

Opportunity-Based versus Necessity-Based Entrepreneurship Preference for Self-Employment and Entrepreneurial Involvement among College Students: A Case Study of Kirinyaga University

Peter Karanja

Jomo Kenyatta University of Agriculture and Technology-Kenya

Email: bunyore@gmail.com

Adamson Maingi, Mercy Nguyo Wangui, Samuel Mutahi Wanjohi,
Catherine Maina

Kirinyaga University, Kerugoya- Kenya

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Abstract

This research work was conducted among students of Kirinyaga University. It was aimed at identifying the pull and push motivations for entrepreneurial engagement among the college students. For each category of motivations, three indicators were picked and used to gauge the level of the motivations. The target population was 1549 and after running the sampling model, a sample size of 308 was picked. Students were then stratified into homogenous groups of Department or school, the course undertaken, year of study and then semester of study (whether first or second). Simple Random sampling was then used to obtain representative samples from each of the homogenous groupings. Questionnaires were the main data collection tool and contained closed-ended and open-ended test items. Questionnaires were administered to the students through their class representatives and the filled questionnaires were picked back after an agreed time. In general, about 90% of the questionnaires were received back from the students. Of this 90%, approximately 80% were adequately and correctly filled and were used for data analysis. In order to obtain objective data for determination of variability between the genders, a test item on gender of the respondent was included. Data analysis revealed that between the pull and push motivations, the latter played a more significant role in determining student engagement in entrepreneurial activities. This is significant since it is expected that students would go into Entrepreneurship 'willingly' and not because of lack of a 'better option'.

Policy makers would find this research significant to inform their policy decisions in making entrepreneurial engagement among the youth an attractive option for national economic growth and development.

Keywords: Necessity Based, Opportunity Based, Youth Entrepreneurship

Background

Kirinyaga University was a constituent college of the Jomo Kenyatta University of Agriculture and Technology, the latter being among the pioneering universities in Kenya in Entrepreneurship Study at Masters and Doctoral levels. Entrepreneurship study was later started at the undergraduate level in the year 2012 at the mother university. Kirinyaga University got its first students for Bachelor of Science in Entrepreneurship in September 2014. This research involved students from Kirinyaga University with an aim of determining the motivations for entrepreneurial engagement of the college students in entrepreneurial ventures.

Governments and local communities across the world have recognized that key to building prosperity and stimulate regional growth is fostering Entrepreneurship among their people especially the youth (Sharma et-al 2014). Encouraging Entrepreneurship among the youth has therefore become a major goal for governments all over the world. Special awards are set aside for young achievers in enterprise development. In Kenya, national television stations such as the government owned Kenya Broadcasting Corporation run competitions on formulation of business plans among secondary school students. It is also common to find in print media calls for business plans that target college students for possible adoption and funding by funding agencies.

Successive governments in Kenya have come up with versions of funding geared towards development of Entrepreneurship among the youth, such as the Youth Enterprise Fund and the Uwezo Fund. The Youth Enterprise Fund was a kitty specifically set aside to fund enterprises among the Kenyan youth. Uwezo (Swahili for ability) was a sum of Kenya Shillings 6 Billion, money set aside by the government prior to the year 2013 General Elections to cater for possible re-run for presidential election. During the election campaigns, the Jubilee Alliance, one of the leading coalitions of political parties campaigned with a pledge that if it won the presidential elections and hence no re-run, it would convert the money into a kitty to be disbursed to benefit youth and women groups for entrepreneurial development. During the 2013 general elections, the Jubilee Alliance emerged victorious and formed the government and as pledged, converted the Ksh. 6 Billion meant for presidential election re-run into a kitty called Uwezo Fund to be channeled to women and youth enterprises as loans to be repaid at very friendly terms. In May 2014, the government disbursed Ksh. 5.6 Billion to youth and women groups that qualified for funding.

Statement of the Problem

Kenya government in 2008 inaugurated the national developmental blue print, the Vision 2030 which has a goal of making the country globally competitive and prosperous. The national blueprint is seen as a vehicle for accelerating transformation of the country into a rapidly industrializing middle-income nation by the year 2030. In the trade sector, the overall strategy is

to increase formal market share in the country by encouraging more investment in retail trade. This is expected to be done through among others, developing training programs to be implemented through the Kenya school education system to inculcate skills in the area of retail trade, as well as in post- school business colleges (G.O.K, 2007). Indeed, Entrepreneurship education has been made a compulsory subject at the university and tertiary institution levels. It is hoped that the entrepreneurial skills gained by students will be used in founding thriving enterprises in the country for driving the economy to realize a two digit sustained growth rate by the year 2030.

Despite the government funding for registered youth groups in the country, presence of business related courses and compulsory Entrepreneurship course units in tertiary colleges and universities in Kenya, most of Kenyan youths in colleges still study with an aim of gaining entry into the job market as faithful employees and not employers. Kenyan youths form the largest group of the unemployed and economically marginalized portions of the population. Only a few youths venture into self-employment and or Entrepreneurship during and after college education. Some college students do venture into Entrepreneurship and juggle between fulfilling the rigors of their academic courses and meeting demands of their entrepreneurial ventures. In Kenyan tertiary and middle level colleges and Universities, student enterprises comprise mainly of computer typesetting, printing and photo copying services, sale of clothes, sale of mobile phone credit cards, mobile phone repairs, mobile phone money transfer services, selling movies, shoe polishing, laundry services, sale of computer based storage devices, running eateries, general supply tuck shops, computer-based activities such as software development and installations, computer maintenance among others. Such ventures are often run within college compounds either in the student halls of residence or at the student centers set aside by college administrations.

After completing college education, most of the Kenyan youth follow the well-trodden route of seeking white colour jobs. Some succeed while majority become disoriented in life and get lost in vices such as doing drugs and stealing to make ends meet, rather than becoming creators of employment opportunities. Unless there is a paradigm shift in enhancing youth Entrepreneurship in Kenya, the government goal as indicated in the national blue print vision 2030 is unlikely to be realized. This raises numerous questions that beg for appropriate answers: what are the motivations for college students to venture into Entrepreneurship while in college and after college education? Do college students venture into Entrepreneurship because they wish to (pull factors) or they are forced into it (push factors)? What can be done to encourage more college students to venture into Entrepreneurship during and after college? This research aimed at meeting the aforementioned questions.

Research Objectives

This research was guided by the general objective: to investigate opportunity-based versus necessity-based Entrepreneurship preference for self-employment and entrepreneurial involvement among college students; a case study of Kirinyaga University.

The specific objectives were:

- a) To identify the pull motivations for development of Opportunity Entrepreneurship among Kirinyaga University students.

- b) To identify the push motivations for development of Necessity Entrepreneurship among Kirinyaga University students

Research Questions

- a) What are the motivations for development of Opportunity Entrepreneurship among Kirinyaga University students
- b) What are the motivations for development of Necessity Entrepreneurship among Kirinyaga University students

Justification

This research work is expected to bring to light the motivations for engagement of college students into Entrepreneurship development while still in college and likelihood of their engagement after college education. It's noteworthy that Entrepreneurship is acknowledged as one of the key drivers for realization of the national blue print Vision 2030. This research will be significant to policy makers for them to realize the combinations of the motivations for youth engagement in Entrepreneurship. It will also add to the body of knowledge as well as inform future research in this area.

Scope of the research.

This research only involved Kirinyaga University students who were in session as at the time of undertaking the research. The research was confined to two broad categories of motivations for involvement in Entrepreneurship which were: Opportunity (positive) and Necessity (negative) and under each category only three motivations were considered.

Literature Review

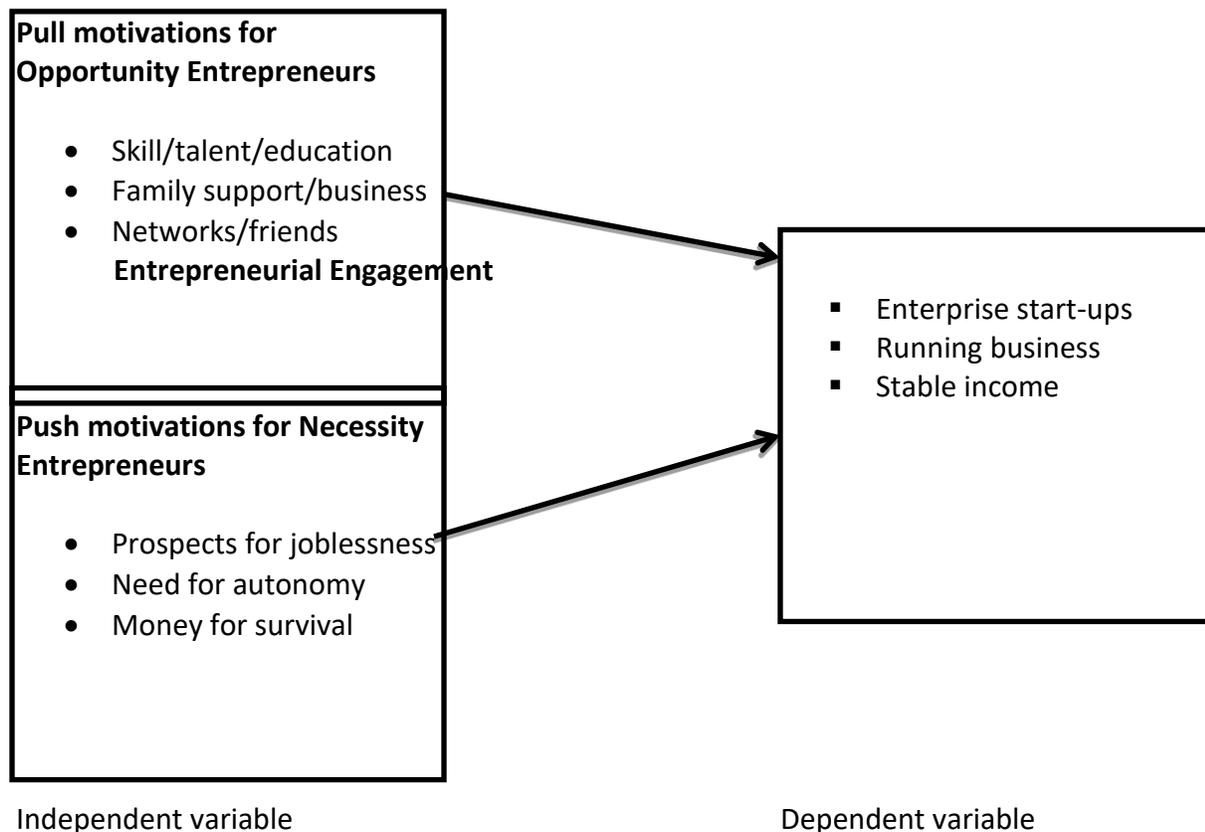
Theoretical Framework

This research was informed by the incentive and instinct theories of motivation. These theories were relevant to this research because they help explain how motivational factors inside and external to an individual influence their choice for Entrepreneurship. Incentive theory was developed in the 1940s and 1950s and suggests that people are driven into action by external incentives. According to this theory, people are pulled towards behavior with favorable outcomes (incentives) while at the same time being pushed away from behavior with unfavorable outcomes. Bernstein, (2011) further explains that differences in behavior from one person to another or from one situation to another can be traced to the incentives available and the value a person places on those incentives at the time. On the other hand, instinct theory proposes that organisms engage in certain behaviors because they lead to success in terms of natural selection. Motivation in this theory is seen as essentially intrinsic and that organisms are born with a measure of motivation to act the way they do. It proposes that every behavior is propelled by natural tendencies which are inborn and they make people participate spontaneously in a particular pattern of behavior (Opafunso, 2014).

These theories were significant in explaining the reasons behind student engagement in Entrepreneurship. The student entrepreneurial involvement was tested during their present academic life and stay in college and their likelihood of engagement after college. An attempt

was made in analyzing the levels of student entrepreneurial engagement from ‘never’ to ‘actively involved’ and possible motivations highlighted.

Conceptual Framework



Critique of Literature

It would be interesting to investigate the motivation behind an individual taking upon oneself all the personal, social and financial risks associated with starting up and running a business venture. There are many scholars who have helped explain the supply of entrepreneurs (Hamilton and Harper, 1994). It's the position of Ingrid et-al (2010) that individuals decide to engage in entrepreneurial activity because of different (combinations of) motivations. Broadly put, there are two categories of motivational factors for individuals engaging in entrepreneurial activities which are the 'Push' and 'Pull' factors (Shapero and Sokol, 1982; Gilad and Levine, 1986). The 'push' factors generally make individuals engage in entrepreneurial activities not out of their own volition, but because circumstances dictate so. On the other hand, the 'pull' factors attract individuals into entrepreneurial engagement due to the benefits that would accrue from the same.

In an attempt to distinguish between pull and push motivations, the Model of the Entrepreneurial Event Shapero and Sokol, (1982), argue that the act of starting up a business is dependent upon a change that occurs in the life of an individual, i.e., a displacement.

This displacement can take the negative form of the loss of a job or a divorce, but may also be positive, such as an inheritance. Individual characteristics (including socio-cultural factors and economic, social and human capital) determine how individuals experience, value and perceive 'disruptive' events Shapero and Sokol (1982) or encountered opportunities, as well as how they react to them Giacomini et al (2007). Ingrid et al (2010) further posit that examples of 'pull' motivations are the need for achievement, the desire to be independent and social development possibilities. 'Push' motivations may arise from the exit from or risk of unemployment, family pressure and/or dissatisfaction with the present situation in general.

To explain the push motivation, Oxenfeldt (1943) is said to be the first to argue that the unemployed or those with low chances of getting gainful employment were likely to venture into self-employment to make a living. This line of thought has the roots back to the Knight's (1921) view that individuals make a decision between three activities: unemployment, self-employment and employment. The effect of unemployment, lowering the opportunity costs of self-employment, thereby driving individuals to start their own business, is often referred to as the push effect of unemployment. Other than unemployment which is viewed as the primary push motivation, other kinds of push motivations exist, for example, Giacomini et al (2007) mention the push motivations of autonomy (instead of being bossed around) and family pressure, for example in case of a business transfer to the new generation.

Reynolds et al (2001) showcased the distinction between 'pull' and 'push' motivations by introducing the concept of necessity and opportunity Entrepreneurship. While there is a wide variety of measures for necessity and opportunity Entrepreneurship, there is consensus that necessity entrepreneurs are considered to be driven mainly by push motivations, while pull factors form the basis for opportunity entrepreneurs to set-up a new venture. Opportunity Entrepreneurship reflects start-up efforts "to take advantage of a business opportunity", whereas necessity Entrepreneurship exists when there are "no better choices for work" Ingrid et-al (2010).

It is the view of Sarasvathy (2004) that there are various kinds of necessity entrepreneurs such as persons fired from their jobs; individuals who decide themselves to leave wage-employment because their boss does not want to commercialize their ideas or inventions; and individuals who are "unhireable", such as those with low educational qualifications or language skills (immigrant entrepreneurs) or those with criminal backgrounds, Ingrid et al (2010). On the other hand, opportunity entrepreneurs arise from motivations such as market opportunity, social status and profit Giacomini et al (2007), recognition, independence, learning and roles Shane et al (1991), while innovation, independence, recognition, roles, financial success and self-realization are the motivations according to Carter et al (2003)

But according to Krishna (2013), motivations for entrepreneurial engagement can be grouped into two categories which are: Internal Factors: such as educational background, occupational experience, desire to do something pioneering and innovative, desire to be free and independent and family background and secondly External Factors: such as assistance from government, financial assistance from institutions, availability of technology and/or raw materials, encouragement from big business units, and heavy demand for product.

Methodology

Sampling Technique

The entire student population was first stratified into their respective schools, departments, courses, the years of study as well as the semester of study. Representative sample sizes were then picked out from every stratum based on the following formula:

$$n = \frac{Z^2 pqN}{e^2 (N - 1) + Z^2 pq}$$

Where

n = sample size

N= Entire Population

Z= Z score Corresponding to α =0.05 level of Significance.

e= Expected Error

p = Probability of Entrepreneurial Engagement

q = Probability of non-Entrepreneurial Engagement

Substituting for above yields the following:

$$n = \frac{1.96^2 * 0.5 * 0.5 * 1549}{0.05^2 (1549 - 1) + 1.96^2 * 0.5 * 0.5} = 308$$

The sample sizes from the various strata is as shown in the table below

Department	Course	Population	Sample size.	
Pure/Applied	Bsc Math and Comp Science	Year1Sem1 33	7	
		Y2S1 45	9	
		Y3S1 47	9	
		Y4S1 36	7	
	BSC. Statistics	Y1S1 44	9	
		Y2S1 43	9	
	BUS STUDIES	B.COM	Y1S1 154	31
			Y2S1 160	32
			Y3S1 211	42
			Y4S1 133	26
BSC.HRM		Y1S1 55	11	
		Y2S1 43	9	
BSC.ENTREPRENEURSHIP		Y1S1 53	11	
		Y2S1 28	6	
		BBM	Y1S1 51	10
		BEM	Y1S1 45	9
DIP. BUS.M	Y1S1 11	2		
	Y1S2 12	2		
	Y2S1 7	1		

			Y2S2	8	2
	DIP HRM		Y1S1	11	2
			Y1S2	5	1
			Y2S1	5	1
			Y2S2	5	1
MECHANICAL ENGINEERING	DIP AUTOMATIVE ENG	40		8	
	CERT IN AUTOMATIVE ENG	10			2
ELECTRICAL ENGINEERING	DIP IN ELECTRONICS/ ELECTRICAL ENG	119		12	
ABS	DIP IN BUILDING AND CONSTRUCTION		Y1S1	23	5
			Y1S2	19	4
			Y2S1	17	3
			Y2S2	8	2
	DIP IN ARCHITECTURE		Y1S1	13	3
			Y1S2	12	2
			Y2S1	12	2
			Y2S2	15	3
	CERT IN BUILDING AND CONSTRUCTION	Y1S1	4	1	
			Y1S2	3	1
	CERT IN ARCHITECTURE		Y1S1	5	1
			Y1S2	4	1
TOTAL		1549			311

Chapter 4 Data Analysis

Courses that were involved in this research were given serial numbers as shown in the table below.

<u>SERIAL NUMBER</u>	<u>COURSE</u>
1	Electrical and Electronic Engineering
2	Bsc. Entrepreneurship
3	Bachelor of IT (2 nd year)
4	Bachelor of IT (3 rd year)
5	Bachelor of HRM
6	Bachelor of Business Management (1s year)
7	Bachelor of Math and Computer Science
8	Diploma in Architecture

- 9 Diploma in building
- 10 Certificate in Architecture
- 11 Certificate in Building
- 12 B.Com 1st year
- 13 B.Com 4th year
- 14 Fashion
- 15 Bachelor of Computer Science
- 16 B.Com 3rd yr.
- 17 Bachelor of Business Management
- 18 Bachelor of Statistics
- 19 Bachelor of Enterprise Management.

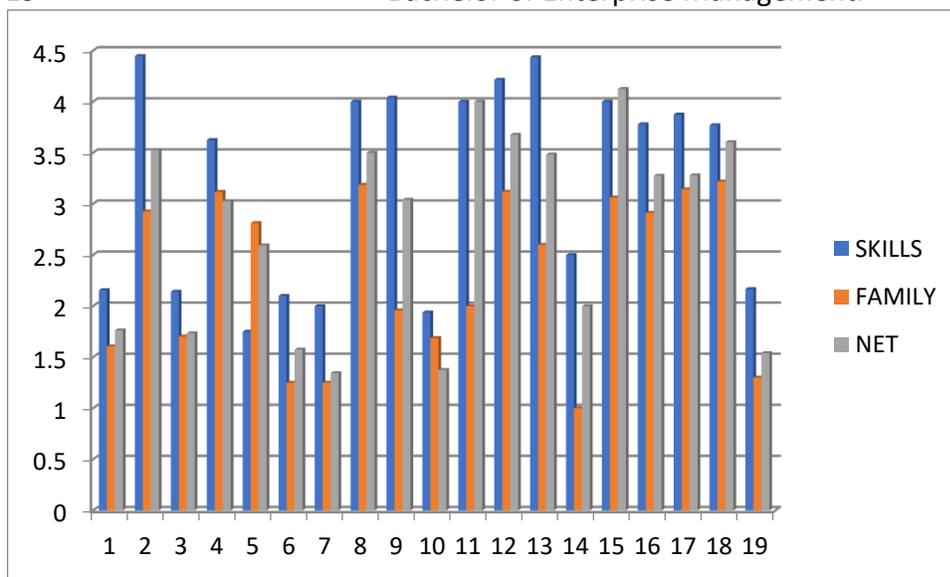


Figure 4.1. Pull motivation factors.

The pull motivational factors considered in this research were Skills, Family background and Networks. Across the courses studied, possession of necessary skills to venture into self-employment scored highest. Students responded that they either possessed or would possess these skills by the time they would graduate from their respective schools. Second from skills was the family support and lastly network of friends.

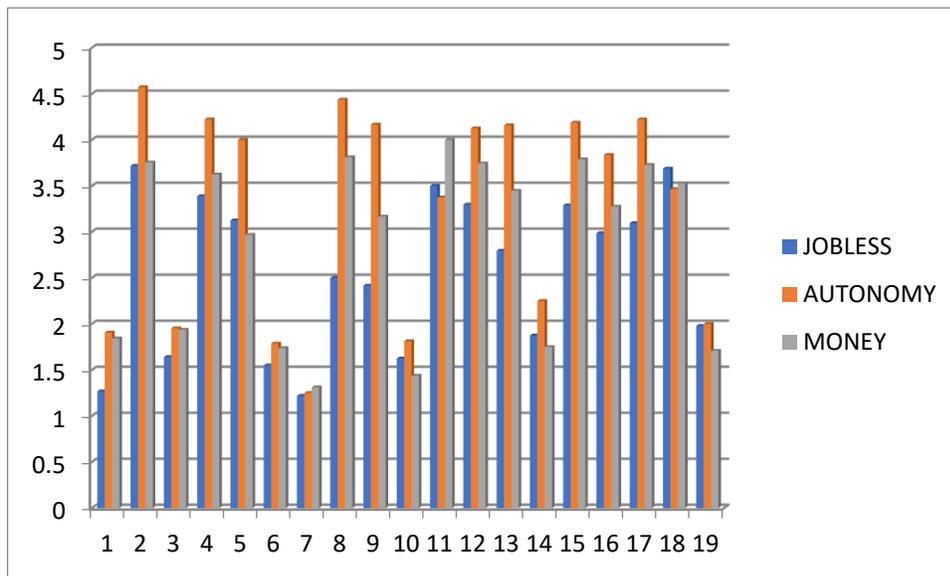


Figure 4.2. Push motivation factors.

Among the push motivation factors, Autonomy ranked highest. This means that a vast majority of the students would consider venturing into business and self-employment to avoid being bossed around and desire to be free to do business the way they would like to and that getting into formal employment would only be for purpose of gaining experience and capital to start own business. The push motivation factor- need for better cash flow, was second from autonomy. Those who were already and those considering the path of self-employment considered the following as important considerations: insufficiency in financial support from parents and guardians who paid their fees, they had seen employed people whose salaries didn't allow them to live comfortably and lastly they wanted to be different by engaging in self-employment. Prospects of joblessness scored lowest among the students sampled. Therefore the students considered themselves to be relevant to the economy through the training they were getting and that getting into formal employment would not be difficult. Hence, this would not push them into self-employment strongly compared to desire for self autonomy and desire to have good cash flow.

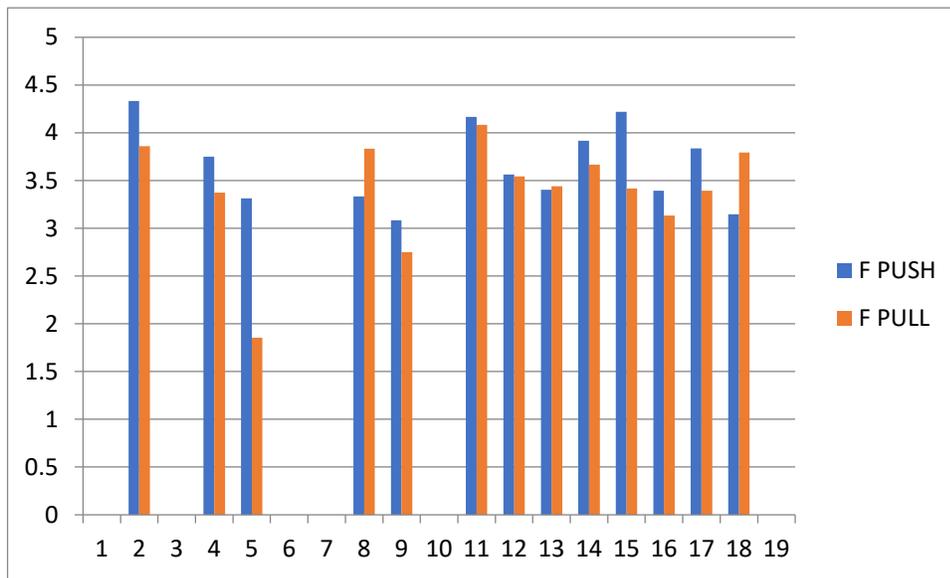


Figure 4.3. Females push/pull motivations.

The figure above clearly shows that some courses did not have any female students sampled and such included Electrical and Electronic Engineering, Bachelor of IT second year, Bachelor of Business Management, Bachelor of Math and Computer Science, Certificate in Architecture and Bachelor of Enterprise Management. However, between the Pull and Push motivations the latter took the greater average score meaning that a vast majority of students were either in or intended to get into self employment in future due to conditions unpleasant to them and desire to overcome them such as to avoid being bossed around, need to have better cash flow and the risk of joblessness.

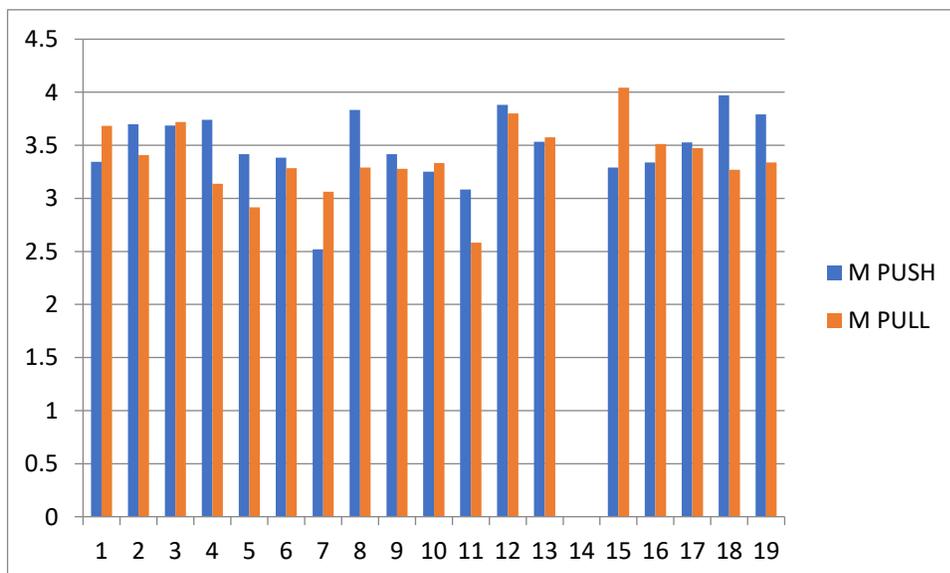


Figure 4.4. Males Push/Pull

From the above chart, one course (Fashion) did not have a male student in the sample picked. The same scenario as reflected in the female chart appears again here. Between push and pull motivations, the push motivations played a greater role in shaping present and future intentions for the students to engage in self-employment.

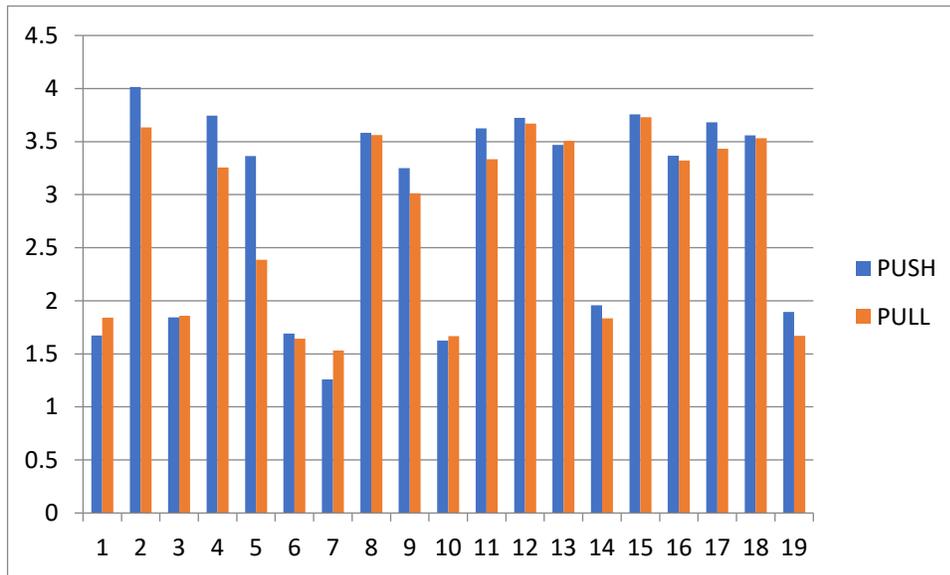


Figure 4.5: Consolidated Push/Pull for males/females

The chart above presents the general picture of comparison between push and pull motivations for both males and females. On average, push motivations of risk of joblessness, need for autonomy and the need for better cash flow were a stronger pointer for the students to consider engaging in self employment while pull motivations of family support, skills and networks played a milder role.

Lm (PULL~PUSH)

Call:

Lm (formula = PULL ~ PUSH)

Coefficients:

(Intercept)	PUSH
0.2440	0.8674

Making Pull a function of Push yields the following equation:

Pull= 0.8674Push+0.2440: this meant that a change in Push of 1 unit translates Pull by 0.867.

> lm(PUSH~PULL)

Call:

lm(formula = PUSH ~ PULL)

Coefficients:

(Intercept)	PULL
-0.03158	1.06230

While making Push a function of Pull yields following equation:

Push= 1.06230Pull-0.03158: meaning that a change in pull of 1 unit translates Push by 1.06230

The above models further confirm that between Push and Pull motivations for present and future considerations for self-employment, the Push motivations would have a bigger role for the college students.

cor(PUSH,PULL)

[1] 0.9599368

> cor(PULL,PUSH)
[1] 0.9599368

sd(PULL,PUSH)
[1] 0.8671767
sd(PUSH,PULL)
[1] 0.9596517

There's a strong positive linear correlation between the two factors meaning that a change in one would result in a change in the other and in almost similar magnitude.

	PUSH	PULL
Min.	:1.260	:1.531
1st Qu.:	1.870	1.837
Median :	3.367	3.257
Mean :	2.899	2.759
3rd Qu.:	3.654	3.519
Max. :	4.016	3.729

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations		
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
(Constant)	-.032	.217		-.146	.886	-.489	.426			
Push	1.062	.075	.960	14.124	.000	.904	1.221	.960	.960	.960

a. Dependent Variable: pull

Std error test:

Pull =1.062 Push-0.032+e

Corresponding std errors: Push=0.075, Constant=.217.

When Coefficient divided by 2 is greater than corresponding error, then the coefficient is statistically significant but if less then it's statistically insignificant. In this case the push coefficient is significant

Constant/2 < corresponding std error (.217) hence statistically insignificant.

t-test: calc(Push)=14.124 which is greater than the table value (2.110) hence statistically significant. Calc (constant)=0.146 while critical value is 2.110 hence statistically insignificant.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson	
					R Change	Square Change	F Change	df1	df2		Sig. F Change
1	.960 ^a	.921	.917	.2767066	.921		199.501	1	17	.000	1.682

a. Predictors: (Constant), push

b. Dependent Variable: pull

Adjusted R²=.917 meaning Push explains Pull by 91.7%. This is significant for forecasting purposes.

Durbin-Watson test= 1.682: the rule of the thumb is that if:

2=NO autocorrelation

0=Perfect positive autocorrelation

4=Perfect negative autocorrelation

1.682 tends towards 2 hence negligible + autocorrelation

Implication of the Research Findings

The research findings reveal that negative motivations would play a grand role for youth engagement in entrepreneurial endeavors. This comes on the backdrop of efforts by the government of Kenya to entice the youth into entrepreneurial engagements through measures such as introduction of business related courses in schools, middle level colleges and universities and introduction of youth

funds. There is need for the government to create more conducive environment to attract the youth into self-employments/Entrepreneurial engagement that would ensure sustainability, rather than the youths entering into entrepreneurship/self employment for lack of better options in the economy.

Acknowledgment

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