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## The Link Between Demographic Variables And Entrepreneurship Intentions In Ghana

**Joseph Amankwah**

School Of Management Studies Department, Sunyani Polytechnic, Ghana

**Samuel Yeboah Asuamah**

Marketing Department, Sunyani Polytechnic, Ghana

**Dominic Effah-Bediako**

School Of Management Studies Department, Sunyani Polytechnic, Ghana

### **Abstract:**

*The aim of the research is to contribute to the body of knowledge in the area of entrepreneurial intention by examining the relationship between demographic variables and students' intention to be entrepreneurs after graduation. The study is based on quantitative, descriptive and cross-sectional survey design. The sample size for the study is 136 comprising 94 males and 42 females. Respondents were selected by convenience sample method. Self-designed questionnaire was used to collect primary data during lecture periods. Data were analysed using percentages, frequencies, cross-tabulation and chi-square test. Results indicated significantly relationship among demographic variables and entrepreneurial intention; motivators for intention and obstacles to setting up one's firm. The sample size should be increased in future research by including respondents from the public and private universities and other departments in the study area. Entrepreneurial education must be introduced into all programmes of study at the tertiary level. Causal studies are worth doing in future studies.*

**Key words:** Demographic variables; entrepreneurial intentions; motivation to start business; obstacles in starting own businesses

### **1.Introduction**

Entrepreneurship intention as a predictor of entrepreneurship activity has attracted a lot of research attention among researchers (Ayodele, 2013; Yeboah et al., 2013) in developed and developing economies. In the face of global unemployment in all economies, entrepreneurship activity is seen as one of the tools to solve unemployment problem.

The need for entrepreneurs to create wealth and to ensure personal fulfillment in the lives of the entrepreneurs and contribute to the growth of an economy has led to the introduction of entrepreneurship education in business programmes in many higher institutions in all economies including Ghana (Yeboah, et al., 2013; Ma & Tan, 2006).

The notion is that entrepreneurship education will increase the intention or increase motivation to become entrepreneurs. That is entrepreneurship education is considered as a determinant of entrepreneurship (Ayodele, 2013). Researcher (Ayodele, 2013; Gibson & Gibson, 2010; Harris & Gibson, 2008; Wilson et al., 2007; Azeze, 2006) have embarked on many empirical studies to determine the factors that influence entrepreneurship intention in the literature since in the face of various entrepreneurship education models, significant number of graduates do not become professional entrepreneurs to create wealth.

Among the determinants of entrepreneurship intention in the literature are socio-demographic variables. The main socio-demographic variables identified in the literature are gender, age, education, culture, household income and parent's education. The findings on the effect of demographic variables on entrepreneurship intention are found in the works of various researchers (Ayodele, 2013; Shinnar et al., 2012; Verheul et al., 2012; Chlosta et al., 2010; Díaz-García & Jiménez-Moreno, 2010; Gibson & Gibson, 2010; Gibson, 2008; Harris & Gibson, 2008; Carr & Sequeira 2007 and Wilson et al., 2007) in the literature.

The findings from various economies using different models in the literature have been inconclusive (Ayodele, 2013; Gibson & Gibson, 2010; Gibson, 2008; Harris & Gibson, 2008; Wilson et al., 2007) which calls for further studies such as the current one.

In some empirical studies (see Gibson & Gibson, 2010; Chang et al., 2009; Rodriguez et al., 2009; Basu & Virick, 2008; Harris & Gibson, 2008; Wilson et al., 2007; Drennan et al., 2005; Aldrich & Cliff, 2003; Greve & Saleff, 2003; Peterman & Kennedy, 2003; Delmar & Davidsson, 2000; Krueger et al., 2000; Hisrich & Peters, 1998; Kolvereid, 1996; Matthews & Moser, 1996; Krueger, 1993 and Shapero & Sokol, 1982) socio-demographic variables significantly affect entrepreneurship intention.

In some other empirical studies (Ayodele, 2013) in the literature, demographic variables have no significant effect on entrepreneurship intentions. Some studies that have used student samples have reported no significant linear effect of age on entrepreneurship intentions (Lee et al., 2011; Ozyilmaz; 2011; Zellweger et al., 2011; Franco et al; 2010; Kuckertz & Wagner, 2010; Liñán & Chen, 2009; Tornikoski & Kautonen, 2009).

Some similar studies (Schwarz et al., 2009) on age have reported negative significant linear effect on intention while other studies (Sequeira et al., 2007) have reported significant positive linear relationship using adults' sample. There are reports of significant reverse U-shape relationship between age as a demographic variable and entrepreneurship intention (Henley, 2007; Verheul et al., 2012).

#### *1.1.Statement Of Problem/Justification/Significance*

There are many graduates without employment in many economies including Ghana. Yet they are given education in entrepreneurship to prepare them and also motivate them to start their own businesses after graduation. Majority of the graduates rely on government institutions and businesses owned by other people.

Most of these graduates remain unemployed for many years after the national service engagement. In view of the high unemployment situation in the country and on the background that there is no official statistics on unemployment rate in Ghana the paper examined empirically the role of demographic variables in entrepreneurship intention after graduation.

In the very knowledge of the researchers very few empirical works exist in the literature on the study area. The findings on the link between demographic variables and entrepreneurship intentions in the literature have also been inconsistent (Ayodele, 2013; Gibson & Gibson, 2010; and Gibson, 2008). This calls for further empirical research to contribute to the literature. The paper fills in the literature gap. The paper extends the work of Yeboah et al. (2012) by examining the correlation between demographic variables and entrepreneurship intention after graduation

The findings of the survey provide further understanding of theories of entrepreneurship intention by providing answers to research questions in the study. On policy level, the findings provide policy guide to policy makers in developing models to increase entrepreneurship intention among graduates in order to solve the high graduate unemployment situation. Future studies will find the findings of the study useful as reference material. The findings will also generate interest among researcher on entrepreneurship.

#### *1.2.General Objectives/Specific Objectives*

The study contributes to the body of knowledge that exists in the area of entrepreneurship by examining the link between demographic variables and entrepreneurship intentions among students. The study among other things specifically examines.

- The association between demographics and entrepreneurship intention.

#### *1.3.Research Questions And Assumptions*

The main research question is:

- What is the link between demographic variables and respondents intention to startup their own business after graduation?

The paper is based on the assumption that demographic variables significantly affect peoples' intention to start their own business.

#### *1.4.Limitations And Scope Of The Paper*

The findings of the study are based on self-reported responses of respondents in the survey data. Hence, interpretations must be based on the self-reported responses. Some respondents might have given biased responses which might not be known to the researchers. Yet given the sample size the responses are reliable since the sample represents the target population.

The sample is based on convenience sampling method. Hence, the findings might lack external validity. The research is a cross-sectional study and descriptive in nature. As such, causality issues are not discussed in the paper. Other determinants of entrepreneurship intentions such as environmental resources and human resources are not considered in the current study. Data collection is limited to the Marketing Departments of the Business School alone.

## **2.Research Methodology**

The research design of the paper is quantitative. The scientific research type is survey whereas the research strategy is a descriptive research. The paper is also a cross-sectional survey. The sample consists of 136 respondents of marketing students of Sunyani Polytechnic, selected through convenience sampling method.

Primary data for the study was collected using self-designed questionnaire. The questionnaires were administered during lecture hours. Data collected was analysed using frequencies, percentages and Chi-square. The results on demographic profile of respondents are presented in a table form.

## **3.Results**

The demographic profiles of the respondents are presented first. This is followed by the results on the link between the demographic variables and entrepreneurship intention.

#### *3.1.Sample Characteristics*

Majority of the respondents in the survey are males 94(69.1%) and the age distribution indicates that majority 112(82.4%) respondents' falls in the age group of 18-25. Most 39(28.7%) of the respondents are from Ashanti region. The results are shown in Table 1.

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	94	69.1
female	42	30.9
Total	136	100
<b>Age</b>		
Less than 18	6	4.4
18 – 25	112	82.4
26 – 30	16	11.8
31 – 35	1	0.7
Missing response	1	0.7
Total	136	100
<b>Region</b>		
Western	7	5.1
Volta	6	4.4
Eastern	13	9.6
BA	36	26.5
Ashanti	39	28.7
Central	5	3.7
Greater Accra	2	1.5
Northern region	7	5.1
Upper west	9	6.6
Upper east	11	8.1
Missing response	1	0.7
Total	136	100
<b>Employment status</b>		
Students	129	94.9
Worker – student	6	4.4
Missing response	1	0.7
Total	136	100
<b>Sector where father work</b>		
Private	26	19.1
Public	43	31.6
Self – employed	60	44.1
Missing response	7	5.1
Total	136	100
<b>Sector where mother work</b>		
Private	16	11.8
Public	24	17.6
Self – employed	94	69.1
Missing response	2	1.5
Total	136	100
<b>Sector where respondents like to work</b>		
Private	41	30.1
Public	64	47.1
Self – employed	27	19.9
Missing response	4	2.9
Total	136	100

Table 1: Demographic Features Of Respondents

### 3.2. Demographics And Intentions To Set Up Own Business/Entrepreneurship Intention

The demographic variables identified to influence entrepreneurship intention in the survey are gender; region; religion; employment status; preferred sector of employment and parents' sectors of employment. Age of respondents have no statistical significant effect on entrepreneurship intention.

### 3.2.1. Gender

Various questions were asked to find out if respondents were willing to set up their own businesses after graduation. Demographic variables affected the responses given in the survey. Gender influences the decision to start one own business after graduation (chi-square=8.448;  $p=0.076$ ). Males (71.3%) were more willing than female (66.7%) to start their own businesses after graduation.

### 3.2.2. Region

Region significantly influences intention to do anything to become an entrepreneur (chi-square=57.122;  $p=0.014$ ). Respondents from Western region (85.7%) were more prepared to do anything to be entrepreneurs than respondents from other regions shown in Table 1.

Region influence the intention to start a business someday (chi-square=50.898;  $p=0.051$ ). Respondents from Western and Central regions indicated more intentions to start a business some day (100%). Region is linked with the determination to create a firm in the future (chi-square= 58.683;  $p=0.000$ ). Respondents from Eastern region and upper West region were more determined to create firms in the future (100%).

### 3.2.3. Religion

Religion has significant association with intention to set up one's own business (chi-square=19.961;  $p=0.046$ ). Muslim respondents are more willing to set up their own business than respondents with other faith in the survey as shown in Table 1. Religion affect the intention to start a business someday (chi-square= 59.005;  $p=0.06$ ).

Respondents with Anglican faith and Muslims were more determined to start their businesses someday (100%). Religion is associated with clear idea of the type of business to start (chi-square=23.528;  $p=0.015$ ). Respondents who are Muslims have much clear idea of business type to start (100%). Religion is related to the goal of becoming an entrepreneur (chi-square=59.178;  $p=0.063$ ). Respondent who belong to the Presbyterian faith more have more professional goal of becoming entrepreneurs.

### 3.2.4. Employment status of respondents

Two types of employment status were identified. These are 'Students' and 'worker-students'. Employment status is related to the intention of becoming an entrepreneur or an employee of a firm (chi-square=8.592;  $p=0.072$ ). Worker-students prefer more to be entrepreneurs than employees in a firm (100%) than respondents who are only students.

### 3.2.5. Preferred sectors of employment after graduation

Three sectors of employment preferences were identified. These are Private, public and the self-employed. The preferred sector of employment influenced intention to start one's business (chi-square=9.310;  $p=0.01$ ). Respondents who preferred to be self-employed are more willing to start their own businesses (92.6%) than those who preferred private sector (58.5%) and public sector (67.2%).

Preferred sector of employment is linked with the determination to create a firm in the future (chi-square=10.982;  $p=0.089$ ). Respondents who preferred to be self-employed are more determined to create their firm in the future (100%). There is a significant relationship between preferred sector of employment and willingness to start a business in the future (chi-square=17.562;  $p=0.025$ ).

Respondents who preferred to be self-employed agreed more to start their own businesses in the next ten years (51.8%). Sector of employment affects the goal to become entrepreneur (chi-square= 13.564;  $p=0.094$ ). Respondents who preferred to be self-employed agreed more that they have a goal to become entrepreneurs (88.9%).

Having a clear idea of a business to set up after graduation is related to preferred sector of employment (chi-square=7.773;  $p=0.021$ ). Respondents who preferred to be self-employed have more clear idea of the type of business to start (79.2%) than respondents who preferred to work in the public and private sectors of the economy.

### 3.2.6. Parental sectors of employment

Three sectors of employment in relation to parents were identified. These are private, public and the self-employed. The sector of employment of the mother is related to the willingness to start one's own business in the future (chi-square= 14.399;  $p=0.072$ ). Respondents whose mothers work in the public sectors of the economy are more willing to start their own businesses in the next ten years (54.2%).

The sector of employment of the father is related to the decision to start one's own business after schooling (chi-square= 14.074;  $p=0.080$ ). Respondents whose fathers work in the public sectors of the economy has decided more to start their own businesses after schooling (81.5%).

### 3.3. Discussions

The findings from the analyses are consistent with the findings of previous researchers such as Gibson and Gibson (2010); Harris and Gibson (2008) and Wilson et al. (2007). These researchers established that demographic variables except age are related to people's willingness to start their own firm or entrepreneurship intention.

Age has no linear relationship with entrepreneurship intentions. The finding is consistent with the report of previous works in the literature of students' intention about entrepreneurship. Earlier studies (Lee et al., 2011; Ozyilmaz; 2011; Zellweger et al., 2011; Franco et al; 2010; Kuckertz & Wagner, 2010; Liñán & Chen, 2009; Tornikoski & Kautonen; 2009) using student samples reported of no statistical significant linear association between age and intention.

The findings indicate that gender (male and females) preferences are different in relation to starting a business. Culture was proxied by religion and region. The culture of the respondents in the survey influences the business decision. Respondents from various regions of the country have different preferences in relation to employment. Some will like to work for themselves while others will like to work for other people. Ethnicity represented by regions of respondents is related to intention to own a business as indicated by researchers such as Rodriguez et al. (2009) and Krueger (1993).

Respondents staying with their parents engaged in all kinds of business activities are also influenced by their parents in their business decisions in relation to where to seek for employment after graduation. This indicates that the background of parents influence entrepreneurship intention.

Respondents working and schooling might have also been motivated to own their businesses since they have tasted the job market before and know what goes on at the job market. They have the benefit of job experience.

#### 4. Conclusion

Entrepreneurship intention in students taking entrepreneurship course is related significantly to demographic variables such as gender; religion; region; respondents employment status; parents' sectors of employment and sectors respondents would like to work in after graduation. Policy makers and educators should incorporate these findings into models for training students to become entrepreneurs.

Entrepreneurship course should be introduced in all educational programmes and not only in the tertiary programmes for business students. This will help introduce the concepts of owning a business and how to manage one's business. This might help reduce the high unemployment rate facing many economies.

Future studies should increase the sample size by extending the study to other departments of the school to assess if the findings will be collaborated. Causal studies using structural modelling approaches should be done since the current study is descriptive. Probability sampling methods should be used in future studies to ensure more external validity of the findings.

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