DETERMINANTS OF ENTREPRENEURIAL PRACTICE AMONG STUDENTS IN NIGERIAN HIGHER INSTITUTIONS OF LEARNING: A STRUCTURAL EQUATION MODEL (SEM) APPROACH

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Abstract
Entrepreneurial practice has been observed to be the bedrock of economic growth and development of any nation. Of course, there are a number of factors that contribute to students inclination towards entrepreneurial practice. As such, the study seeks to examine the effects of entrepreneurship education and family business background on Kaduna State Polytechnics students inclination towards entrepreneurial practice. Cross sectional research designs and simple random sampling technique were utilized. 497 copies of questionnaires were administered to the National Diploma (ND) students of the Kaduna State polytechnics, Kaduna, Nigeria but only 457 were returned representing 91% return rate. Data collected were analysed using Partial Least Square –Structural Equation Model (PLS-SEM). The findings of the study revealed that both entrepreneurship education and family business background have positive significant effect on students inclination towards entrepreneurial practice. It was concluded by the study that entrepreneurship education and family business background contribute majorly to students inclination towards entrepreneurial practice in Kaduna State polytechnics. It was thus recommended that the level of entrepreneurship education in higher institution of learning should be increased as well as involvement of young ones/students by parents/guardians so as to enhance students’ entrepreneurial practice.

Keywords: Entrepreneurship Education, Family Business Background and Entrepreneurial Inclination

JEL Classification Codes: L26, I23, O17

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1. INTRODUCTION

The importance of entrepreneurship in the life of any nation cannot be over-emphasized due to the role it plays in rejuvenating the economy. It is considered as a vital tool to solve economic problem particularly unemployment (Brownhilder 2014; García-Rodríguez, Gutiérrez-Taño, & Ruiz-Rosa, 2017; Kulasagaran, 2010). That is why every meaningful government encourages entrepreneurship and gives it utmost priority. In developing nations like Nigeria, entrepreneurship has been identified as one of the long term strategies believed by the government to reduce unemployment. Based on this, the Nigerian government has initiated various programs with a view to stimulating students especially those in higher institutions of learning towards entrepreneurial practice.

For instance, in 2004/2005, the Nigerian government directed various boards and commissions in charge of higher education of learning in Nigeria such as National Universities Commission (NUC), National Board for Technical Education (NBTE) and National Commission for Colleges of Education (NCCE) to draft curriculum on entrepreneurship studies for higher institution students in Nigeria (Ekpoh & Edet, 2011). Besides, technical support has also been extended to tertiary institutions in Nigeria so as to consolidate entrepreneurship training and education.

In spite of Nigerian government effort towards improving and encouraging students of higher institutions of learning in Nigeria to get involved in entrepreneurial practice, the issue of graduate unemployment is still alarming. According to a report of National Bureau of Statistics (NBC) in 2017, out of about 500,000 graduates produced every year, 47% of the graduates were unemployed. The problem of unemployment still persists due to the fact that most educated graduates in the Nigerian labour force seek employment opportunities in white collar jobs (Olorundare & Kayode, 2014). Statistics has also shown that only 2.6% of Nigerian graduates involve in entrepreneurship activities upon graduation (NBC, 2016). This clearly indicates that there is a conspicuous lacuna between the government’s expectation and the actual level of graduates’ participation in entrepreneurship. Hence, this study seeks to specifically investigate factors influencing students’ inclination towards entrepreneurship with special preference to Kaduna State Polytechnics.

2. LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Concept of Entrepreneurship

The term entrepreneurship has been conceptualized by different scholars in different ways. Historically, entrepreneurship can be traced back more than 800 years ago to the French word ‘entreprendre’ which means ‘to do something’. A common conception according to Gartner (1990) is that entrepreneurship is about entrepreneurial individuals creating innovative organizations that grow and create value, either for the purpose of profit or not. But entrepreneurship does not have to include the creation of new organizations, it can also occur in
existing organizations (Shane & Venkataraman, 2007). Entrepreneurship according to Bruyat and Julien (2001) refers to one’s own business and involves broad concepts such as work attitude that emphasises self-reliance, initiative, innovativeness and risk-taking. Entrepreneurship also leads to the enhancement of skills to serve consumers and is viewed as a process of innovation, which creates new ventures (Kuratko & Hodgetts, 2004). Entrepreneurship is viewed as a process of innovation, which creates new ventures (Kuratko & Hodgetts, 2004). Timmons (1989) defines entrepreneurship as the ability to create and build something from practically nothing, which includes initiating, doing, achieving and building an enterprise. Succinctly, entrepreneurship has to do with creation of cultural, social or economic value to people.

As explicated above, entrepreneurship is considered as the main driver of economic growth in most countries (Muhammad, Akhbar & Dalzied, 2011) remain one of the career options students may consider shortly before or immediately after graduation (Beeka & Rimmington, 2011). Investigating factors that drive students to embark upon entrepreneurship is highly relevant (Zellweger, Sieger & Halter, 2011).

2.1.2 Entrepreneurship Education and Entrepreneurial Inclination

Entrepreneurship Education has to do with the application of enterprise behaviours, attributes and competencies into the creation of cultural, social or economic value. Entrepreneurship education consists of “any pedagogical [program] or process of education for entrepreneurial attitudes and skills” (Fayolle, Gailly, & Lassas-Clerc, 2006b). Entrepreneurship education is defined as the courses and lectures that are part of the curriculum scope that offer entrepreneurial capabilities, expertise and understanding to students, so that they can follow the entrepreneurship path as a profession (Ekpoh & Edet, 2011; Keat et al., 2011). According to Politis (2005), entrepreneurship education is a continuous procedure taken to simplify the development of required acquaintance and skills for starting a business. Gibson Harris, Mick, and Burkhalter (2011) state that the principal aim of entrepreneurship education is to develop and nurture future entrepreneurs who are skilled for starting and sustaining successful ventures, irrespective of their educational background.

Based on the aforementioned, entrepreneurship education or training may help graduates to be successful entrepreneurs (Pickernell, Packham, Jones, Miller & Thomas, 2011). It can also encourage students to set up their own businesses (Kirby, 2004), by providing them with business management skills to integrate experience, skills and knowledge to start new ventures (Mazura & Norasmah, 2011). Moreover, the study of Welsh et al. (2016) argue that exposing students to entrepreneurial education will improves students’ abilities to identify market opportunities, be competitive and sustain the competitiveness.

Specifically, Ching and Kitahara (2017) in their study in Brazil established that exposing engineering students to entrepreneurial education has a positive influence of their intention towards entrepreneurship. Also, Hattab (2014) argued the positive influence of entrepreneurial education on students’ entrepreneurial intention or inclination. The study of Solesvik (2013) in Ukraine found that students who participated in entrepreneurial education showed higher perceived entrepreneurial motivation than the students without enterprise courses. The study of

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Anisa, Vasilika and Besa (2013) found that entrepreneurship education has a positive effect on students’ attitudes toward a career in entrepreneurship and on perceived behavioral control or entrepreneurial self-efficacy.

Similarly, Pickernell et al. (2011) proved that entrepreneurship education can possibly support graduates to become good entrepreneurs as it increases the entrepreneurial awareness among students which can encourage them to adopt entrepreneurship as a career and start new business. Thus, it is hypothesized that: \( H_1 \): Entrepreneurship education has significant positive effect on students’ inclination to entrepreneurial practice

### 2.1.3 Family Business Background and Entrepreneurial Inclination

Previous studies have shown the relationship between family business background and inclination to entrepreneurial practice. For instance, the study of Chaudhary (2017) established a positive relationship between self-employed family background and entrepreneurial intent. The findings of Anisa et al. (2013) revealed that having a self-employed father significantly related to the student’s positive attitudes, stronger norms, and greater self-efficacy with respect to entrepreneurship. Bagheri and Pihie (2010) argue that family influence is an important factor that provides the background experience and motivation for students to lead entrepreneurial activities. Crant (1996) also confirms that having a family that is entrepreneurially inclined considerably motivate an individual to start his or her own business.

Furthermore, McElwee and Al-Riyami (2003) also states that children who grew up with entrepreneur parents had a greater tendency to choose a self-employed career. Similarly, Fairlie and Robb (2007) as well as Kirkwood (2007) showed that people who have family business background tend to be more entrepreneurially inclined than people who do not. This claim is supported by Keat, Selvarajah and Meyer (2011) that family business background variable has effect on university students’ inclination towards entrepreneurship in Malaysia. Since there is a confirmation by many studies on the influence of family background on entrepreneurial inclination, the study thus hypothesized that:

\( H_2 \): Family business background has significant positive effect on students’ inclination to entrepreneurial practice

### 2.2 Theoretical Issues

#### 2.2.1 Theory of Planned Behaviour (TPB)

Theory of planned behavior explains that intentions are a function of three sets of factors: attitudes towards a behavior, subjective norms, and perceived behavioral control (PBC). Attitude toward a behavior is the degree to which a person has positive or negative feelings of the behaviour of interest. Subjective norm relates to a person’s perception of the social environment surrounding the behavior (Conner & Armitage, 1998). Perceived behavioral control refers to the individual’s perception of the extent to which performance behavior difficult or is easy (Ajzen,
Perceived behaviour increases when individuals perceive they have more resources and confidence (Lee & Kozar, 2005).

In the context of entrepreneurship, the theory of planned behavior asserts that entrepreneurial intention or inclination is dependent on an individual’s attitude toward the desirability of an entrepreneurial career, subjective norms including perceived family expectations and beliefs to perform the behavior, and perceived behavioral control or the perceived ability to execute the intended behavior of entering entrepreneurship (Anisa & Besa, 2013).

2.2.2 Human Capita Theory (HCT)

Human Capita Theory (HCT) prescribes that education, training, knowledge, experience and skills acquisition are mechanisms for attaining productivity, efficiency and innovation. The human capital model of Robert (1991) advocates education as a tool for improving human capital, stimulating labour productivity and enhance entrepreneurship spirit and innovation level. Van Den Berg (2001) establishes a correlation between the level of education and new product development in knowledge-based economies that invested massively in education, technology and related developmental practices. Human capital attributes such as education, training and experience have been found to be critical to entrepreneurial practice and innovation (Odekunle, 2001). Therefore, the relationships between entrepreneurship education, family business background and entrepreneurial intention or inclination are explicated by the theory of planned behavior and human capital theory.

Research Model (2019)

3. METHODOLOGY

This study made use of cross-sectional research design. For this, data was gathered at the same time during the period of the research. The population of the study consists of National Diploma (ND) students in Kaduna State Polytechnic, Kaduna. The research adopted simple random sampling technique method with a view to ensuring that students have an equal chance of being selected in the survey exercise. In line with Krejcie and Morgan (1970) sample size table, the researcher arrived at 382 sample size given the population of 6304 National Diploma (ND) students. As recommended by Israel (2013), 30% of the sample size was added so as to take care of some errors such as incorrect filling and failure of some respondents to return the

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questionnaire. Therefore, sample size was computed to be 497 after adding 30%. Consequently, 497 copies of the questionnaires were administered of which only 456 copies were correctly filled and returned. 41 questionnaires accounted for unreturned and incorrect filling. Therefore, 456 questionnaire representing 91% were used for the analysis, the percentage which is adequate enough for this study. The questionnaire contained 14 items on a 5 point Likert scale comprises three (3) variables; entrepreneurship education, family business background and entrepreneurial inclination.

3.1 Measurement of Variables

Table 1: *Construct Measurement*

<table>
<thead>
<tr>
<th>Construct</th>
<th>No of Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurship Education</td>
<td>Four</td>
<td>Fitzsimmons &amp; Douglas (2011)</td>
</tr>
<tr>
<td>Family Business Background</td>
<td>Five</td>
<td>Koh (1996)</td>
</tr>
<tr>
<td>Entrepreneurial Inclination</td>
<td>Five</td>
<td>Keat, Sevarajag &amp; Meyer (2011)</td>
</tr>
</tbody>
</table>

4. FINDINGS AND DISCUSSIONS

4.1 Measurement Model

The measurement model in figure 1 below shows the indicators loading on their intended factors. The simple factor structure, by rule of thumb taken to mean that composite reliability should be greater than 0.7 and average variance expectation should be greater than 0.5 (Garson, 2016). Indicators that do not meet this prerequisite were removed to increase the composite reliability and average variance expectation of other items.

Figure 1: *Measurement Model*
Table 2: **Construct Reliability and Validity**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Loadings</th>
<th>AVE</th>
<th>CR</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial Inclination</td>
<td>EI1</td>
<td>0.984</td>
<td>0.885</td>
<td>0.975</td>
<td>0.966</td>
</tr>
<tr>
<td></td>
<td>EI2</td>
<td>0.984</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EI3</td>
<td>0.984</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EI4</td>
<td>0.902</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EI5</td>
<td>0.821</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial Education</td>
<td>EE1</td>
<td>0.519</td>
<td>0.551</td>
<td>0.779</td>
<td>0.605</td>
</tr>
<tr>
<td></td>
<td>EE4</td>
<td>0.896</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EE5</td>
<td>0.763</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family Business Background</td>
<td>EMH2</td>
<td>0.792</td>
<td>0.758</td>
<td>0.903</td>
<td>0.839</td>
</tr>
<tr>
<td></td>
<td>EMH3</td>
<td>0.954</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EMH4</td>
<td>0.859</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: EI represents Entrepreneurial Inclination; ET represents Entrepreneurship Training; FBB represents Family Business Background

All constructs met the minimum benchmark for both Cronbach’s Alpha, composite reliability and AVE. Which is 0.7, 0.7 and 0.5 respectively (Hair, Black, Babin & Anderson, 2014). Therefore, it can be concluded that Convergent Validity (AVE ≥ 0.5), Internal Reliability (Cronbach Alpha ≥ 0.7) and Construct Reliability (CR ≥ 0.7) of all constructs have been achieved. Therefore, the model is fit enough for the analysis.

Table 3: **Discriminant Validity**

<table>
<thead>
<tr>
<th>Constructs</th>
<th>EI</th>
<th>ET</th>
<th>FBB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurship Inclination</td>
<td>0.9409</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurship Education</td>
<td>0.7240</td>
<td>0.7424</td>
<td></td>
</tr>
<tr>
<td>Family Business Background</td>
<td>0.7371</td>
<td>0.2024</td>
<td>0.8708</td>
</tr>
</tbody>
</table>

Note: EI represents Entrepreneurial Inclination; ET represents Entrepreneurship Training; FBB represents Family Business Background

The Fornell-Lacker criterion (1981) is a common and conservative approach to assess discriminant validity and it can be applied in PLS-SEM. The diagonal value (in bold) is the square root of AVE, while other values are the correlations between the respective latent construct (Garson, 2016). The discriminant validity is achieved when a diagonal value (in bold) is higher than the values in its row and column. Referring to the above table 3, it can be concluded that discriminant validity for all constructs are achieved.

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Bootstrapping Analysis (Structural Model)

The result of the structural model estimate is shown in diagram1.1. The structural model was run using subsamples cases using the bootstrap procedure with 5000 times of resampling and 456 cases. The magnitude and significance of the structural paths are consistent.

![Diagram of structural model](image)

Table 3: **Direct Path Coefficient**

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Beta Value</th>
<th>Standard Deviation</th>
<th>T Stat</th>
<th>P Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>ET-&gt; EI</td>
<td>0.599</td>
<td>0.025</td>
<td>24.21</td>
<td>0.000*</td>
<td>Not supported</td>
</tr>
<tr>
<td>FBB-&gt; EI</td>
<td>0.616</td>
<td>0.015</td>
<td>41.91</td>
<td>0.000**</td>
<td>Not supported</td>
</tr>
</tbody>
</table>

Note: EI represents Entrepreneurial Inclination; ET represents Entrepreneurship Training; FBB represents Family Business Background

Table 3 represents the results of the hypothesized direct relationship between the exogenous and endogenous variables of the study. As shown on the Table 3, it can be seen that entrepreneurship training has positive significant effect on entrepreneurial inclination ($\beta = 0.599$, $p < 0.01$). This means, if the level of entrepreneurship education is increased by one unit, students inclination to entrepreneurial practice will increase by 59.9% unit. Thus, $H_1$ that states that entrepreneurship education has significant positive effect on students inclination to entrepreneurial practice is empirically supported. Also, family business background has positive significant effect on entrepreneurial inclination ($\beta = 0.616$, $p < 0.01$). This means, if the level of family business background is increased by one unit, students inclination to entrepreneurial practice will increase by 61.6% unit. Thus, $H_2$ that states that family business background has significant positive effect on students inclination to entrepreneurial practice is empirically supported in this study. For the coefficient of determination (0.888), it means 88.8% variance in

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students inclination to entrepreneurial practice is accounted for by entrepreneurship education and family business background.

Table 4: Effect Size of Exogenous and Endogenous Variables

<table>
<thead>
<tr>
<th>Construct</th>
<th>$f^2$(EI)</th>
<th>Effect Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurship Educ.</td>
<td>0.289</td>
<td>Moderate</td>
</tr>
<tr>
<td>Family Business Backgrd.</td>
<td>0.32</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

The effect size of each path in the full structural equation model was analysed on Table 5 using $f^2$. It can be seen on Table 5 that entrepreneurship education has moderate effect (28.9%) on entrepreneurial inclination. Similarly, family business background has moderate effect (32%) on students inclination to entrepreneurial practice. Thus, family business background is the most important predictor of students inclination to entrepreneurial practice in the model.

Table 5: Predictive Relevance of Exogenous Variables

<table>
<thead>
<tr>
<th>Construct</th>
<th>SSO</th>
<th>SSE</th>
<th>$Q^2 = 1 - \frac{SSE}{SSO}$</th>
</tr>
</thead>
<tbody>
<tr>
<td>EJP</td>
<td>1000</td>
<td>499.5847</td>
<td>0.5004</td>
</tr>
</tbody>
</table>

Also, the study utilised the Stone-Geisser’s $Q^2$ value to assess the predictive relevance of the exogenous variables. On Table 5, $Q^2$ is greater than zero, which shows the predictive relevance of the direct path model. Going by Cohen (1988) standard, the model has large degree of predictive relevance on endogenous variable- entrepreneurial inclination.

5. CONCLUSION AND RECOMMENDATION

In this study, entrepreneurship education and family business background have been found to have positive significant effect on students inclination to entrepreneurial practice. In this study, entrepreneurship education and family business background were found to be one of the major predictors of students inclination to entrepreneurial practice in Kaduna state Polytechnics. This indicates that entrepreneurship education and family business background contribute significantly to students inclination to entrepreneurial practice in Kaduna state Polytechnics. These findings are in line with the findings of Chaudhary (2017), Ching and Kitahara (2017), Keat, Selvarajah and Meyer (2011) as well as Solesvik (2013). The study thus recommends that that management of Nigerian polytechnics and all policy makers in Nigerian higher institutions of learning should increase the level of entrepreneurship education among students with a view to enhancing students inclination to entrepreneurial practice. More so, parents, guardians and family at large should encourage and influence their young ones who are students to get involved in entrepreneurial practices by serving as role models to them. This therefore goes a long way in enhancing students inclination to entrepreneurial practice.

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