three items. This is the most important factor according to the

factor analysis. Cronbach's alpha for the factor yielded a value of 0.821, indicating the reliability of the factor.

- ❖ Factor two was *capital*. The Eigenvalue for the factor is 7.98. The factor includes three items. Cronbach's alpha for the factor yielded a value of 0.724, indicating the reliability of the factor.
- ❖ Factor three was *market opportunities*. The Eigenvalue for the factor is 4.26. The factor includes three items. Cronbach's alpha for the factor yielded a value of 0.810, indicating the reliability of the factor.
- ❖ Factor four was *intrinsic rewards*. The Eigenvalue for the factor is 3.22. The factor includes five items. Cronbach's alpha for the factor yielded a value of 0.807, indicating the reliability of the factor.
- ❖ Factor five was *independence and autonomy*. The Eigenvalue for the factor is 2.17. The factor includes two items. Cronbach's alpha for the factor yielded a value of 0.784, indicating the reliability of the factor.



University of Fort Hare

Table 5.15 Rotated factor matrix (high school students)

Factors	1	2	3	4	5
To provide employment	0.976				
To earn a reasonable living	0.923				
To provide job security	0.811				
To be my own boss		0.715			
I enjoy taking risks		0.566			
To take advantage of my creative talent		0.541			
To invest personal savings			0.795		
To use the skill learned in the high school			0.614		
For my own satisfaction and growth				0.649	
To have personal freedom				0.582	

To realise my dream				0.525	
Existence of opportunities in the market					0.602
Good economic environment					0.566
Eigenvalue	15.001	4.310	2.205	1.348	1.453
Percentage of variance explained	41.23	21.78	9.05	6.79	4.81
Cronbach's alpha	0.865	0.822	0.796	0.753	0.741

Factor loading less than 0.300 have been omitted.



Total variance explained

According to the results of the principal component as indicated above, five factors with Eigenvalues greater than one account for 66% of the total variance. The five factors are further explained by the rotation sum of squares after Varimax rotation. Seven items namely to enjoy myself, to challenge oneself, availability of support, to follow examples of someone I admire, to increase my prestige and status, entrepreneurial family culture and to support my family were removed because they had factor loadings lower than 0.300. The factor analysis therefore resulted in the reduction of the twenty item questionnaire to thirteen items and five underlying factors for high school students.

- **High school students**

The five factors for triggers for high school students are presented below in order of importance as indicated by their contribution to the percentage of total variance.

- ❖ Factor one was *extrinsic rewards*. The Eigenvalue for the factor is 15.001. The factor includes three items. This is the most important factor according to the factor analysis. Cronbach's alpha for the factor yielded a value of 0.865, indicating the reliability of the factor.

- ❖ Factor two was *intrinsic rewards*. The Eigenvalue for the factor is 4.310. The factor includes three items. Cronbach's alpha for the factor yielded a value of 0.822, indicating the reliability of the factor.
- ❖ Factor three was *capital*. The Eigenvalue for the factor is 2.205. The factor includes two items. Cronbach's alpha for the factor yielded a value of 0.796, indicating the reliability of the factor.
- ❖ Factor four was *independence and autonomy*. The Eigenvalue for the factor is 1.348. The factor includes three items. Cronbach's alpha for the factor yielded a value of 0.753, indicating the reliability of the factor.
- ❖ Factor five was *market*. The Eigenvalue of the factor is 1.453. The factor includes two items. Cronbach's alpha for the factor yielded a value of 0.741, indicating the reliability of the factor.

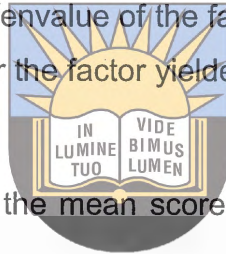


Table 5.16 depicts the differences in the mean scores of university students and high school students.

University of Fort Hare
Together in Excellence

Table 5.16 T-test for the differences in the mean scores of university students and high school students

Factor	Scale means for university	Scale means for high school	t-test significance
Extrinsic reward	4.47	4.32	0.19
Capital	3.71	3.45	0.22
Market	3.57	3.10	0.24
Intrinsic	3.53	3.63	0.51
Autonomy and Independence	3.16	3.24	0.31

Sig. At 0.05 (2-tailed)

The results indicated that there are no significant differences in the scale means of both university and high school students with regard to the five factors.

B. Correlation

The Pearson correlation was used to test for the direction and strength of relationship between entrepreneurial intentions and trigger variables. Table 5.17 below presents the results of the correlation.

Table 5.17 Pearson’s correlation between trigger variables and entrepreneurial intention

Factor	University students		High school students	
	R	p-value	R	p-value
Extrinsic rewards	0.846	0.01	0.824	0.02
Market opportunities	0.779	0.01	0.612	0.01
Intrinsic rewards	0.746	0.04	0.767	0.02
Independence and autonomy	0.697	0.02	0.699	0.01
Capital	0.629	0.01	0.612	0.01

Sig. 0.05 (2-tailed)

Together in Excellence

- **Extrinsic rewards**

The scale means of extrinsic rewards for university students and high school students are 4.47 and 4.32 respectively. The five point Likert scale was used and three is the midpoint. The mean scores indicated that there is a relationship between extrinsic rewards and entrepreneurial intention for both university and high school students. The significance of the relationships was tested through the Pearson’s correlation (R = 0.846, p-value = 0.01) for university students and (R= 0.824, p-value = 0.02) for high school students. The results indicated that there is a significant positive relationship between extrinsic rewards and entrepreneurial intention for both university students and high school students. The t- test shows an insignificant difference in the mean scores of the two sets of respondents.

The null hypothesis that there is no significant relationship between extrinsic rewards and youth entrepreneurial intention for both university and high school students is rejected.

The findings are consistent with findings of Choo and Wong (2009:50) who also identified youth entrepreneurial intention as being motivated by extrinsic rewards.

- **Market opportunities**

The scale means of market opportunities for university students and high school students are 3.57 and 3.10 respectively. The mean scores indicated that there is a relationship between market opportunities and entrepreneurial intention for both university students and high school students. The Pearson's correlation results are: University students ($R = 0.779$, $p\text{-value} = 0.01$) for university students and ($R = 0.612$, $p\text{-value} = 0.01$) for high school students. The results indicated that there is a significant positive relationship between market opportunities and entrepreneurial intention for university students and for high school students. The t-test shows an insignificant difference in the mean scores of the two sets of respondents.

The null hypothesis that there is no significant relationship between market opportunities and youth entrepreneurial intention for university students and high school students is rejected.

This is consistent with findings by Volery *et al.* (1997) as cited in Choo, and Wong (2009: 52) who stated that market opportunity, is a trigger resulting from the conjunction of two variables, an opportunity identified in the market place together with positive economic indicators. According to Volery *et al.* (1997) in Choo and Wong (2009: 52), opportunity itself is not sufficient because there also needs to be a good environment in order for the intention to set up a business enterprise to materialise.

- **Intrinsic rewards**

The scale means of intrinsic rewards for university students and high school students are 3.53 and 3.63 respectively. The mean scores indicated that there is a relationship between intrinsic rewards and entrepreneurial intention for both university and high school students. The Pearson's correlation results are: University students ($R = 0.746$, $p\text{-value} = 0.04$) and ($R = 0.767$, $p\text{-value} = 0.02$) for high school students. The results indicated that there is a significant positive relationship between intrinsic rewards and entrepreneurial intention for both university students and high school students. The t-test shows an insignificant difference in the mean scores of the two sets of respondents.

The null hypothesis that there is no significant relationship between intrinsic rewards and youth entrepreneurial intention for both university and high school students is rejected.



Choo and Wong (2009:53) also found out in their study in Singapore that entrepreneurs are influenced by the need for intrinsic rewards (that is, psychological rewards that centre around the satisfaction of being one's own boss, being more in control of one's own destiny or having ultimate responsibility for the success of the venture).

- **Independence and autonomy**

The scale means of independence and autonomy for university students and high school students are 3.16 and 3.24 respectively. The mean scores indicated that there is a relationship between independence/autonomy and entrepreneurial intention for both university and high school students. The Pearson's correlation results are: University students ($R = 0.697$, $p\text{-value} = 0.02$) and ($R = 0.699$, $p\text{-value} = 0.01$) for high school students. The results indicated that there is a significant positive relationship between independence/autonomy and entrepreneurial intention for both university students and high school students. The t-test shows an insignificant difference in the mean scores of the two sets of respondents.

The null hypothesis that there is no significant relationship between independence/autonomy and youth entrepreneurial intention for both university and high school students is rejected.

Singaporean entrepreneurs were also identified as influenced by the need for independence/ autonomy (which include the desire to be one's own boss, have an interesting job, make one's own hours, work at a location of one's choice, take advantage of a market opportunity, and create one's own job) as discovered in a study by Choo and Wong (2009:55).

- **Capital**



The scale means of the availability of capital for university students and high school students are 3.71 and 3.45 respectively. The mean scores indicated that there is a relationship between the availability of capital and entrepreneurial intention both university students and high school students. The Pearson's correlation results are: University students ($R = 0.629$, $p\text{-value} = 0.04$) for university students and ($R = 0.710$, $p\text{-value} = 0.01$) for high school students. The results indicated that there is a significant positive relationship between the availability of capital and entrepreneurial intention for university students and for high school students. The t- test shows an insignificant difference in the mean scores of the two sets of respondents.

The null hypothesis that there is no significant relationship between the availability of capital and youth entrepreneurial intention for university students and for high school students is rejected.

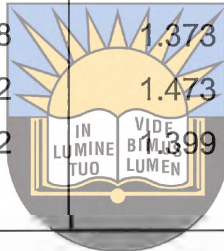
The findings are consistent with Hussain *et al.* (2006: 587) and Agupusi (2007) that capital plays a major role in influencing entrepreneurial intention, the absence of which would create a barrier to entrepreneurial intentionality.

5.3.4.2 Demographic variables and trigger factors compared

Tables 5.18 and 5.19 present a comparison between the demographic variables and the five trigger factors.

Table 5.18 ANOVA of age, faculty and the trigger factors

Factors	Age		Faculty	
	F	Sig.	F	Sig.
Capital	1.837	0.192	1.737	0.337
Skill	1.822	0.218	1.874	0.282
Support	1.399	0.318	1.373	0.381
Market	1.729	0.482	1.473	0.333
Risk	1.472	0.392	1.399	0.218



University of Fort Hare
Together in Excellence

Table 5.19 Independent samples t-test of gender, educational qualification and the trigger factors

Factors	Gender		Educational qualification	
	t	Sig. (2 tailed)	t	Sig. (2 tailed)
Capital	1.589	0.291	1.920	0.393
Skill	1.983	0.921	1.527	0.282
Support	1.589	0.363	1.392	0.393
Market	1.938	0.382	1.793	0.281
Risk	1.478	0.538	1.493	0.417

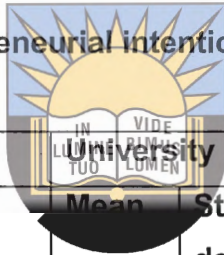
The results of the ANOVA and the t-test as depicted in tables 5.18 and 5.19 indicated that there are no significant differences between the demographic and the five trigger factors.

5.3.5 Barriers to entrepreneurial intention

- **Descriptive statistics for barrier variables**

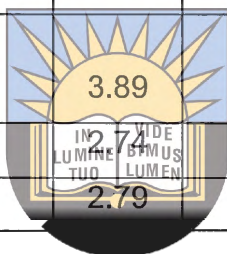
Table 5.20 presents the descriptive statistics for barrier variables. Only the results of the means and standard deviations are presented.

Table 5.20 Barriers to youth entrepreneurial intention



Items	University		High school	
	Mean	Standard deviation	Mean	Standard deviation
Lack of information	4.61	0.936	4.14	0.911
Lack of skills	3.41	0.904	3.79	0.987
Difficult bank finance	4.70	0.874	4.20	0.868
Can't write business plan	4.23	0.923	3.89	0.888
No family member did it	2.05	0.670	1.06	0.523
Fear of crime	4.89	0.884	4.51	0.914
No opportunity in the market	3.66	0.710	3.63	0.605
Future uncertainty	2.08	0.629	3.04	0.664
Repaying school loans	3.83	0.836	1.03	0.552
Right partner difficulty	1.02	0.555	1.79	0.525
Weak economic environment	3.44	0.634	3.36	0.603
Lack of funding information	4.31	0.799	3.78	0.671
Lack of savings	4.90	0.961	4.79	0.834
Lack of family and friends support	3.33	0.737	1.98	0.673
Lack of collateral	4.75	0.862	3.79	0.775

No one helping	1.79	0.639	2.03	0.625
Lack of business experience	4.39	0.884	3.72	0.894
Fear of risk	2.58	0.718	3.66	0.922
No people encouraging	1.93	0.680	2.55	0.793
No management and entrepreneurial knowledge	3.57	0.816	3.68	0.980
High registration costs	3.36	0.611	3.44	0.733
Don't have a good idea	3.75	0.847	4.96	0.918
Don't have the right contacts	3.50	0.810	3.81	0.771
Not the right time for me, want to do other things first	3.89	0.648	4.20	0.982
I am too young	2.74	0.542	3.98	0.621
Involves too much work and effort	2.79	0.533	3.44	0.658



The results for the university students revealed that lack of savings (4.90), fear of crime (4.89) and lack of collateral (4.75) had the highest means while right partner difficulty (1.02), no one helping (1.79) and no people encouraging (1.93) had the lowest means. For high school students, do not have a good idea (4.96), lack of savings (4.79) and fear of crime (4.51) had the highest means while repaying school loans (1.03), no family member did it (1.06) and right partner difficulty (1.79) had the lowest means.

- **Principal component analysis of barrier variables**

This section will present the results of the principal component analysis for the barrier variables.

A) BTS AND KMO

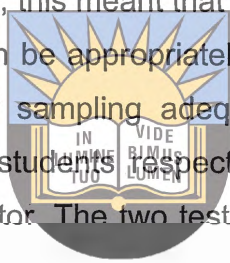
For factor analysis to be used, the BTS and KMO test of appropriateness were carried out accordingly. The results for both university students and high school students are presented in table 5.21

Table 5.21 BTS AND KMO

Variables	University students	High school students
KMO	0.866	0.805
BTS	422.860	508.213
Sig.	0.001	0.003

Sig at 0.05 (2- tailed)

The results (BTS=422.860; sig. = 0.001 for university students) and (BTS = 508.213; sig. = 0.003 for high school students) indicated that the data were appropriate for the purpose of factor analysis. Statistically, this meant that there exist relationships between the barrier variables and that they can be appropriately included in the factor analysis. The result of the KMO measure of sampling adequacy was 0.866 and 0.805 for university students and high school students respectively. The results indicated that there are sufficient items for each factor. The two tests support the appropriateness of the factor analysis technique.



University of Fort Hare
Together in Excellence

Table 5.22 Rotated factor matrix for barriers (university students)

Factors	1	2	3	4	5
Lack of savings	0.91				
Lack of collateral	0.85				
Difficulty in obtaining bank finance	0.71				
Repaying school loans	0.64				
High registration costs	0.52				
Lack of information		0.89			
Lack of business experience		0.82			
Can't write business plan		0.71			
No management and entrepreneurial knowledge		0.64			

Don't have a good idea		0.61			
Lack of skills		0.57			
Lack of funding information			0.79		
Don't have the right contacts			0.64		
Lack of family and friends support			0.61		
No opportunity in the market				0.64	
Weak economic environment				0.51	
Fear of crime					0.87
Not the right time for me, want to do other things first					0.68
Involves too much work and effort					0.63
Fear of risk					0.59
Future uncertainty					0.55
I am too young					0.51
Eigenvalue	16.76	9.49	6.26	4.38	3.50
Percentage of variance explained	41.02	15.07	12.70	8.38	4.51
Cronbach's alpha	0.861	0.730	0.711	0.807	0.820

Factor loading less than 0.300 have been omitted.

B Total variance explained

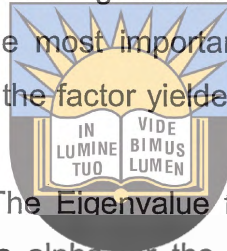
According to the results of the principal component as indicated above, five factors with Eigenvalues greater than one account for (81.68%) of the total variance. The five factors are further explained by the rotation sum of squares after Varimax rotation. Questionnaire items with factor loading lower than 0.300 were removed. Four items

namely nobody in my family has ever gone into personal business, problems in finding the right partner, no one to turn to for help and convincing others that it is a good idea were removed. The factor analysis therefore resulted in the reduction of the twenty six item questionnaire to twenty two item and five underlying factors for university students.

- **University students**

The five factors for barriers for university students are presented below in order of importance as indicated by their contribution to the percentage of total variance.

- ❖ Factor one was *lack of capital*. The Eigenvalue for the factor is 16.76. The factor includes five items. This is the most important factor according to the factor analysis. Cronbach's alpha for the factor yielded a value of 0.861, indicating the reliability of the factor.
- ❖ Factor two was *lack of skill*. The Eigenvalue for the factor is 9.49. The factor includes six items. Cronbach's alpha for the factor yielded a value of 0.730, indicating the reliability of the factor.
- ❖ Factor three was *lack of support*. The Eigenvalue for the factor is 6.26. The factor includes three items. Cronbach's alpha for the factor yielded a value of 0.711, indicating the reliability of the factor.
- ❖ Factor four was *lack of market opportunities*. The Eigenvalue for the factor is 4.38. The factor includes two items. Cronbach's alpha for the factor yielded a value of 0.807, indicating the reliability of the factor.
- ❖ Factor five was *risk*. The Eigenvalue for the factor is 3.50. The factor includes six items. Cronbach's alpha for the factor yielded a value of 0.820, indicating the reliability of the factor.



University of Fort Hare
Together in Excellence

Table 5.23 Rotated factor matrix for barriers (high school students)

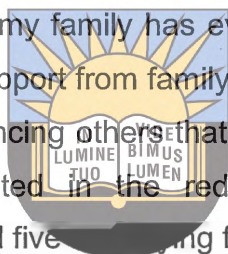
Factors	1	2	3	4	5
Lack of savings	0.98				
Lack of collateral	0.71				
Difficult bank finance	0.67				
High registration costs	0.51				
Don't have a good idea		0.81			
Can't write business plan		0.79			
Lack of skills		0.76			
Lack of business experience		0.72			
No management and entrepreneurial knowledge		0.61			
Lack of information		0.55			
Not the right time for me, want to do other things first			0.78		
Fear of crime			0.73		
I am too young			0.69		
Fear of risk			0.62		
Involves too much work and effort			0.55		
Future uncertainty			0.53		
Don't have the right contacts				0.72	
Lack of funding information				0.65	
No opportunity in the market					0.74
Weak economic environment					0.65
Eigenvalue	15.223	4.502	2.926	2.774	2.971

Percentage of variance explained	32.23	12.81	15.06	14.91	12.04
Cronbach's alpha	0.844	0.812	0.807	0.792	0.518

Factor loading less than 0.300 have been omitted.

Total variance explained

According to the results of the principal component analysis as indicated above, five factors with Eigenvalues greater than one account for (87.05%) of the total variance. The five factors are further explained by the rotation sum of squares after Varimax rotation. Six items namely nobody in my family has ever gone into personal business, need to repay school loans, lack of support from family and friends, no one to turn to for help, right partner difficulty and convincing others that it is a good idea were removed. The factor analysis therefore resulted in the reduction of the twenty six item questionnaire to twenty items item and five rotating factors for high school students.



• High school students **University of Fort Hare** *Together in Excellence*

The five factors for barriers for high school students are presented below in order of importance as indicated by their contribution to the percentage of total variance.

- ❖ Factor one was *lack of capital*. The Eigenvalue for the factor is 15.223. The factor includes four items. This is the most important factor according to the factor analysis. Cronbach's alpha for the factor yielded a value of 0.844, indicating the reliability of the factor.
- ❖ Factor two was *lack of skill*. The Eigenvalue for the factor is 4.502. The factor includes six items. Cronbach's alpha for the factor yielded a value of 0.812, indicating the reliability of the factor.
- ❖ Factor three was *risk*. The Eigenvalue for the factor is 2.926. The factor includes six items. Cronbach's alpha for the factor yielded a value of 0.807, indicating the reliability of the factor.

- ❖ Factor four was *lack of support*. The Eigenvalue for the factor is 2.774. The factor includes two items. Cronbach's alpha for the factor yielded a value of 0.792, indicating the reliability of the factor.
- ❖ Factor five was *lack of market opportunities*. The Eigenvalue of the factor is 2.971. The factor includes two items. Cronbach's alpha for the factor yielded a value of 0.518, indicating the reliability of the factor.

The next section will test the differences in the mean scores of university students and high school students. The t-test would be used to test the significance of the differences in respect of the underlying five factors.

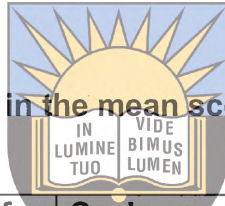


Table 5.24 T-test for the differences in the mean scores of university students and high school students

Factor	Scale means for university	Scale means for high school	t-test significance
Capital	4.31	4.05	0.15
Skill	3.99	4.03	0.12
Support	3.71	3.80	0.31
Market	3.55	3.50	0.42
Risk	3.16	3.81	0.11

Table 5.24 depicts the results of the t-test for differences in the scale means of university and high school students with respect to the importance attached to underlying factors which influence non entrepreneurial intention. Only the summary results are presented.

From the table, it can be noted that there are no significant differences in the scale means of both university and high school students with regard to all the five underlying factors. However, the fear of risk is more important for high school students as

compared to university students as shown by their scale means and ranking of factor loading. That being the case, the difference though is insignificant.

C Correlation

The Pearson correlation was used to test for the direction and strength of relationship between entrepreneurial intentions and barrier variables. Table 5.25 below presents results of the correlation.

Table 5.25 Pearson’s correlation between barrier variables and entrepreneurial intention

Factor	University students		High school students	
	r	p-value	r	p-value
Capital	0.876	0.01	0.822	0.01
Skill	0.733	0.02	0.627	0.03
Support	0.640	0.01	0.548	0.02
Market	0.612	0.03	0.719	0.04
Risk				

Sig. 0.05 (2-tailed)

- Capital**

The scale means of the availability of capital for university students and high school students are 4.31 and 4.05 respectively. The five point Likert scale was used and three is the midpoint. The mean scores indicated that there is a relationship between availability of capital and entrepreneurial intention for both university and high school students. The significance of the relationships was tested through the Pearson’s correlation (R = 0.876, p-value = 0.01) for university students and (R= 0.822, p-value = 0.01) for high school students. The results indicated that there is a significant positive relationship between availability of capital and entrepreneurial intention for both

university students and high school students. The t-test shows an insignificant difference in the mean scores of the two sets of respondents.

The null hypothesis that there is no significant relationship between lack of capital and lack of youth entrepreneurial intention for both university and high school students is rejected.

Martins, Couchi, Parat, Fedderico, Doneddu and Salmon (2004) also identified a significant relationship between capital and entrepreneurial intention. The management of micro loans is very expensive, the transaction costs are high and the returns are low. The disfavoured people do not have bank credit and have several difficulties in getting loans because the risk for the banks is higher.



- **Skill**

The scale means of skill for university students and high school students are 3.99 and 4.03 respectively. The mean scores indicate that there is a relationship between skill and entrepreneurial intention for both university and high school students. The Pearson's correlation results are: University students ($R = 0.802$, $p\text{-value} = 0.01$) and ($R = 0.741$, $p\text{-value} = 0.03$) for high school students. The results indicated that there is a significant positive relationship between skill and entrepreneurial intention for both university students and high school students. The t-test shows an insignificant difference in the mean scores of the two sets of respondents.

The null hypothesis that there is no significant relationship between lack of skill and lack of youth entrepreneurial intention for both university and high school students is rejected.

The findings are consistent with the conclusions of Pihie (2009:344) that basic skill is necessary for an entrepreneur to have a greater chance of succeeding in their business, to recognize a market needs and to develop a product or service appropriate to satisfy these needs.

- **Support**

The scale means of the availability of support for university students and high school students are 3.71 and 3.79 respectively. The mean scores indicated that there is a relationship between support and entrepreneurial intention for both university and high school students. The Pearson's correlation results are: University students ($R = 0.733$, $p\text{-value} = 0.02$) and ($R = 0.627$, $p\text{-value} = 0.02$) for high school students. The results indicated that there is a significant positive relationship between support and entrepreneurial intention for both university students and high school students. The t-test shows an insignificant difference in the mean scores of the two sets of respondents.

The null hypothesis that there is no significant relationship between lack of support and lack of youth entrepreneurial intention for both university and high school students is rejected.



The results are consistent with the findings of Goel and Vohra (2005:4) that support from family and friends as well as society influences entrepreneurial activity.

University of Fort Hare
Together in Excellence

- **Market**

The scale means of the existence of market opportunities for university students and high school students are 3.55 and 3.50 respectively. The mean scores indicated that there is a relationship between market opportunities and entrepreneurial intention for both university and high school students. The Pearson's correlation results are: University students ($R = 0.640$, $p\text{-value} = 0.01$) and ($R = 0.548$, $p\text{-value} = 0.02$) for high school students. The results indicated that there is a significant positive relationship between market opportunities and entrepreneurial intention for both university students and high school students. The t-test shows an insignificant difference in the mean scores of the two sets of respondents.

The null hypothesis that there is no significant relationship between lack of market opportunities and lack of youth entrepreneurial intention for both university and high school students is rejected.

In a study by Robertson *et al.* (2003:311) in the United Kingdom, respondents showed that they did not start up their own business because they did not have a business idea or market opportunity which they perceived to be vital.

- **Risk**

The scale means of risk for university students and high school students are 3.16 and 3.81 respectively. The mean scores indicated that there is a relationship between risk and entrepreneurial intention for both university and high school students. The Pearson's correlation results are: University students ($R = 0.612$, $p\text{-value} = 0.03$) and high school students ($R = 0.719$, $p\text{-value} = 0.04$). The results indicated that there is a significant positive relationship between risk and entrepreneurial intention for both university students and high school students. The t-test shows an insignificant difference in the mean scores of the two sets of respondents.

The null hypothesis that there is no significant relationship between risk and lack of youth entrepreneurial intention for both university and high school students is rejected.

The fear of failure is a barrier that still remains implanted in many potential entrepreneurs because the social consequences of failure are severe. Since firm entry involves considerable risk, with survival chances that are difficult to assess, many potential entrepreneurs are discouraged from entry (Martins *et al.*, 2004).

5.3.6 Summary of findings

- **Primary hypothesis**

The main hypothesis was to investigate the relationship between triggers and barriers variables and entrepreneurial intention. The summary of the results is presented in table 5.26.

Table 5.26 Summary of the correlation results for the primary hypothesis

	Triggers		Barriers	
	R	p-value	R	p-value
Entrepreneurial intention (university students)	0.852	0.00	0.769	0.02
Entrepreneurial intention (High school students)	0.797	0.01	0.845	0.01

Sig. 0.05 (2-tailed)

The results indicated a significant positive relationship between the triggers and barriers and youth entrepreneurial intention. Therefore, the null hypothesis that there are no significant relationships between the trigger and barrier factors and youth entrepreneurial intention is rejected for both university students and high school students. The findings are further supported by the results of the secondary hypotheses as evidenced in Table 5.27.

Table 5.27 Summary of hypotheses and results

Null hypotheses	University	High school
Triggers		
H1 ₀ : There is no significant relationship between extrinsic rewards and youth entrepreneurial intention.	Rejected	Rejected
H2 ₀ : There is no significant relationship between intrinsic rewards and youth entrepreneurial intention.	Rejected	Rejected
H3 ₀ : There is no significant relationship between independence/autonomy and youth entrepreneurial intention.	Rejected	Rejected
H4 ₀ : There is no significant relationship between market opportunities and youth entrepreneurial intention.	Rejected	Rejected
H5 ₀ : There is no significant relationship between the availability of capital and youth entrepreneurial intention.	Rejected	Rejected
Barriers		
H1 ₀ : There is no significant relationship between lack of capital and lack of youth entrepreneurial intention.	Rejected	Rejected
H2 ₀ : There is no significant relationship between	Rejected	Rejected



University of Fort Hare

lack of skill and lack of youth entrepreneurial intention.		
H3 ₀ : There is no significant relationship between lack of support and lack of youth entrepreneurial intention.	Rejected	Rejected
H4 ₀ : There is no significant relationship between lack of market opportunities and lack of youth entrepreneurial intention.	Rejected	Rejected
H5 ₀ : There is no significant relationship between risk and lack of youth entrepreneurial intention.	Rejected	Rejected



University of Fort Hare
Together in Excellence

5.3.7 Demographic variables and barrier factors compared

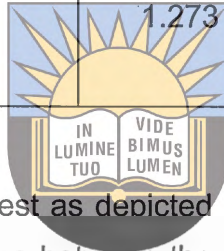
Tables 5.28 and 5.29 present a comparison between the demographic variables and the five barrier factors.

Table 5.28 ANOVA of age, faculty and the barrier factors

Factors	Age		Faculty	
	F	Sig.	F	Sig.
Capital	1.873	0.231	1.291	0.483
Skill	1.390	0.463	1.484	0.525
Support	1.210	0.261	1.436	0.488
Market	1.628	0.419	1.904	0.468
Risk	1.229	0.483	1.947	0.326

Table 5.29 Independent samples t-test of gender, educational qualification and the barrier factors

Factors	Gender		Educational qualification	
	t	Sig. (2 tailed)	t	Sig. (2 tailed)
Capital	1.552	0.177	1.948	0.483
Skill	1.735	0.381	1.482	0.329
Support	1.865	0.228	1.303	0.332
Market	1.462	0.282	1.377	0.254
Risk	1.320	0.162	1.273	0.482



The results of the ANOVA and the t-test as depicted in tables 5.28 and 5.29 indicated that there are no significant differences between the demographic and the five barrier factors.

University of Fort Hare
Together in Excellence

5.4 SUMMARY

Empirical findings of the study were presented in this chapter. The response rate for university students was 60.7% while that of high school students was 62.9%. The Koglomorov-Smirnov test was used to determine the normality of the data. The empirical findings on demographic variables were presented using figures and tables. The chapter also presented the empirical findings about the entrepreneurial intentions of youths. The results indicated low entrepreneurial intention for both university and high school students. In addition, the chapter presented the results of the triggers and barriers to youth entrepreneurial intention. The means for both high school and university students were calculated. Principal component analysis was also done for both groups. Five underlying factors each were identified for the triggers and the barriers. Pearson’s correlation revealed that there are significant positive relationships between all the trigger and barrier factors and entrepreneurial intention.

The next chapter will examine the conclusions and recommendations of the study. In addition, the achievement of the objectives of the study will be presented. Furthermore, the limitations of the study and areas for further study will be highlighted.



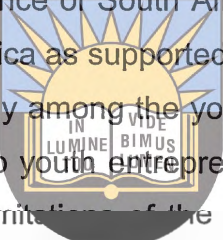
University of Fort Hare
Together in Excellence

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

This chapter concludes a study that was carried out to determine the perceived triggers and barriers to youth entrepreneurship using the youths from selected high schools and universities in the Eastern Cape Province of South Africa. Low youth entrepreneurship is a problem currently facing South Africa as supported by literature. In addition, there is a high rate of unemployment especially among the youths. Therefore, it is important to understand the triggers and barriers to youth entrepreneurial intention. A discussion of the findings and recommendations, limitations of the study and areas for future study will also be done in this chapter.



University of Fort Hare
Together in Excellence

The section below presents a brief summary of all the chapters in this study as well as the findings. The recommendations as well as the achievement of objectives will also be presented. In addition, the limitations of the study as well as areas for further study will be discussed. The final section will give the conclusion of the study.

6.2 SUMMARY OF STUDY

This study consists of six chapters. The following section will present the summary of the chapters.

6.2.1 Introduction to the study (Chapter One)

The current study aimed at investigating the triggers and barriers to youth entrepreneurship. The primary focus of this thesis was to determine the triggers and barriers to youth entrepreneurial intention using university and high school students as the case study. According to Herrington *et al.* (2009), the Total early-stage

Entrepreneurial Activity (TEA) rate for South African youth is low. In addition, youth unemployment is high. The research problems for the study were:

- What is the entrepreneurial intention of the youths in South Africa?
- What are the triggers to youth entrepreneurial intention in South Africa?
- What are the barriers to youth entrepreneurial intention in South Africa?

To obtain solutions to these problems, a review of the literature and development of hypotheses was essential. The primary research hypothesis for this study was:

H₀: There are no significant relationships between the trigger and barrier factors and youth entrepreneurial intention.

H_a: There are significant positive relationships between the trigger and barrier factors and youth entrepreneurial intention.



University of Fort Hare
Together in Excellence

The primary hypothesis was achieved through the following secondary hypotheses:

- **Triggers**

H1₀: There is no significant relationship between extrinsic rewards and youth entrepreneurial intention.

H1_a: There is a significant positive relationship between extrinsic rewards and youth entrepreneurial intention.

H2₀: There is no significant relationship between intrinsic rewards and youth entrepreneurial intention.

H2_a: There is a significant positive relationship between intrinsic rewards and youth entrepreneurial intention.

H3₀: There is no significant relationship between independence/autonomy and youth entrepreneurial intention.

H3_a: There is a significant positive relationship between independence/autonomy and youth entrepreneurial intention.

H4₀: There is no significant relationship between market opportunities and youth entrepreneurial intention.

H4_a: There is a significant positive relationship between market opportunities and youth entrepreneurial intention.

H5₀: There is no significant relationship between the availability of capital and youth entrepreneurial intention.

H5_a: There is a significant positive relationship between the availability of capital and youth entrepreneurial intention.



- **Barriers**

H1₀: There is no significant relationship between lack of capital and lack of youth entrepreneurial intention.

H1_a: There is a significant positive relationship between lack of capital and lack of youth entrepreneurial intention.

H2₀: There is no significant relationship between lack of skill and lack of youth entrepreneurial intention.

H2_a: There is a significant positive relationship between lack of skill and lack of youth entrepreneurial intention.

H3₀: There is no significant relationship between lack of support and lack of youth entrepreneurial intention.

H3_a: There is a significant positive relationship between lack of support and lack of youth entrepreneurial intention.

H4₀: There is no significant relationship between lack of market opportunities and lack of youth entrepreneurial intention.

H4_a: There is a significant positive relationship between lack of market opportunities and lack of youth entrepreneurial intention.

H5₀: There is no significant relationship between risk and lack of youth entrepreneurial intention.

H5_a: There is a significant positive relationship between risk and lack of youth entrepreneurial intention.

6.2.2 Entrepreneurship in South Africa (Chapter Two)

Chapter two of this study focused on entrepreneurship in South Africa. The chapter started by defining entrepreneurship and concluded that many definitions exist and no definition can be singled out as totally defining entrepreneurship. The chapter examined literature with respect to the importance of entrepreneurship in an economy. Entrepreneurs create new employment, eradicate poverty and income inequality, create global economic competition and result in economic growth and new wealth reinvestment in the country.

6.2.3 The triggers and barriers to youth entrepreneurial intention (Chapter Three)

Chapter three examined the literature in respect of the triggers and barriers to entrepreneurial intention. Literature review revealed that triggers factors include extrinsic reward, intrinsic reward, autonomy, capital and market opportunities. Barrier factors included lack of capital, risk, market, skills and support.

6.2.4 Research methodology (Chapter Four)

Chapter five of the study dealt with the research methodology. Aspects such as research designs, definitions and measurements, data collection methods, and data analysis were discussed in this chapter. The instrument which was used to collect data was self-administered questionnaires. After the data had been collected, it was coded into numerical values which could be read by statistical software using Ms Excel. The

analysis was then done by the Department of Statistics at the University of Fort Hare. Statistical analyses included descriptive statistics, t-test, ANOVA and principal component analysis. Reliability was tested using Cronbach's alpha.

6.2.5 Research findings (Chapter Five)

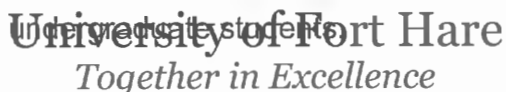
The research findings were presented following the questionnaire's structure which presented the questions in a sequential order.

6.2.5.1 Response rate

The response rate for university students was 60.7% and for high school students was 62.9%. The mean response rate was 61.7%.

6.2.5.2 Demographics

Majority of the respondents for both university and high school students were within the below 24 age range. For both sets of respondents, males dominated. Most of the university respondents were undergraduate students.



6.2.5.3 Measure of entrepreneurial intention

The question was necessitated by the need to identify the intentions of students as they leave school as well as to see if it explains low youth entrepreneurship in this country. **The results indicated a low entrepreneurial intention for both high school and university students.**

6.2.5.4 Intentions to start own business after school

This was a control question asked so as to determine those who were to respond to the question on triggers and those to respond to that of barriers. Majority of respondents did not have any intentions. The respondents with entrepreneurial intention answered the trigger part of the questionnaire while the respondents without entrepreneurial intention answered the barrier part of the questionnaire.

6.2.5.5 Triggers of youth entrepreneurial intention

The five trigger factors as determined by the principal component analysis were investigated to determine their influence towards youth entrepreneurial intention. Five secondary hypotheses were developed. Pearson correlation was used to determine the significance of the relationships. The findings were as follows:

- The null hypothesis that there is no significant relationship between extrinsic rewards and youth entrepreneurial intention for both university and high school students is rejected.
- The null hypothesis that there is no significant relationship between market opportunities and youth entrepreneurial intention for university students and for high school students is rejected.
- The null hypothesis that there is no significant relationship between intrinsic rewards and youth entrepreneurial intention for both university and high school students is rejected.
- The null hypothesis that there is no significant relationship between independence/autonomy and youth entrepreneurial intention for both university and high school students is rejected.
- The null hypothesis that there is no significant relationship between the availability of capital and youth entrepreneurial intention for both university students and for high school students is rejected.



University of Fort Hare
Together in Excellence

It can be concluded that there are significant positive relationships between the trigger factors and youth entrepreneurial intention.

6.2.5.6 Barriers to youth entrepreneurial intention

The five barrier factors as determined by the principal component analysis were investigated to determine their influence towards youth entrepreneurial intention. Five secondary hypotheses were developed. Pearson correlation was used to determine the significance of the relationships. The findings were as follows:

- The null hypothesis that there is no significant relationship between lack of capital and lack of youth entrepreneurial intention for both university and high school students is rejected.
- The null hypothesis that there is no significant relationship between lack of skill and lack of youth entrepreneurial intention for both university and high school students is rejected.
- The null hypothesis that there is no significant relationship between lack of support and lack of youth entrepreneurial intention for both university and high school students is rejected.
- The null hypothesis that there is no significant relationship between lack of market opportunities and lack of youth entrepreneurial intention for both university and high school students is rejected.
- The null hypothesis that there is no significant relationship between risk and lack of youth entrepreneurial intention for both university and high school students is rejected.

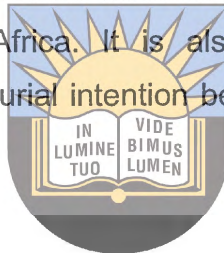


University of Fort Hare
Together in Excellence

It can be concluded that there are significant positive relationships between the barrier factors and youth entrepreneurial intention.

6.3 RECOMMENDATIONS

Ajzen (1991) developed the theoretical foundation of entrepreneurial intention used for this study. According to Ajzen's theory of planned behaviour, there is a relationship between the intention to be an entrepreneur and the act of becoming one. Thus, one's intention greatly explains the behaviour. The review of the literature revealed that youth entrepreneurship is low in South Africa. In addition, youth unemployment is high in South Africa. There are only a few young people in South Africa that are entrepreneurs. It is important to investigate and understand what motivates the few young people with entrepreneurial intention in South Africa. It is also important to investigate and understand the barriers to entrepreneurial intention because youth entrepreneurship is very low in South Africa.



The empirical findings of this research show that youths consider extrinsic rewards as an important factor which positively influences their entrepreneurial intentions. The perception of availability of extrinsic rewards is high amongst those who intend to start their own business. It is therefore of utmost importance that the government and education system in South Africa educate youths of the existence of such rewards as a way of encouraging entrepreneurial intention. Extrinsic rewards refer to the economic gains that one gets from entrepreneurship.

Existence of market opportunities emanates as another trigger to entrepreneurial intention. Market opportunities include a good economic environment and gaps for business in the economy. However youths should be trained to understand that, it is their effort in entrepreneurship that would result in a healthy economy for the country. Herrington *et al.* (2009) point out that new enterprises represent an important vehicle to address the challenges of job creation, economic growth and equity in our country. Therefore, economic growth can only come about with the effort and contribution of the youths as well.

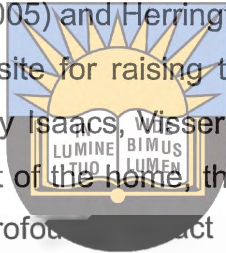
To take advantage of my creative talent is one of the major intrinsic reward items that trigger entrepreneurial intention. It is therefore important that education curriculum include the encouragement of creativity within the students. From the results it can be noted that when one is creative, he/she would develop self confidence and would want to implement such creativity in entrepreneurship. Entrepreneurs are known to be creative and innovative, thus if one is taught to be creative, chances are that he/she would try to implement that talent through entrepreneurship.

Youths need to learn and have enough knowledge in different aspects of management, finance, marketing and other business related issues so that they will be able to possess the positive attitude such as ability to make decisions. Such would give self confidence and result in youths having a need for independence/ autonomy. Hence, they would prefer self employment in preference to looking towards being employed by someone. As McStay (2008) pointed out, the formations of self-employment intentions are positively associated with both the preference for a career in self-employment based on both an individuals' desirability of self-employment and entrepreneurial self-belief measures.

Availability of capital is also a trigger of entrepreneurial intention. Capital involves both human and financial resources. More youths should be educated so that they would offer their services in newly established enterprises. Youths should also prepare themselves for credit facilities. That is they should have their own savings and have some collateral which they would use as security for borrowing. However, though it would be difficult for youths coming from school that had never had employment before to have such savings and collateral, government should intervene and be the surety for youths when they seek support from private sector. Also, government support programmes such as Technology of Women In Business (TWIB), Small Enterprise Development Agency (SEDA) and Umsobomvu Youth Fund (UYF) should be made

easily accessible to intended beneficiaries especially youths who struggle with start-up capital.

Skill is a form of human capital and it is also a trigger of entrepreneurial intention. It is of utmost importance that youths are equipped with the necessary skills for them to run a business and for it to succeed. Without the necessary skills, youths would not be able to run a business. Choo and Wong (2009:60) also were of the opinion that lack of skill is an inhibiting factor to starting a business. However, the problem still exists in South Africa of youths dropping out of school early, some even before they reach Matric. According to Von Broembsen *et al.* (2005) and Herrington *et al.* (2009) entrepreneurship education is seen as a key prerequisite for raising the levels of entrepreneurship in South Africa. This is also supported by Isaacs, Visser, Friedrich and Brijlal (2007: 613) that apart from the educational impact of the home, the school can be regarded as the place where the most (holistic) profound impact can be brought about in the development of the youth.



University of Fort Hare *Together in Excellence*

Conclusively, it is very important to understand the trigger to entrepreneurial intention so as to use them positively to promote intention. This was also supported by Kolvereid and Isaksen (2006:870) who pointed out that it is necessary and important to understand the factors that trigger intention to both encourage the emergence of young entrepreneurs, and to enhance current entrepreneurship programs.

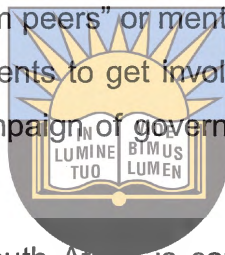
The findings of this study also revealed some barriers to youth entrepreneurial intention. The identified reasons why South African youths are unwilling to get into entrepreneurship is lack of access to capital, lack of business skills, government support, risk and weak market opportunities. Skill and availability of capital are both triggers and barriers to entrepreneurial intention. Therefore, entrepreneurship education is one of the initiatives that can be designed to enhance skills and knowledge in entrepreneurship. Entrepreneurial skills include creativity, innovation, risk-taking and ability to interpret successful entrepreneurial role models and identification of

opportunities. Entrepreneurial education thus provides basics of such practical business practices. Low levels of financial literacy can influence the degree to which entrepreneurs access formal sources of finance. These practices should broaden efforts to ensure that a high level of financial literacy is universal to prospective entrepreneurs. Entrepreneurship education should be made accessible to all tertiary learners in order to be equipped for business practices.

In addition, expert financial training greatly increases the chances of entrepreneurs securing appropriate and affordable finance. To develop further entrepreneurial finance skills and competencies, government can work with organisations such as the South African Banking Association to develop training focusing on finance skills and competencies. In addition, there is the need for more national, regional or specialist support and resources to drive up the youth entrepreneurship rate. There is an evident skills mismatch between what skills youth entrepreneurs developed in higher education and what they need in order to survive in the business world. It is recommended that university students and high school students should do for industrial attachments for at least a year during their study to gain valuable business and technical experiences.

Educational institutions should introduce and strengthen entrepreneurial education. When learners are oriented into entrepreneurship from an early age, it becomes easier to develop successful ventures. Presently, entrepreneurship is predominantly been presented to students in management, business and economic related courses and not to students in all the faculties in the universities in South Africa. The model introduced by Achievers University in Nigeria can be adapted to improve entrepreneurship training in South Africa. At Achievers University, learners are taught in their respective disciplines like Engineering, Economics and Agriculture. In addition, learners are taught in one field of entrepreneurship. Learners get two degrees for the price of one. This implies that students are encouraged to take entrepreneurship as a career rather than depending on jobs that are not there.

There is the necessity for government support initiatives to be efficient. These institutions established by government could take a step in involving the youths by exposing them to their programs, informing them of what they expect from the students in order to receive their full assistance and select a few of them for assistance. Government agencies such as SEDA, Development Corporations can organise practical trainings for students involved in entrepreneurship education or who would like to be involved in entrepreneurial practices. Non-governmental organisations should be well funded through local and international grants to help with the training need of youth entrepreneurship. Training seminars can also be organised regularly for students involved. Furthermore, a "learning from peers" or mentorship approach can be instituted by government agencies to help students to get involved in entrepreneurship trainings at tertiary institutions. Awareness campaign of government support instruments should be done.



The lack of safety and security in South Africa is causing fear in the development of emerging markets. Government should work in partnership with organisations such as Business Against Crime South Africa and Business Unity South Africa to reduce the rate of crime in the society. The legal system needs to be more efficient so that criminal cases against businesses can be dealt with quickly. There is also a need for a well-publicised campaign against crime. More effective policing is needed, including better police visibility, area coverage and faster response times.

As stated by Kroppd and Lindsay (2001), socio-cultural factors should not be overlooked. The culture of dependency should be reduced through awareness campaign by the government. Youths from historically disadvantaged communities should be informed that social grants will not last forever. Therefore, youths should take entrepreneurship as a career rather than depending on government for grants.

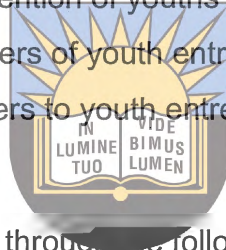
This study recommends that excessive and over complex regulations should be loosened in the case of first time registration for business. This will encourage the youths to register for business. Entrepreneurship awareness day could be organised where individuals will be informed about how to register a business, what you need to

have in order to be registered and how much it costs to register a business. Universities and high schools can also be used as sources of information to the students about entrepreneurial opportunities.

6.4 ACHIEVEMENT OF OBJECTIVES

This section measures the success of the study against the research objectives formulated in section 1.4.1. The primary objectives of this study were:

- To measure the entrepreneurial intention of youths in South Africa.
- To investigate empirically the triggers of youth entrepreneurial intention.
- To investigate empirically the barriers to youth entrepreneurial intention .



The primary objectives were achieved through the following secondary objectives:

University of Fort Hare

Together in Excellence

- To review the literature on entrepreneurship, youth entrepreneurship and entrepreneurial intention.
- To review the literature on the triggers and barriers to entrepreneurial intention.
- To develop the research methodology to carry out the empirical study.
- To make policy recommendations on how to improve youth entrepreneurial intention in South Africa.

The first secondary objective was to review the literature on entrepreneurship, youth entrepreneurship and entrepreneurial intention. This was achieved in chapter two of the study. The second secondary objective was to review the literature on the triggers and barriers to entrepreneurial intention This was achieved in chapter three of the study. The third secondary objective was to develop the research methodology for the study. This was achieved in chapter four of the study. The primary objectives were to measure youth entrepreneurial intention and to investigate empirically the triggers and barriers to youth entrepreneurial intention in South Africa. This was achieved in chapter five of the study where the results of the empirical research were presented. The last secondary

objective was to recommend the ways to improve youth entrepreneurial intention in South Africa. This was achieved in chapter six of the study.

6.5 LIMITATIONS OF THE STUDY

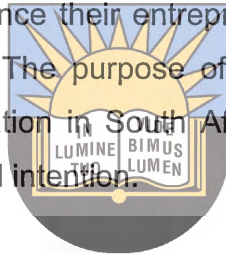
Since the study was mainly based on the perceptions of the youths, a limitation might arise in that possible differences may exist between “perception” and “reality”. Thus perceptions of youths who have not engaged in entrepreneurship might not reflect the actual triggers and barriers in the real entrepreneurial world. Another limitation of this study is that it investigated the triggers and barriers to youth entrepreneurship from students who are in the education system. However, there are some youths who are out of school, who are jobless or have opened their businesses that would have qualified for this study but were not included. Such youths were omitted to avoid the problems associated with convenience sampling such as bias and under-representation of some groups. Concentrating on one province and concluding on the whole country also poses a barrier. This is so because the literacy levels differ with provinces such that it might be possible that those from a province might reflect different trends towards entrepreneurial intention. Limited resources impacted on the number of universities used. Eastern Cape has many tertiary institutions such that more than two universities should have been used as well as colleges and Further Education and Training institutions (FETs) as they also enrol youths.

6.6 AREAS FOR FURTHER STUDY

Business culture is lacking in most university graduates hence this should be explored further in a study. Further studies can investigate the barriers faced by actual entrepreneurs (i.e. youths that have actually started their business). This could help to reduce the high failure rate of small entrepreneurial firms in South Africa.

6.7 SUMMARY

This chapter examined the conclusions, recommendations, achievement of objectives, limitations and areas for further study in respect of a study titled triggers and barriers to youth entrepreneurship in the Eastern Cape, South Africa. Isaacs *et al.* (2007:613) noted that one of South Africa's greatest limitations to economic development can be ascribed to its lack of entrepreneurs. The ratio of entrepreneurs to workers in South Africa is approximately 1 to 52, while the ratio in most developed countries is approximately 1 to 10. Youths have the key to deal with this challenge. Various factors are faced by these youths and influence their entrepreneurial intention. These factors include triggers as well as barriers. The purpose of this study was to find ways of improving youth entrepreneurial intention in South Africa by identifying the perceived triggers and barriers to entrepreneurial intention.



Five underlying trigger factors were identified, namely, extrinsic rewards, market opportunities, intrinsic rewards, independence/autonomy and capital. The results indicated that youths perceive the availability of these factors or their need to fulfil personal wants such as extrinsic and intrinsic rewards as well as independence/autonomy to be very important, and if these factors exist, youths would be attracted towards entrepreneurship.

Furthermore, the study investigated the perceived barriers to youth entrepreneurial intention. The five underlying factors identified are capital, skill, support, market and risk. The results indicated a strong association between youth entrepreneurial intention and the perceived barriers. It is important that the youths, policy makers, government and all stakeholders deal with the identified barrier factors so as to create a favourable atmosphere which would encourage youth entrepreneurial intention.

To improve youth entrepreneurial intention, the study recommended that government, education system and all stakeholders should encourage development of youth

entrepreneurial intention through the education system emphasising on the extrinsic and intrinsic rewards as well as building confidence in youths for them to have courage and need for independence and autonomy. As for the barriers, financial support should be made available. Youths should be encouraged not to drop out of school so that they can receive all the necessary managerial, financial as well as technical skill they need to successfully run a business.



University of Fort Hare
Together in Excellence

REFERENCES

Agbeibor, W. 2006. Pro-poor economic growth: role of small and medium enterprise. *Journal of Asian Economies*, 17(1): 35-40.

Aguero, J., Carter, M.R. & May, J. 2007. Poverty and inequality in the first decade of South Africa's democracy: what can be learned from panel data from Kwazulu-Natal? *Journal of African Economies*, 16(5): 782-812.

Agupusi, P. 2007. Small business development and poverty alleviation in Alexandra, South Africa [Online]. Available: <http://www.P.Agupusi@uea.ac.uk> [Accessed: 07 September 2009].

Ajzein, I. and Fishbein, M. 1975. Belief, attitude, intention and behavior. *An introduction to theory and research*, Boston: Addison W



Allison, P. D. (2001). *Missing data*. Thousand Oaks: Sage Publications.

Alsos, G., Isaksen, E., & Ljunggren, E. (2006). New venture financing and subsequent business growth in men- and women-led businesses. *Entrepreneurship Theory and Practice*, 30(5): 667-686.

Antonites, A. J. 2003. An action learning approach to entrepreneurial creativity, innovation and opportunity finding. Unpublished doctorate thesis, University of Pretoria.

Ashley-Cotleur, C. King, S. and Solomon, G. 2009. Parental and gender influences on entrepreneurial intentions, motivations and attitudes [Online]. Available: <http://usasbe.org/knowledge> [Accessed: 27 February 2010].

Atieno, R. 2009. Linkages, access to finance and the performance of small-scale enterprises in Kenya. *Journal of Accounting and Business Research*, 3(1): 33-48.

Babbie, E. & Mouton, J. 2002. *The practice of social research*. Cape Town: Oxford University Press.

Benzing, C. and Chu, M. H. 2009. A comparison of motivations of small business owners in Africa. *Journal of Small Business and Enterprise Development*, 16(1): 60-77.

Berger, A. & Udell, G. 2002. The ability of banks to lend to informationally opaque small business. *Journal of Banking and Finance*, 25(2): 2127-2167.

Berry, A. 2000. *The role of small and medium enterprises in Latin America: Implications for South Africa*. Paper presented at the 2000 tips forum, September Johannesburg.

Bhorat, H. 2006. Youth unemployment and education in South Africa [Online]. Available: <http://www.wolpetrust.org.za/dialogue2006> [Accessed: 20 March 2009].

Bird, B. 2001. Implementing entrepreneurial ideas: the case for intention. *Academy of Management Review*, 13(3): 442-454. Doctorate thesis, Griffith University, Gold Coast.

Blackman, A. J. 2003. Entrepreneurs: interrelationships between their characteristics, values, expectations, management practices and SME performance [Online]. Available: <http://www.ccsenet.org> [Accessed 15 may 2010].

Blumberg, B.F. & Letterie, W.A. 2008. Business starters and credit rationing in small business. *Small Business Economics*, 3(1): 187-200.

Bosma, N., Van Praag, M., Thurik, R. & De Wit, G. 2004. The value of human and social capital investments for the business performance of start-ups. *Small Business Economics*, 23(1): 227 – 236.

Botha, M. (2006). Measuring the effectiveness of women entrepreneurship program, as a training intervention on potential, start-up and established women entrepreneurs in South Africa. Doctorate thesis, University of Pretoria, Pretoria.

Brice, J. 2008. The impact of occupational preference on the intent to pursue an entrepreneurial career. *Academy of Entrepreneurship Journal*, 14(1): 201-217.

Brown, K.V. 2001. The determinant of crime in South Africa. *South Africa Journal of Economics*, 69(2): 269-298.

Bryman. A. & Bell, E. 2003. *Business research methods*. New York: Oxford University Press.

Cant, M. Gerber-Nel, C. Nel, D. and Kotze, T. 2003. *Marketing Research*. Claremont: New Africa Books.

Carpenter, R.E. & Petersen, B.C. 2002. Is the growth of small firm constrained by internal equity? *The Review of Economics and Statistics*, 84(2): 298-309.

Chigunta, F. 2002. Youth entrepreneurship: Meeting the key policy challenges [Online]. Available: <http://www.bg.entrep.ta> [Accessed: 04 June 2009].

Chisnall, P. 2005. *Marketing research*. Berkshire, McGraw Hill Education.

University of Fort Hare

Together in Excellence

Choo, S. and Wong, M. 2009. Entrepreneurial intention: Triggers and barriers to new venture creation in Singapore. *Singapore Management Review*, 28(2): 47-64.

Churchill, G. A. and Brown, T. J. 2004. *Basic Marketing Research*. 5th Edition. New York: South Western.

Cizel, B., Anafarta, N. & Sarvan, F. 2007. An analysis of managerial competency needs in the tourism sector: The case of Turkey. *Tourism review*, 62(2): 14-22.

Coakes, S.J. 2005. *SPSS Version 12.0 for windows Analysis without Anguish*. Sydney: John Wiley & Sons Australia Limited.

Coleman, S. & Cohn, R. 2000. Small firm use of financial leverage: Evidence from 1993 national survey of small business finance. *Journal of Business Entrepreneurship*, 12(3): 81-98.

Cooper, D. R. and Schindler, P. S. 2006. *Business research methods*. Irwin: McGraw-Hill.

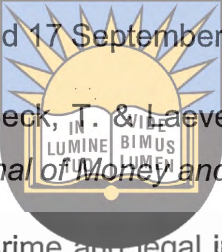
Cornell, R. 2001. Putting the young in business [Online]. Available: <http://www.books.google.co.za/books> [Accessed: 19 March 2009].

Davenport, A. 2008. Global forum on youth entrepreneurship [Online]. Available: <http://www.youthbusiness.org/pdf.gfu.discussion.summary.pdf> [Accessed: 28 April 2009].

Davidsson, P. 2009. Determinants of entrepreneurial intention [Online]. Available: <http://www.entrepreneur.com> [Accessed 17 September 2009].

Demirguc-Kunt, A., Maksimovic, V., Beck, T. & Laeven, L. 2006. The determinant of financing obstacles. *International Journal of Money and Finance*, 25(6): 932-952

Demombynes, G. & Ozler, B. 2005. Crime and legal inequality in South Africa. *Journal of Development Economics*, 76(2): 265-292


University of Fort Hare
Together in Excellence

Dionco-Adetayo, E. A. 2006. Factors influencing attitude of youth towards entrepreneurship. *International Journal of Adolescence and Youth*, 13(1/2): 127-145.

Drennan, J., Kennedy, J. And Renfrow, P. 2005. Impact of childhood experiences

Dugger and Celia, W. 2009. South Africa: Data show a recession. *New York Times*, 27/5: 10.

Dust, G. 2007. Barriers to entrepreneurship: Are they surmountable (Part Two) [Online]. Available: <http://www.sagoodnews.co.za/articles> [Accessed: 21 September 2009].

Ehlers, T. & Lazenby, K. 2007. *Strategic management. South Africa concepts and cases*. Pretoria: Van Schaik.

European Union. 2009. *Enterprise and Industry*. [Online]. Available: <http://ec.europa.eu/enterprise/index-eu.htm> [Accessed: 15 November 2009].

Fatoki, O. 2010. The impact of the South African business environment on the availability of debt finance to new small and medium enterprises. Unpublished doctorate thesis, University of Free State.

Fatoki, O. and Garwe, D. 2010. Obstacles to the growth of new SMEs in South Africa: a principal component analysis approach. *African Journal of Business Management*, 4(5): 729-738.

FinMark Trust. 2006. FinScope small business survey report [Online]. Available: <http://www.finmarktrust.org.za> [Accessed: 30 June 2010].

Flood, B. 2009. GEM Ireland 2008 National Report Launched [Online]. Available: <http://www.gemconsortium.org/article> [Accessed: 24 September 2009].

Foxcroft, M. Wood, E. Kew, J. Herrington and Segal, N. 2002. Entrepreneurship Monitor: South African executive report [Online]. Available: <http://www.gemconsortium.org/documents> [Accessed: 15 June 2010].

Frank, H. Korunka, C. Leuger, M. and Mugler, J. 2005. Entrepreneurial orientation and education in Austrian secondary schools. *Journal of Small Business and Enterprise Development*, 12(2): 259-273.

Frazier, B. 2008. Predicting the entrepreneurial intention of non- business majors: a preliminary investigation [Online]. Available: <http://usasbe.org/education> [Accessed: 17 July 2009].

Gerber-Nel, C., Nel, D. & Kotze, T. 2005. *Marketing research*. Claremont: New Africa Books (Pty) Ltd.

Ghuri, P. & Gronhaug, K. 2005. *Research methods in business studies*. Dorset: Prentice Hall.

Goddard, W. & Melville, S. 2001. *Research methodology: an introduction*. Cape Town: Juta Academic.

Goel, A. and Vohra, N. 2005. Cross cultural comparison of attitudes of youth towards entrepreneurs and entrepreneurship. *Journal of Asia Entrepreneurship and Sustainability*, 1(1): 1-4.

Government Gazette. 2008. National youth Policy 2008-2013 [Online]. Available: <http://www.pmg.org.za/files> [Accessed: 31 July 2009].

Graham, J. W. 2009. Missing data analysis: Making it work in the real world. *Annual Review of Psychology*, 60(1): 549-576.



Gree, A. & Thurnik, C. 2003. Firm selection and industry evolution: the post country performance of new firm. *Journal of Evolutionary Economics*, 4 (4): 243-264.

University of Fort Hare

Together in Excellence

Hair, F. J. Wolfinger, M. Ortinau, D.J. and Bush, R.P. 2008. *Essentials of Marketing Research*. New York: McGraw-Hill/Irwin.

Hellriegel, D., Jackson, S.E., Slocum, J., Staude, G., Amos, T., Klopper, H.P., Louw, L. & Oosthuizen, T. 2008. *Management. Second South Africa edition*. Oxford: Oxford University Press.

Henley, A. 2007. From entrepreneurial aspiration and transition to business start up: evidence from British longitudinal data. *Entrepreneurship and Regional Development*, 19(3):253-280.

Herrington, M. & Wood, E. 2003. *Global Entrepreneurship Monitor, South African Report* [Online]. Available: <http://www.gbs.nct.ac.za/gbswebb/userfiles/gemsouthafrica2000pdf> [Accessed 5 May 2009].

Herrington, M. Kew, J. and Kew, P. 2008. Global Entrepreneurship Monitor [Online]. Available: <http://www.gemconsortium.org/article> [Accessed: 10 July 2009].

Herrington, M. Kew, J. and Kew, P. 2009. Tracking entrepreneurship in South Africa: a GEM perspective [Online]. Available: <http://www.gemconsortium.org/article> [Accessed: 6 September 2010].

Hisrich, R.D., Drnovsek, M. 2002. Entrepreneurship and Small Business Research. *Journal of Small Business and Enterprise Development*, 9(2): 172-222.

Hitt, M., Ireland, R.D., Camp, S.M. and Sexton, D. 2002. *Strategic Entrepreneurship: Creating a New Mindset*. Cornwall: Blackwell Publishers.

Hussain, J. Millman, C. and Matlay, H. 2006. SME financing in the UK and in China: a comparative perspective. *Journal of Small Business and Enterprise Development*, 13(4): 584-599.

Hutton, J. 2008. Government support for entrepreneurs [Online]. Available: <http://www.berr.gov.uk> [Accessed: 25 September 2009].



University of Fort Hare

Isaacs, E. Visser, K. Friedrich, C. and Prithal, P. 2007. Entrepreneurship education and training at the Further Education and Training (FET) level in South Africa. *South African Journal of Education*, 27: 613- 629.

Ismail, M. Khalid, S. A. Othman, M. Jusoff, H. K. Rahman, N. A. Kassim, K. M. and Zain, R. S. 2009. Entrepreneurial intention among Malaysian undergraduates. *International Journal of Business and Management*, 4(10): 54-60.

Kawai, H. & Urata, S. 2002. Entry of small and medium enterprises and economic dynamism in Japan. *Small Business Economics*, 18(4): 41-51.

Kazela, N. 2009. *The Roadmap of Youth Entrepreneurship (MDGs)* [Online]. Available: <http://www.wcf2009.org/program> [Accessed: 20 September 2009].

Kolvereid, L. and Isaksen, E. 2006. New business start-up and subsequent entry into self-employment. *Journal of Business Venturing*, 21, 866-885.

Kropf, F. Noel, J. Lindsay, A. 2001. South African Business Dynamics. *Journal of African Business*, 2(1) [Online]. Available: <http://pdfserve.informaworld.com> [Accessed: 15 June 2010].

Lam, D. Ardington, C. Branson, N. Goostrey, K. and Leibbrandt, M. 2010. Credit Constraints and the Racial Gap in Post-Secondary Education in South Africa [Online]. Available: <http://sds.ukzn.ac.za/files> [Accessed; 31 August 2010].

Lee, S. H. & Wong, P. K. 2004. An exploratory study of entrepreneurial intentions: a career anchor perspective. *Journal of Business Venturing*, 19(1), 7-28.

Lee, S. M. and Peterson, S. J. 2000. Culture, entrepreneurial orientation and global competitiveness. *Journal of World Business*, 35(4): 401-416.

Leech, N.L., Barrett, K.C. and Morgan, S. 2005. *Statistical intermediate statistics, use and interpretation*. New Jersey: Lawrence Erlbaum Associates Inc.

Lefebvre, E. & Lefebvre, L.A. 2002. Determinant of export performance and behaviour: A longitudinal study of manufacturing SMEs in Kleinknecht. *Econometric Explorations of Survey Data*, 5(1): 281-309.

Leibbrandt, M., Fields, G.S. & Chichello, P.L. 2005. Earnings and employment dynamics for Africans or post-apartheid South Africa: a panel study of Kwazulu-Natal. *Journal of African Economies*, 14(2): 143-190.

Linan, F. and Chen, Y. 2006. Testing entrepreneurial intention model on a two country sample [Online]. Available: <http://www.emeraldinsight.com/journal> [Accessed: 15 February 2010].

Linan, F. Rodriguez- Cohard, J. C. and Rueda- Cantuche, J. M. 2005. Factors affecting entrepreneurial intention levels [Online]. Available: <http://www.emeraldinsight.com/journal> [Accessed: 22 June 2010].

Liu, M. & Yu, J. 2008. Financial structure, development of small and medium enterprises and income distribution in the People's Republic of China. *Asian Development Review*, 25(1): 137-155.

Lloyd, H.R. 2009. *Small and Medium Enterprises (SMEs): Instruments of Economic Growth and Development in a South African Regional Dispensation*. [Online]. Available: <http://www-sre.wu-wien.ac.at/ersa/ersaconfs/ersa02/cd-rom/papers/464.pdf> [Accessed: 10 January 2010].



Louw, L. van Eeden, S. M. Bosch, J. K. and ... D. J. L. 2003. Entrepreneurial traits of undergraduate students at selected South African tertiary institutions. *International Journal of Entrepreneurial Behavior and Research*, 9(1): 5-26.

University of Fort Hare
Together in Excellence

Loyd-Reason, L. and Sear, L. 2001. Trading places-SMEs in the global economy: a critical research hand book [Online]. Available: <http://www.books.google.co.za/books> [Accessed: 21 September 2009].

Maas, G & Herrington, M. 2006. The Global Entrepreneurship Monitor (GEM) South African Report [Online]. Available: <http://budgetspeechcompetition.co.za> [Accessed: 29 June 2009].

Martin, G. & Staines, H. 2008. *Managerial competencies in small firm*. [online]. Available: <http://www.emeraldinsight.com/insight/viewcontentitem.do?contenttype>. [Accessed: 17 May 2009].

Martins, S. Couchi, C. Parat, L. Fedderico, C. Doneddu, R. and Salmon, M. 2004. Barriers to entrepreneurship and business creation [On-line]. Available: <http://www.eec-observatory.org> [Accessed 19: August 2010].

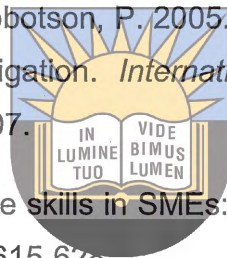
Marvel, M. R. Griffith, A. J. and Vojak, B. 2007. Examining the technical corporate entrepreneurs' motivation: Voices from the field. *Entrepreneurship Theory and Practice*, 31(1): 14-30.

Masuda, T. 2006. The determinants of latent entrepreneurship in Japan. *Small Business Economics*, 26(3): 227-240.

Mazzarol, T. Volery, T. Doss, N. and Thein V. 1999. Factors influencing small business start-ups. *International Journal of Entrepreneurial Behavior and Research*, 5(2): 48-63.

McClelland, E. Swail, J. Bell, J. and Ibbotson, P. 2005. Following the pathway of female entrepreneurs: A six country investigation. *International Journal of Entrepreneurial Behaviour and Research*, 11(2): 84-107.

McLarty, R. 2000. 'Evaluating graduate skills in SMEs: The value chain impact'. *Journal of Management Development*, 19(7): 615-628.



University of Fort Hare

Together in Excellence

McStay, D. 2008. An investigation of undergraduate student self-employment intention and the impact of entrepreneurship education and previous entrepreneurial experience [Online]. Available: <http://epublications.bond.edu.au> [Accessed: 15 June 2009].

Mnenwa, R. & Maliti, E. 2008. *The role of small business poverty allocation: the case of Dar es salaam, Tanzania*. Dar es salaam: Mkuki na Nyota Publishers.

Mollentz, J. 2002. *Creating conducive policy environment for employment creation in SMEs in South Africa* [Online]. Available: <http://www.unido.org/> [Accessed: 23 August 2010].

Mutezo, A. T. 2005. Obstacles in the access to SMME finance: an empirical perspective on Tswane [On line]. Available: <http://www.etd.unisa.ac.za/ETD-db> [Accessed: 03 September 2009].

Myers, S.C. 1984. Capital structure puzzle. *Journal of Finance*, 39(3): 575-592.

Nasurdin, A. M., Ahmad, N. H. And Lin, C. E. 2009. Examining a Model of Entrepreneurial Intention Among Malaysians Using SEM Procedure. *European Journal of Scientific Research*, 33(2): 365-373.

National Labour and Economic Development Institute. 2008. *Poverty and unemployment in South Africa*. [Online]. Available: <http://www.naledi.org.za> [Accessed 10 January 2010].

Ndhlovu, S. and Twala, W. D. 2007. Financial needs of small and medium scale contractors in South Africa [Online]. Available: <http://www.cib2007.com/papers> [Accessed: 07 September 2009].

New Partnership for Africa's Development (NEPAD). 2008. *Market access initiative*. [online]. Available: <http://www.unido.org/headadmin/import/11340> [Accessed: 10 June 2009].



University of Fort Hare

Nguyen, T.H. Alam, Q.Prajogo, D. and Dung EA. N. 2008. The importance of state entrepreneurial role, business support services, and technological assistance to the development of Vietnamese SMEs. *International Business Research*, 1(4): 1-7.

Nieman, G. 2001. Training entrepreneurs and small business enterprises in South Africa: a situational analysis. *Education + Training*, 43(8/9): 445-450.

Ntsika Enterprise Promotion Agency. 2002. *State of small business development in South Africa annual review*. [On-line]. Available: <http://www.ntsika.org.za/> [Accessed: 19 April 2009].

Nugent, J.B. & Seung-Jae Yhee, B. 2003. Korea's SMMEs. *Small Business Economics*, 4(1):85-119.

Orford, J. Herrington, M. and Wood, E. 2004. Global entrepreneurship monitor: South African report [Online]. Available: <http://www.germconsortium.org/articles> [Accessed: 20 September 2010].

Orford, J. Wood, E. Fischer, C. Herrington, M. and Segal, N. 2003. South African executive report [Online]. Available: <http://www.gemconsortium.org/articles> [Accessed: 20 July 2010].

Organisation of Economic Cooperation and Development. 2004. Fostering entrepreneurship [Online]. Available: <http://www.books.google.co.za/books> [Accessed: 25 September 2009].

Organisation of Economic Cooperation and Development. 2006. *The SME financing gap volume 1 theory and evidence*. [Online]. Available: http://www.insine.org/documenti/sme_financing_gap_oced.pdf [Accessed: 13 July 2009].

Parliament of the Republic of South Africa. 2005. *The white paper on national strategy for the development*. [Online]. Available: <http://www.info.gov.za/whitepaper/1995/smallbus.htm> [Accessed: 22 October 2009].



University of Fort Hare

Together in Excellence

Peterman, N. E. and Kennedy, J. 2003. Enterprise Education: Influencing Students' Perceptions of Entrepreneurship. *Entrepreneurship Theory and Practice*, 28(2), 129-144.

Pihie, Z. A. L. 2009. Entrepreneurship as a career choice: An analysis of entrepreneurial self efficacy and intention of university students. *European Journal of Social Sciences*. 9(2): 338-349.

Pretorius, M. & Shaw, G. 2004. Business plan in bank-decision making when financing new ventures in South Africa. *South African Journal of Economics and Management Science* 7(2): 221-242.

Raosoft. 2009. *Sample size calculation* [Online]. Available: <http://www.ezsurvey.com/samplesize> [Accessed: 10 June 2009].

Reynolds, P.N., Busma, E., Antio, S., Hunt, N., DeBono, I., Servais, P., Garcia, L. & Chin, N. 2005. Global Entrepreneurship monitor: data collection, design and implementation.1998-2003. *Small Business Economics*, 24(3): 205-231.

Robertson, M. Collins, A. Medeira, N. and Slatter, J. 2003. Barriers to start up and their effect on aspirant entrepreneurs. *Education + Training*, 5(6): 308-316.

Robichaud, Y., McGraw, E., Roger, A. (2001), "Toward the development of a measuring instrument for entrepreneurial motivation", *Journal of Developmental Entrepreneurship*, 6(2): 189-201.

Robinson, D. F. 2008. *Planting The Seeds of Effective Entrepreneurship by Teaching Risk, Advising, And Design Through Growth. Journal of Technology. Management. Innovation*, 3(1):126.



Rwigema and Venter. 2004. *Advanced entrepreneurship. Advanced Entrepreneurship. Cape Town: Oxford University Press Southern Africa*

University of Fort Hare
Together in Excellence

Sandu, P. 2008. Entrepreneurships in emerging economies: evidence from the global entrepreneurship monitor. *Review of Business Research*, 30(1): 240-254.

Sathiabama, K. 2010. Rural women empowerment and entrepreneurship development [Online]. Available: <http://www.microfinancegateway.org/ga> [Accessed: 15 August 2010].

Schoof, U. 2006. Stimulating youth entrepreneurship: Barriers and incentives to enterprise start ups by young people [Online]. Available: <http://www.staging2.ilo.org/wcm5p5> [Accessed: 29 September 2010].

Schoof, U. and Semlali, A. 2008. Youth entrepreneurship: Measures to overcome the barriers facing youths. *Children & Youth, the World Bank*, 11(6): 1-4.

Segal, G. Borgea, D. and Schoenfeld, J. 2006. The motivation to become an entrepreneur. *International Journal of Entrepreneurial Behaviour and Research*, 11(1): 42-57.

Shane, S. 2008. *The importance of angel investing in financing the growth of entrepreneurial ventures*. [online]. Available: <http://www.sba.gov/adw/research/banking.html> [Accessed: 15 April 2009].

Shapiro, A. and Sokol, L. 1982. The social dimensions of entrepreneurship. *Encyclopaedia of Entrepreneurship*, 72-90.

Sherief, S. R. 2008. Africa economic analysis- Entrepreneurship as an economic force in rural development [Online]. Available: <http://www.africaeconomicanalysis.org> [Accessed: 15 June 2009].



Smallbone, D. & Welter, F. 2001. The Distinctiveness of Entrepreneurship in Transition Economies, *Small Business Economics*, 15(1): 249-262.

University of Fort Hare
Together in Excellence

Smit, P.J., Cronje, G.J., Brevis, T. & Vrba, M.J 2007. *Management principle: a contemporary edition for Africa*. Cape Town: Juta & Co Ltd.

South African Police Service Crime Statistics. 2009. Crime statistics [On line]. Available: <http://www.saps.co.za> [Accessed: 17 August 2010].

South African Venture Capital Association. 2008. *Venture capital funding*. [online]. Available: <http://www.savca.co.za/kpmgsurvey/default.aspx> [Accessed: 20 May 2009].

Statistics South Africa. 2010. Quarterly Labour Force Survey: Quarter 2 (April to June) [On line]. Available: <http://www.infor.gov.za/speech> [Accessed: 01 September 2010].

Stewart, W.H. Jr & Roth, P.L. 2001. 'Risk propensity differences between entrepreneurs and managers: a meta-analytic review', *Journal of Applied Psychology*, 86(1): 145-53.

Stiglitz, J. & Weiss, A. 1981. Credit rationing in markets with imperfect information. *American Economic Review* 71(3): 393-410.

The Economist. 2009. *South Africa election: voting for the people's man*. [online]. Available: <http://www.economist.com/world/mideast-africa/display/story.ctm> [Accessed:20 October 2009].

Timmons, J.A. & Spinelli, S. 2007. *New venture creation: entrepreneurship for the 21st century*. Boston: McGraw Hill.

Turker, D. & Selcuk, S.S. 2009. Which factors affect entrepreneurial intention of university students? *Journal of European Industrial Training*, 33(2): 142-159.

Umsobomvu Youth Fund. 2008. Investing in sustainable livelihoods [Online]. Available: <http://www.youthportal.org.za/ur>. Accessed: 31 July 2009.

United Nations Human Settlement Programme. 2009. *Murder rate*. [Online]. Available: <http://www.unhabitat.org.yu/about-us/overview.htm> [Accessed: 17 August 2009].

Van Gelderen, M. Brand, M. Van Praag, M. Bodewes, W. and Van Gils, A. 2008. Explaining entrepreneurial intentions by means of the theory of planned behaviour. *Career Development International*, 13(6):538-559.

Vesalainen, J & Pihkala, T. 2000. Entrepreneurial identity, intentions and the effect of the push-factor. *International Journal of Entrepreneurship*, 3(2) 145-151.

Volery, T. Doss, N. And Mazzarol, T. (1997). Triggers and barriers affecting entrepreneurial intentionality: the case of western Australian nascent entrepreneurs [Online]. Available: <http://www.olim.org> [Accessed: 15 March 2010].

Von Broembsen, M., Wood, E. & Herrington, M. 2005. *Global Entrepreneurship Monitor South Africa report*. [Online].

Available:<http://www.gsb.uct.ac.za/gsbwebb/userfiles/gem2005.pdf> [Accessed: 10 September 2009].

Westhead, P. and Wright, M. 2000. Introduction (Eds). *Advances in Entrepreneurship*, 1 Boston: McGraw Hill.

Whether, C. P. and Cook, P. A. 2000. *Using statistics to understand the environment*. New York: Routledge Publishing.

Williams, C. C. and Round, J. 2009. Evaluating informal entrepreneurs' motives: evidence from Moscow. *International Journal of Entrepreneurial Behaviour and Research*, 15(1): 94-107.



Wong, P.K., Ho, Y.P. & Autio, E. 2005. Entrepreneurship, innovation and economic growth: Evidence from GEM data. *Small Business Economics*, 24(3): 335-350.

World Bank 2009. *World Development Indicator database*. [Online]. Available: <http://info.worldbank.org/> [Accessed: 15 March 2010].

University of Fort Hare
Together in Excellence

World Bank. 2003. *Importance of SMEs and the Role of Public Support in Promoting SME Development*. [Online]. Available: <http://info.worldbank.org/etools/docs/library/49256/fan.pdf>[Accessed: 17 January 2010].

World Bank. 2008b. *South African country brief* [online]. Available: <http://siteresource.worldbank.org/GILDSOUTHAFRICA/insolvency%20law> [Accessed: 16 May 2009].

Youth Business International. 2009. Youth entrepreneurship: Recommendations for action [Online]. Available: <http://www.youthbusiness.org/pdf> [Accessed 10 January 2010].

Zikmund, W.G. 2003. *Business research methods*. Ohio: Thomson Learning South-Western.



University of Fort Hare
Together in Excellence

APPENDICES

Appendix 1: Questionnaire: (university students)

QUESTIONNAIRE

June 5, 2010

Dear Participant,

My name is Lynety Chindoga and I am a Masters student in Business Management at the University of Fort Hare and my supervisor is Dr. O. Fatoki. I am kindly inviting you to participate in my research in the form of a questionnaire. My Masters project is entitled "the triggers and barriers to youth entrepreneurship". The focus is on identifying some factors which influence those youths who have an intention of engaging in entrepreneurship. It also focuses on those factors which hinder youths from starting their own enterprises. This study was necessitated by the fact that, there is high percentage of youth unemployment in South Africa. In a Global Entrepreneurship Monitor report, South Africa had the lowest Total Entrepreneurial Activity rate. A report by Statistics South Africa in 2010 indicates that youth unemployment is very high and make up most of the non-economically active group at 41% of the total population.

I intend to make good use of all the findings from the questionnaire and draw conclusions as well as recommendations to the relevant authorities about this issue. The question would take about 20 minutes to complete. All the information provided in the questionnaire by respondents will be treated with strict confidentiality. Completion of the questionnaire is voluntary. Should you need to obtain a summary of the results from this project, I would be happy to send you a copy.

You are most welcome to contact me on 0748422798 or leechindoga@yahoo.com or my supervisor at ofatoki@ufh.ac.za with regards to any queries that you may have.

Thank you for your time.

Section A: Demographic information

Please respond to the following questions by marking with an (x) in the applicable response space provided.

1. The age of the respondent

Below 24 years

25 to 29 years

30 to 34 years

2. The gender of the respondent

Female

Male



University of Fort Hare
Together in Excellence

3. Educational qualification

Undergraduate

Postgraduate

4. Which faculty do you belong to?

Science and Agriculture

Education

Social science and Humanities

Management and Commerce

Law

Section B: Measure of entrepreneurial intention

5.

Items	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
I'll put all effort to start and run my own business					
I'm determined to create a firm in the future					
My professional goal is to become an entrepreneur					
I wish to start my business in the next five years					
I prefer to be an entrepreneur than to be an employee in a company					
I will start my business in the next ten years					
I have thought seriously to start my own business after completing my study					
I am prepared to do anything to be an entrepreneur					
I want to be my own boss					



University of Fort Hare
Together in Excellence

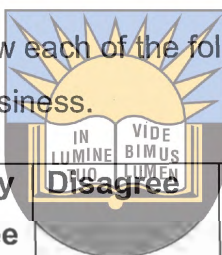
I have a strong intention to start a business someday					
---	--	--	--	--	--

6. Do you intend to start your own business when you leave school?

Yes No

If your answer to 6 above is YES, please go to question number 7. If your answer is NO, please go to question number 8.

7. Please mark with an (X) to show how each of the following contributes towards your intention of willing to start your own business.




Items	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
To take advantage of my creative talent					
To use the skill learned in the university					
For my own satisfaction and growth					
To provide employment					
To challenge myself					
To be my own boss					
To provide job security					
To earn a reasonable living					

I enjoy taking risks					
To enjoy myself					
Entrepreneurial family culture					
Availability of support for potential entrepreneurs					
To follow the example of someone I admire					
To invest personal savings					
To increase my prestige and status					
Existence of opportunities in the market					
To support my family					
To have personal freedom					
Good economic environment					
To realise my dream					



University of Fort Hare
Together in Excellence

8. Please mark with an (X) to show how each of the following contributes towards your intention of not willing to start your own business.

Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Lack of information about how to start a business					
Lack of business skills (managerial and financial)					
Difficulty in obtaining bank finance					
Do not know how to write a business plan	 University of Fort Hare <i>Together in Excellence</i>				
Nobody in my family has ever gone into personal business					
Fear of high crime in my country					
Cannot see any opportunity in the market place					
Uncertainty about the future if I start my own business					
Need to repay school					

loans					
Problems in finding the right partner					
Weak economic environment					
Lack of information about any government agency that can assist in funding a business					
Lack of savings					
Lack of support from family and friends					
Lack of assets for collateral					
No one to turn to for help					
Lack of business experience					
The fear of starting a business because of the risk associated					
Convincing others that it is a good idea					
Did not do any business management or					



University of Fort Hare
Together in Excellence

entrepreneurial module					
Cost of business registration is too high					
Don't have a good idea					
Don't have the right contacts					
Not the right time for me, want to do other things first					
I am too young					
Involves too much work and effort					



University of Fort Hare
Together in Excellence

Any comments.....

Thank you for your participation.

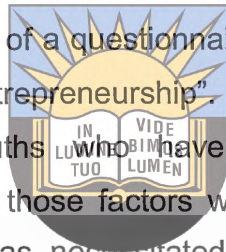
Appendix 2: Questionnaire (high school students)

QUESTIONNAIRE

June 5, 2010

Dear Participant,

My name is Lynety Chindoga and I am a Masters student in Business Management at the University of Fort Hare and my supervisor is Dr. O. Fatoki. I am kindly inviting you to participate in my research in the form of a questionnaire. My Masters project is entitled "the triggers and barriers to youth entrepreneurship". The focus is on identifying some factors which influence those youths who have an intention of engaging in entrepreneurship. It also focuses on those factors which hinder youths from starting their own enterprises. This study was necessitated by the fact that, there is high percentage of youth unemployment in South Africa. In a Global Entrepreneurship Monitor report, South Africa had the lowest Total Entrepreneurial Activity rate. A report by Statistics South Africa in 2010 indicates that youth unemployment is very high and make up most of the non-economically active group at 41% of the total population.



University of Fort Hare
Together in Excellence

I intend to make good use of all the findings from the questionnaire and draw conclusions as well as recommendations to the relevant authorities about this issue. The question would take about 20 minutes to complete. All the information provided in the questionnaire by respondents will be treated with strict confidentiality. Completion of the questionnaire is voluntary. Should you need to obtain a summary of the results from this project, I would be happy to send you a copy.

You are most welcome to contact me on 0748422798 or leechindoga@yahoo.com or my supervisor at ofatoki@ufh.ac.za with regards to any queries that you may have.

Thank you for your time.

Section A: Demographic information

Please respond to the following questions by marking with an (x) in the applicable response space provided.

1. What is your age?

- Below 24 years
- 25 to 29 years
- 30 to 34 years

2. What is your gender?

- Female
- Male



University of Fort Hare
Together in Excellence

Section B: Measure of entrepreneurial intention

3.

Items	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
I'll put all effort to start and run my own business					
I'm determined to create a firm in the future					
My professional goal is to become an entrepreneur					
I wish to start my business					

in the next five years					
I prefer to be an entrepreneur than to be an employee in a company					
I will start my business in the next ten years					
I have thought seriously to start my own business after completing my study					
I am prepared to do anything to be an entrepreneur					
I want to be my own boss					
I have a strong intention to start a business someday					



University of Port Harcourt
Together in Excellence

4. Do you intend to start your own business when you leave school?

Yes No

If your answer to 4 above is YES, please go to question number 5. If your answer is NO, please go to question number 6.

5. Please mark with an (X) to show how each of the following contributes towards your intention of willing to start your own business.

Items	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
To take advantage of my creative talent					
To use the skill learned in the university					
For my own satisfaction and growth					
To provide employment					
To challenge myself					
To be my own boss					
To provide job security					
To earn a reasonable living					
I enjoy taking risks					
To enjoy myself					
Entrepreneurial family culture					
Availability of support for potential entrepreneurs					
To follow the example of someone I admire					



University of Fort Hare
Together in Excellence

To invest personal savings					
To increase my prestige and status					
Existence of opportunities in the market					
To support my family					
To have personal freedom					
Good economic environment					
To realise my dream					



University of Fort Hare

6. Please mark with an (X) to show ~~Together in the following~~ ~~of the following~~ which of the following contributes towards your intention of not willing to start your own business.

Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Lack of information about how to start a business					
Lack of business skills (managerial and financial)					
Difficulty in obtaining bank finance					
Do not know how to write					

a business plan					
Nobody in my family has ever gone into personal business					
Fear of high crime in my country					
Cannot see any opportunity in the market place					
Uncertainty about the future if I start my own business					
Need to repay school loans					
Problems in finding the right partner					
Weak economic environment					
Lack of information about any government agency that can assist in funding a business					
Lack of savings					
Lack of support from family and friends					



University of Fort Hare
Together in Excellence

Lack of assets for collateral					
No one to turn to for help					
Lack of business experience					
The fear of starting a business because of the risk associated					
Convincing others that it is a good idea					
Did not do any business management or entrepreneurial module					
Cost of business registration is too high					
Don't have a good idea					
Don't have the right contacts					
Not the right time for me, want to do other things first					
I am too young					
Involves too much work and effort					



University of Fort Hare
Together in Excellence

Any comments.....

Thank you for your participation.



University of Fort Hare
Together in Excellence