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# Self-Efficacy as Correlates of Entrepreneurial Intention of Tertiary Institution Students in Ogun State, Nigeria

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**Abstract:** *The rate of unemployment situation in Nigeria today is becoming alarming and a source of concern to both the government and the populace. The problem is compounded by factors such as early retirement, job losses and almost zero employment growth rates in most government and private business establishment. Thus, this study seeks to establish the extent to which self-efficacy correlates with entrepreneurial intention among students in tertiary institutions in Ogun State, Nigeria. This study employed a descriptive research design of correlation type, specifically the ex-post-facto research design. The study involved a sample size of four hundred and eighty (480) students. The sample was selected through multi-stage sampling technique. Firstly, 4 schools (School of Applied, School of Engineering, School of Environmental and School of Management Studies) was selected from each Polytechnic using the simple random sampling technique. Secondly, from each of the 4 participating schools, 60 students (30 male and 30 female) was selected from final year students through the stratified random sampling technique. The following two (2) instruments were used for data collection Generalised Perceived Self-Efficacy Scale (GPSS) and Entrepreneurial Intention Questionnaire (EIQ). The results revealed that self-efficacy determine entrepreneurial intention of students in tertiary institutions ( $R = .679$ ;  $R^2 = .461$ ;  $F_{(2, 465)} = 53.007$ ;  $P < .05$ ). There was a significant prediction of tertiary students' entrepreneurial intention. There is a significant composite contribution of self-efficacy in the prediction of entrepreneurial intention of students in tertiary institutions. There is a significant relationship between self-efficacy and entrepreneurial intention of students in tertiary institutions in Ogun State. The significant relationship between entrepreneurial intention and self-efficacy indicate that lack of these variables may also reduce entrepreneurial behaviour among our youths.*

**Keyword:** Self-Efficacy, Entrepreneurial Intention, Tertiary Institutions.

## I. INTRODUCTION

Entrepreneurs as agent of social and economic change were focused upon by Ogundele and Olayemi (2004<sup>1</sup>) in their call for Nigeria education curricula to concentrate on developing Entrepreneurial capabilities in Nigerians, in all Nigerian educational institutions. The objective is to ensure that Nigerian is not left behind in the global competition that is knowledge managed. Such

Entrepreneurship Training will equip the students with skills for constant improvement and innovation in their undertaken. The entrepreneurship development programme in Nigeria is designed to help an individual in strengthening his/her entrepreneurial motivation and in acquiring skills and capabilities necessary for playing his/her entrepreneurial role effectively.

Economic empowerment of citizens is the primary goal of any nation. It is a key way to ensure that individuals are empowered so as to lower the unemployment level. When graduates set up small businesses in application of their knowledge of entrepreneurship, it ensures prosperity and competitiveness. Nwoye (2011<sup>2</sup>), opined that there is need for entrepreneurship students to know the things that government has put in place that will enhance entrepreneurial ventures. This is in terms of those things that will enable him or her to venture out and create wealth and accumulate capital in the market place. Shane (2003<sup>3</sup>) described entrepreneurship as the act of being an entrepreneur. The word entrepreneur which is a French word means "one who undertakes innovations, finance and business acumen in an effort to transform innovations in economic goods". He continued that the result of entrepreneurship may be a new organization or a part of revitalizing mature organization in response to a perceived opportunity. Intentions to act are believed central to understanding the behaviours in which people engage. While actual behaviour may differ from intended behaviour, it has been established that one's intention to act toward something in a certain manner is the most consistent predictor of actual behaviour, particularly planned behaviour (Krueger, Reilly and Carsrud, 2000<sup>4</sup>).

Entrepreneurial intention describes the degree of commitment directed towards the performance of the entrepreneurial endeavour of putting up a business for self-employment (Krueger & Carsrud 1993<sup>5</sup>; Souitaris, Zerbiniati, and Al-Laham, 2007<sup>6</sup>). Entrepreneurial intention is a state of mind that directs and guides the actions of the entrepreneur toward the development and implementation of a business concept (Boyd & Vozikis, 1994<sup>7</sup>; Gupta & Bhawe, 2007<sup>8</sup>). Hence, to understand why individuals pursue business ownership, it is critical to understand the nature as well as precursors of the intention of putting up such business venture (Krueger, Reilly & Carsrud, 2000<sup>4</sup>).

Entrepreneurial intention has become a popular research topic, only a limited number of studies has focused on the entrepreneurial intention of students (Mitchell, Busenitz, Lant, McDougall, Morse, and Smith, 2002<sup>9</sup> Luthje & Franke, 2003<sup>10</sup>). The focus on students rests on the argument offered by Luthje and Franke (2003<sup>10</sup>), which given the right opportunity and adequate support, majority of students indicate their intention to start a business of their own. Therefore, entrepreneurial intention is the desire of an individual to establish a private business.

Hayford (2006<sup>11</sup>) reports a high level of entrepreneurial intention among college students in Singapore. Hayford (2006<sup>11</sup>) further reported that the desire for entrepreneurship among college students were borne out of the desire to be one's own boss, financial autonomy, avoidance of unemployment syndrome, and retrenchment in work place. Research in entrepreneurship studies reported a close relationship between entrepreneurial intention and the type of college attended (Bassey, 2005<sup>12</sup>). International research evidence also revealed that individual entrepreneurial intention is strongly associated with entrepreneurship knowledge, self-efficacy and academic exposure. (Henley 2005<sup>13</sup>, Matthew 2006<sup>14</sup>).

Lee (2006<sup>15</sup>) reveals that the type of institutions attended by students determines their level of entrepreneurial intention. In a similar study by Evans and Leighton (2007<sup>16</sup>), findings showed that business and vocational technology students possessed high level of entrepreneurial intention as compared with their counterparts in science and related programmes.

However, self-efficacy is one of the independent variables in this study. Perceived self-efficacy is defined as people's beliefs about their capabilities to produce designated levels of performance that exercise influence over events that affect their lives. Self-efficacy beliefs determine how people feel, think, motivate themselves and behave. Such beliefs produce these diverse effects through four major processes. They include cognitive, motivational, affective and selection processes (Bandura, 2000<sup>17</sup>).

Research has shown that self-efficacy can influence behaviour (Bandura, 1982<sup>18</sup>). Current research suggests the use of a variety of learning experiences to expose students to real-world situations (Edelman and Manolova, 2008<sup>19</sup>). By doing so, we can expect that the students' self-efficacy can gradually increase, which is possible as students gain experience by developing complex skills (Bandura, 1982<sup>18</sup>; Gist, 1987<sup>20</sup>). A person's self-efficacy towards a task would influence the decisions to take on that task, the amount of effort used on the task and the persistence in accomplishing that task. Social cognitive theory provides a prominent role to self-efficacy perceptions. Self-efficacy judgments are seen to influence outcome expectations since "the outcomes one expects derive largely from judgments as to how well one can execute the requisite behaviour" (Bandura 1997<sup>21</sup>,

P.241). Previous research has found that, among other variables, perceptions of formal learning from entrepreneurship-related courses had the strongest positive relationship with intentions through the mediation of entrepreneurial self-efficacy (ESE) (Zhao, Seibert, and Hills, 2005<sup>22</sup>).

Peterman and Kennedy, (2003<sup>23</sup>) reveals the composite and relative contribution of Self-Efficacy and student's entrepreneurial intention in three different autonomous colleges in U.S.A. The composite and relative contributions were accounted for as a result of instruction in self-efficacy and the type of college attended. Mathew (2006<sup>14</sup>) reported that the relationship existing among Self-Efficacy and entrepreneurial intention of college students. A strong sense of efficacy enhances human accomplishment and personal well-being in many ways, people with high assurance in their capabilities approach difficult tasks as challenge to be mastered rather than as threats to be avoided. Such an efficacious outlook fosters intrinsic interest and deep engrossment in activities. They set themselves challenging goals and maintain strong commitment to them. They heighten and sustain their efforts in the face of failure. They quickly recover their sense of efficacy after failure or setbacks. They attribute failure to insufficient effort or deficient knowledge and skills, which are acquirable. They approach threatening situation with assurance that they can exercise control over them. Such an efficacious outlook produces personal accomplishments, reduces stress and lowers vulnerability to depression. Self-efficacy is an innovative area of learning that assists people to achieve their potentials through entrepreneurship, which in turn helps to build local capacity for solutions.

## II. OBJECTIVES OF THE STUDY

The Objectives of this study investigated the composite and relative contributions of Self-efficacy in the prediction of entrepreneurial intention of students in tertiary institutions in Ogun State. It also investigated the relationship between self-efficacy and entrepreneurial intention of students in tertiary institutions in Ogun State.

### *Statement of the Problem*

The rate of unemployment situation in Nigeria today is becoming alarming and a source of concern to both the government and the populace. The problem is compounded by factors such as early retirement, job losses and almost zero employment growth rates in most government and private business establishment. Thus, this study seeks to establish the extent to which self-efficacy correlates with entrepreneurial intention among students in tertiary institutions in Ogun State, Nigeria.

### *Statement of Hypotheses*

The following null hypotheses were postulated in order to achieve the purpose of this study and it will be tested at 0.05 level of significance.

H<sub>01</sub>: There is no significant composite and relative contribution of self-efficacy in the prediction of

entrepreneurial intention of students in tertiary institutions.

H<sub>02</sub>: There is no significant relationship between self-efficacy and entrepreneurial intention of students in tertiary institutions in Ogun State.

### III. METHODOLOGY

**Research Design** This study employed a descriptive research design of correlation type, specifically the ex-post-facto research design.

**Population:** The Population of the study constituted students of the Federal Polytechnic, Ilaro and Moshood Abiola Polytechnic, Abeokuta in Ogun State, Nigeria.

**Sample and Sampling Technique:** The study involved a sample size of four hundred and eighty (480) students. The sample was selected through multi-stage sampling technique. Firstly, 4 schools (School of Applied, School of Engineering, School of Environmental and School of Management Studies) was selected from each Polytechnic using the simple random sampling technique. Secondly, from each of the 4 participating schools, 60 students (30 male and 30 female) was selected from final year students through the stratified random sampling technique.

**Instrumentation:** The following two (2) instruments were used for data collection. They are:-

- i. Generalized Perceived Self-efficacy Scale (GPSS)
- ii. Entrepreneurial Intention Questionnaire (EIQ)

**Procedure for Data Collection:** The instruments were personally administered by the researcher. Completed instruments were collected immediately for data analysis.

**Method of Data Analysis:** The data collected was analyzed using Multiple Regression Analysis (MRA) and Pearson Product Moment Correlation to be tested at 0.05 level of significance.

### IV. RESULTS

**Hypothesis One:** There is no significant composite and relative contributions of Self-efficacy in the prediction of entrepreneurial intention of students in tertiary institutions.

**Table I(a): Model summary of the multiple regression analysis of the contribution of Self-efficacy on entrepreneurial intention of students in tertiary institutions**

	R	R <sup>2</sup>	Adj. R <sup>2</sup>	SE	Change Statistics				
					R <sup>2</sup>	F	d f		Sig. F
Model					Change	Change	1	d f 2	Change
Predictor									
Variables	0.679	0.461	0.461	10.069	0.461	53.007	2	465	0

**Table I(b): Model summary of the step-wise regression of the composite contribution of self-efficacy on entrepreneurial intention of students in tertiary institutions**

	R	R <sup>2</sup>	Adj. R <sup>2</sup>	SE	Change Statistics				
					R <sup>2</sup>	F	d f	d f 2	Sig. F
Model					Change	Change	1	d f 2	Change
Self-efficacy	.679	.461	.461	10.069	.461	53.007	2	465	.000

Predictors: (Constant), self-efficacy

Predictions: (Constant), Self-efficacy,

Dependant Variable: entrepreneurial intention

**Table I(c): Coefficients of relative contribution of self-efficacy on entrepreneurial intention of students in tertiary institutions**

	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	SE	Beta		
(Constant)	317.203	4.789		7.016	.000
Self-efficacy	.299	.057	.547	6.433	.000

The results in Table 1(a) revealed that self-efficacy combined to determine entrepreneurial intention of students in tertiary institutions ( $R = .679$ ;  $R^2 = .461$ ;  $F_{(2, 465)} = 53.007$ ;  $P < .05$ ). This revealed that self-efficacy accounted for 46.1% of the variance in the entrepreneurial intention of students in tertiary institutions. This finding negates the earlier stated null hypothesis, which stated that there is no significant composite contribution of self-efficacy in the prediction of entrepreneurial intention of students in tertiary institutions. Thus, self-efficacy is good predictive factors of tertiary students' entrepreneurial intention.

However, the result in Table 1(b) below showed that when self-efficacy was entered into the regression model due to the strength of its relationship with tertiary students' entrepreneurial intention, there was a significant prediction of tertiary students' entrepreneurial intention ( $R = .679$ ;  $R^2 = .461$ ;  $F_{(1, 466)} = 117.142$ ;  $P < .05$ ). This showed that self-efficacy alone accounted for only 25.1% of the variance in the tertiary students' entrepreneurial intention.

The results in Table 1(c) revealed the strength of causation of the predictor variables on the criterion variable. The predictor of tertiary students' entrepreneurial intention on the predictor variable of the study self-efficacy is very potent ( $\beta = .658$ ;  $t = 7.209$ ;  $p < .05$ ). The null hypothesis of no significant relative contribution of self-efficacy in the prediction of entrepreneurial intention of students in tertiary institutions was rejected by this finding.

**Hypothesis Two:** There is no significant relationship between self-efficacy and entrepreneurial intention of students in tertiary institutions in Ogun State.

**Table 2: Relationship between self-efficacy and entrepreneurial intention of students in tertiary institutions in Ogun State, Nigeria**

	Self-efficacy	Entrepreneurial intention
Self-efficacy	1	.637*
Pearson Correlation		.000
Sig. (2-tailed)	.467	
N		

\* Significant at .05 alpha level.

Table II

The results in Table 2 indicated that there is significant relationship between self-efficacy and entrepreneurial intention of students in tertiary institutions in Ogun State, Nigeria. A significant high relationship was observed between self-efficacy and entrepreneurial intention ( $r = .637$ ). The findings imply that self-efficacy and entrepreneurial intention of students in tertiary institutions in Ogun State are positively related to each another.

### V. DISCUSSION OF THE FINDINGS

The first hypothesis stated that "There is no significant composite and relative contribution of self-efficacy in the prediction of entrepreneurial intention of students in tertiary institutions". This hypothesis was rejected by the analysis of data indicating that self-efficacy combined significantly and relatively contributed to the prediction of entrepreneurial intention of students in tertiary institutions. This showed that self-efficacy accounted for 46.1% of the variance in the entrepreneurial intention of students in tertiary institutions. This finding supported the research from the Uloko, and Ejinkeonye, (2010<sup>24</sup>) also reported that the youth level of self-efficacy is closely related with their entrepreneurial intention. In other words, their level of self-efficacy is a greater factor in stimulating their interest to set up a personal business after school.

This study also lend credence to the findings of Krueger et al., (2000<sup>4</sup>) & Gupta & Bhawe, (2007<sup>8</sup>); Souitaris et al. (2007<sup>6</sup>) in their various studies has shown that self-efficacy to a great extent has positive influence on their entrepreneurial intentions' levels. Also, the outcome of this study supported the works of Fayolle et al., (2006<sup>25</sup>); and Souitaris et al., (2007<sup>6</sup>) that reported that self-efficacy emanates from an individual's exposure and learning from a formal education program in the form of an entrepreneurship course in a polytechnic setting.

The second hypothesis stated that "There is no significant relationship between self-efficacy and entrepreneurial intention of students in tertiary institutions in Ogun State, Nigeria". The outcome of this has established a significant relationship between self-efficacy and entrepreneurial intention of students in tertiary institutions. This finding lends credence to past findings of Kiadese (2008<sup>26</sup>) who established a high level of entrepreneurial intention among university students after series of exposure to entrepreneurship education. The finding of Adetayo (2009<sup>27</sup>) also supported the outcome of this study by establishing a positive

relationship between students' level of self-efficacy and entrepreneurial intention. Ayodele (2013<sup>28</sup>) investigated the relationship between sex, socio-economic status, age, locus of control, entrepreneurial self-efficacy and entrepreneurial intentions among some Nigerian adolescents and reported that the respondents in his study has a strong and higher concern for and centrality of self-confidence to become entrepreneurs, and likely to be entrepreneurial oriented.

## VI. RECOMMENDATIONS

Based on the findings of this study, the following recommendations were made for the promoting self-efficacy.

Entrepreneurial behaviour can be instilled in the life of our youngsters in spite of their background or nature, therefore increasing the propensity of building viable and self-reliant individuals, who will in turn enhance wealth creation in the country and personally fulfilled. This can be achieved successfully when adequate knowledge is passed down to them.

The government should create an enabling environment for the emergence of Non-Government Organisation (NGOs) specifically concerned with encouragement of self-efficacy for students.

The students after acquiring skills that would enable them to be self-employed need to be financially empowered to start their own business. In this direction, there is need for government through Central Bank of Nigeria (CBN) to provide guidelines for the Deposit Money Bank (DMBs), Microfinance Banks, and Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) to give a reasonable percentage of loan able to funds to enterprises established by students with attractive interest rates.

The Federal and State Governments through the relevant ministry should encourage widespread formation of students only cooperative societies, such would provide opportunities for students to easily access loans from financial institutions, as well as provide for an avenue where the knowledge and skills of the students in their various activities can constantly be updated.

Nigerian youths should not wait for the government to provide white-collar jobs for them they should be to source for funds through the available means (e.g., micro finance credit) to start their own businesses.

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