

Entrepreneurial Orientation and Entrepreneurial Intention among Youth Corp Members in North East Nigeria: The Role Of Perceive Access to Finance

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Abstract

Entrepreneurial intention (EI) is one of the major contributing factors to the formation, growth and development of entrepreneurship. Nigeria is making all possible effort in encouraging youths for self reliance especially youths in the North east region where violence has erupted for many years and destroyed the flow of economic activities. The current study therefore examined the moderating role of perceived access to finance (PAF) in the relationship between entrepreneurship orientation (EO) and entrepreneurial intention (EI). We employed questionnaires adapted from past studies to collect data from a sample of 354 corps members residing in the North east Nigeria. The results of the partial least squares structural equation modeling (PLS-SEM) showed a significant positive relationship between entrepreneurship orientation and entrepreneurial intention. Our results also revealed that perceived access to finance significantly moderates the relationship between entrepreneurship orientation and entrepreneurial intention. The study therefore recommended that government should ensure that youth corps members are given adequate entrepreneurial orientation and finance to improve their intention for entrepreneurship. Our review of past empirical studies on the relationship between entrepreneurship orientation and entrepreneurial intention showed inconsistencies. To fill this gap and add to the exiting body of knowledge, the current study integrated a third variable as a moderator of the relationship.

Key words: Entrepreneurial intention, Entrepreneurial orientation and perceived access to finance

Introduction

Entrepreneurship is inevitable to a nation's economic, social and technological development. In general, it has been viewed as a process of creating new things that will improve the standard of living or solve a particular problem of the human being which leads to the creation of a new wealth (Drucker, 1985). Entrepreneurs are considered growth agents of a country as they bring changes to economic, technological and organizational environments (Gaddam, 2008), they are the driving agents behind the economic development of countries (Reynolds, 1995). Many researchers (e.g., Frederick, Kuratko, & Hodgetts, 2006; Fayolle, 2007; Baron and Shane, 2008) also agreed that entrepreneurs contributed positively to their countries through new ventures, business ideas and jobs creations. Currently, many countries are adopting entrepreneurship development program in their secondary and tertiary institutions with a view to inculcate the concept to their teaming youths and to achieve better-economic development and growth.

Furthermore, Governments around the world have put together various efforts to encourage and motivate their youths to engage in entrepreneurial activities. Nigeria is not left out in this effort, as the government has provided measures towards encouraging youths for self reliance. This effort is evident by the introduction of skills acquisition and entrepreneurship in the National Youth Service Corps (NYSC) scheme where young graduates serving under the NYSC program are made to learn one or more skills including entrepreneurial orientation. In addition to this, the government has through the ministry of Education made compulsory for students in the secondary education to learn one hand trade. However, all these measures may have recorded immense success in some part of the country and the world at large but Abidin and Bakar (2005) and Lucky and Minai (2011) asserted that the possibility of students taking entrepreneurship course to become future entrepreneurs has become a major concern within and outside the academic community as many of them never turns out to become one.

Also, Studies (Ellen, 2010 & Bilge & Bal, 2012) in the field of entrepreneurship have began to include University students, graduates and post graduate students with the aim of predicting their entrepreneurial behaviors in the future. An important predictor of entrepreneurial behavior is entrepreneurial intention, as Ajzen's theory of planned behavior noted the action to perform specific behavior is most usually preceded by intention to perform the behavior. An entrepreneurship intention is the self-acknowledged conviction of the individual mind in the possibility of starting up a new business with a sincere, committed and dedicated plan to do so at a certain point of time (Thompson, 2009).

Koe (2016) noted that understanding what make an individual to become an entrepreneur is important in developing new entrepreneurs. This is because entrepreneurship itself is a complex process that involves entrepreneurial cognition and entrepreneurial actions (Hisrich, Peters & Shepherd, 2013). To them, entrepreneurship is also an intentional and planned behavior. As such, there is a need to further scrutinize entrepreneurial intention of young adults. It is a fact that there are many theories found in the entrepreneurial intention literature. A number of studies (e.g, Koe, Saari, Majid & Ismail 2012; Koe, 2016; Mahmoud, Muharam & Mas'ud 2015) have employed intention-based theories such as Theory of Planned Behavior (TPB) or Entrepreneurial Event Model (EEM). But Sandhu, Sidique, & Riaz (2011) observed a lack of consensus of the theory.

Many researchers (e.g., Krueger & Carsrud, 1993 & Lumkin and Dess, 1996) have been trying to identify the causes of entrepreneurship intention with thousands of literatures conducted

over the past decades. The majority of them focus on the related factors of entrepreneur, links personal characteristics or human capital with entrepreneurship intention (Khuong & An, 2016). In 2014, Ibrahim and Lucky identified one major problem with the student's entrepreneurial intention to be lack of entrepreneurial orientation among them due to the lack of emphasis on entrepreneurial programs by the university. Also, entrepreneurship education has also been thought to be the solution for this urgent need for new jobs via entrepreneurship orientation and subsequent entrepreneurial behavior. One major problem with the student's entrepreneurial intention is the lack of entrepreneurial orientation among them due to the lack of emphasis on entrepreneurial programs for foreign students by the university

Veysi, Veisi, Hashemi & Khoshbakht (2015) noted that in recent decades there has been growing attention towards entrepreneurship and its education. The aim of teaching entrepreneurship is to equipped youths with required creativity, innovative ability and skills like management, finance, technical and marketing. Hence it's necessary that youth be trained in such a way that their entrepreneurial potentials be developed. But Abdullah, Osman & Rahim, (2009) found that students could not translate their acquired education or skills into self-employment because less emphasis was placed on trainee characteristics, training environment and University-Industrial linkages.

Many studies in this research stream have reported inconsistent and ambiguous findings (Lorz, Volery, & Müller, 2011). In response, several researchers have generated comprehensive qualitative and quantitative reviews including meta-analyses of the entrepreneurship orientation–entrepreneurial intentions relationship; however, these studies have yet to resolve the remaining ambiguities and questions (Bécharde & Grégoire, 2005; Dickson, Solomon, & Weaver, 2008; Martin, McNally, & Kay, 2013; Mwasalwiba, 2010; Pittaway & Cope, 2007). Martin, McNally and Kay (2013) conducted a well-designed Meta analysis from which they concluded that there was a small but positive relationship, which was a weighted correlation of .137; however, the study provided little insight into the conditions under which entrepreneurship education is more or less likely to be associated with entrepreneurial intentions. This weak correlation may be as a result of factors such as access to finance, self efficacy, perceived ease of start up and environmental insecurity among others. However, no study has to the best of our knowledge considered in this context the inclusion of any of these third variables as possible moderating variable.

This study can help governmental institutions, agencies, academic, entrepreneurial educators, consultants and advisors to find the appropriate solutions to foster entrepreneurship in universities and consequently in the society

Literature review and Hypothesis Development

2.1 Entrepreneurial intention

Entrepreneurship is a concept that lacks a commonly agreed definition (Hornaday, 1992), There are various definitions of entrepreneurship in literature. It is widely understood as starting and running one's own business venture. To Krueger (2007), entrepreneurship is intentional in nature and comes through choice and not by accident. Entrepreneurship is a complex process which involves various stages; whereby one of them is the formation of entrepreneurial intention (Hisrich et al. 2013). Venture creation, is not likely to take place without intention (Owoseni & Akambi, 2010). However, intention has been identified as a major determinant of planned behavior such as entrepreneurial behavior. Ajzen (1991) noted in his theory of planned behavior (TPB) that intention plays a significant role in determining individual behavior. According to

him, individual behavior is driven by behavioral intentions where behavioural intentions are a function of an individual's attitude toward the behaviour, the subjective norms surrounding the performance of the behavior, and the individual's perception of the ease with which the behavior can be performed (behavioral control). This study utilizes Ajzen's TPB (1991) as a platform that contribute to our suggested model.

Entrepreneurial intention (EI) is defined as the mind sets that directs, guide, coordinate and control the basic concept (action) of new business development, implementation and evaluation (Bird, 1988). Gulruh et'al (2010) viewed entrepreneurial Intention as one's willingness in undertaking entrepreneurial activity, or in other words become self employed. To them, EI often involves inner guts, ambition and the feeling to stand on one's feet (Gulruh et al, 2010). Furthermore, it is worth studying entrepreneurial intention because it is a reliable predictor of entrepreneurial behavior and measuring actual entrepreneurial behavior is difficult (Krueger, Reilly, & Carsrud, 2000 & Wu, 2010).

2.2 Entrepreneurial orientation

The concept of entrepreneurial orientation can be traced back to Miller (1983) who provides significant insight especially at the firm level. Miller describes entrepreneurial orientation in terms of pro-activeness, risk-taking and innovativeness. Large organizations can benefit from doing things in entrepreneurial manner. This has been taken up by many public sector universities that are facing cuts in the public funding. Many see this as beneficial to the general good of the public whereby, academic research is commercialized for the betterment of the society. To him, an entrepreneurial firm is one that engages in product market innovation, undertakes somewhat risky ventures, and is first to come up with proactive innovations, beating competitors to the punch. In his view, the key factors of entrepreneurial firms are innovativeness, risk taking and pro-activeness.

In 2012, Bolton and Lane noted that individual EO has been a recent phenomenon, according to them, until recently limited evidence was found investigate EO as a determinant in theory of planned behavior (TPB). Also, Ekpe & Mat (2012) noted that previous studies that measured the direct relationship between entrepreneurial orientation and entrepreneurial intentions have established inconsistent results. Also, latest studies showed that entrepreneurial orientation are discussed at individual level and related to individual behavior, such as entrepreneurial intention (Bolton, 2012; Bolton and Lane, 2012).

Similarly, the relationship between entrepreneurial orientation and entrepreneurial intentions is widely discussed in the literature; and the debate as to whether entrepreneurship education leads to intention to start business is inconclusive. While some studies (e.g., Gatewood, Brush, Carter, Green & Hart, 2004; Stohmeyer, 2007 & Gibcus, Kok, Snijders, Smit & Linden, 2012) found that entrepreneurship education was positively related to entrepreneurial intention and self-employment, other studies (e.g., Abdullah, Osman & Rahim, 2009; Ying, 2008) discovered the contrary. However, limited attention has been paid to the social environment that may enhance or hinder entrepreneurial intentions. It is on the basis of this and the recommendation of Baron and Kenny (1986) that the current study sort to integrate a third variable that may possibly this inconsistencies.

H₁: Entrepreneurial orientation has significant positive effect on entrepreneurial intention

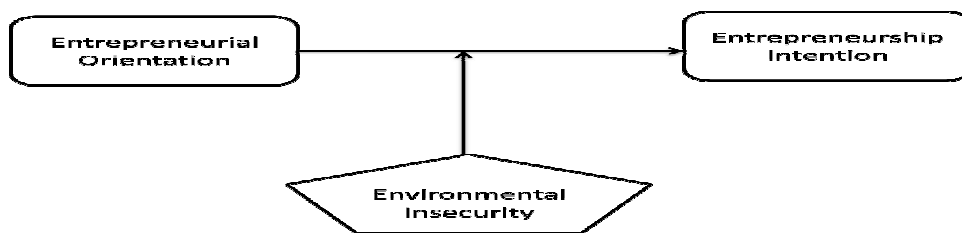
2.2 Perceive access to finance

Finance is one of the most common types of resource that is relatively easy to convert into other types of resources. It is one of the critical issues responsible for most business failure and it constitute a factor restraining youth from venturing into a business. The current study considers access to finance as startup capital required for starting new business. Kristiansens and Indart (2004) indicated that lack of access to capital; credit or loan scheme and the constraints of financial systems are regarded by potential entrepreneur as main hindrances to business innovation and success in developing economies. Lack of finance is an obstacle that affects preferred future career choice of university students (Fleming, 1996). Greene (2005) also noted that access to finance is necessary to start firm. It is also perceived as one of the impediments for younger people to start their own business.

H₂: perceived access to finance has significant positive effect on entrepreneurial intention

H₃: Perceive access to finance does not moderates the relationship between entrepreneurial Orientation and entrepreneurial intention

Theoretical framework



Research methodology

3.1 Research Design

The study is a field survey research. Respondents were corps members from the National Youth Service Corps (NYSC). Corps members are young graduates who mandated by the law to serve the country for a year under the NYSC program.

3.2 Sample and data collection

The sample consisted of 500 youth corps members drawn from five of the six states that made up North east Nigeria. North east is made up of Adamawa, Bauchi, Taraba, Gombe, Taraba and yobe states. The researchers excluded Borno state in the study due to the current insecurity state of the state. Youth corps members are graduates who are mandated by law to serve the country for a year under the National youth service corps (NYSC) scheme.

Questionnaires were distributed to the 500 participants only 354 were returned properly completed. Data obtained from the respondents were analyzed through the SPSS and Smart Pls. the model were tested using partial least square structural equation modeling (PLS-SEM). The questionnaire contained four sections covering demographic, the three independent variables and the dependent variable. The items were measured using five-point Likert scale with 1

representing “strongly disagree” and 5 representing “strongly agree” aimed at measuring the perception of the respondents towards the variables of the study. All the items used in the study were adapted from previous studies. Entrepreneurial orientation was measured in terms of educational background or training and self-efficacy. These measures were adapted from Sriprasert (2007). Entrepreneurial orientation originated from (Langkamp Bolton & Lane, 2012) and entrepreneurial intention adapted from (Liñán & Chen, 2009) respectively.

3.3 Data Analysis Technique

We employed the SmartPLS 2.0 in other to compute the two basic model of Partial Least Square (PLS) path modeling i.e. measurement model and structural model. Reasons for this is that of PLS places a very flexible restriction in respect distribution and population of the study as noted by Haenlein and Kaplan (2004) and Henseler and Fassott (2010) observed that PLS has the possibility of providing a more reliable and accurate computations of moderating effect because its accounts for error that is capable of reducing the possible relationship as well as the improvement of the validation of the theory.

Results

4.1 Measurement Model

In the measurement model, loadings, composite reliability for internal consistency and the average variance extracted (AVE) were examined. For the loadings, items loading below 0.50 were deleted (Hair et al., 2014). The composite reliability for all the constructs were above 0.70 and the AVE met the minimum requirement of 0.50 as recommended by Fornell and Larcker (1981). Details of this are presented in the table.

Table 1

Items Loadings, Internal Consistency and Average Variance Extracted				
Construct	Indicators	Loadings	Composite reliability	AVE
Entrepreneurial Intention (EI)	EI3	0.945	0.935	0.784
	EI4	0.893		
	EI5	0.861		
	EI6	0.838		
Entrepreneurial Orientation (EO)	EO14	0.764	0.869	0.529
	EO15	0.722		
	EO16	0.544		
	EO7	0.786		
	EO8	0.721		
	EO9	0.798		
Perceived Access to Finance (PAF)	PAF18	0.853	0.932	0.82
	PAF19	0.923		
	PAF20	0.938		

In ascertaining the discriminant validity, the inter-construct correlations were compared with the square root of AVE represented boldly across the diagonal. The values of the square root of AVE

were higher than that of the inter-correlation among the constructs in the model as shown in the table 2 below.

Table 2

Discriminant validity			
	EI	EO	PAF
Entrepreneurial intention (EI)	0.885		
Entrepreneurial orientation (EO)	0.672	0.706	
Perceived access to finance (PAF)	0.466	0.616	0.905

4.2 Structural Model results

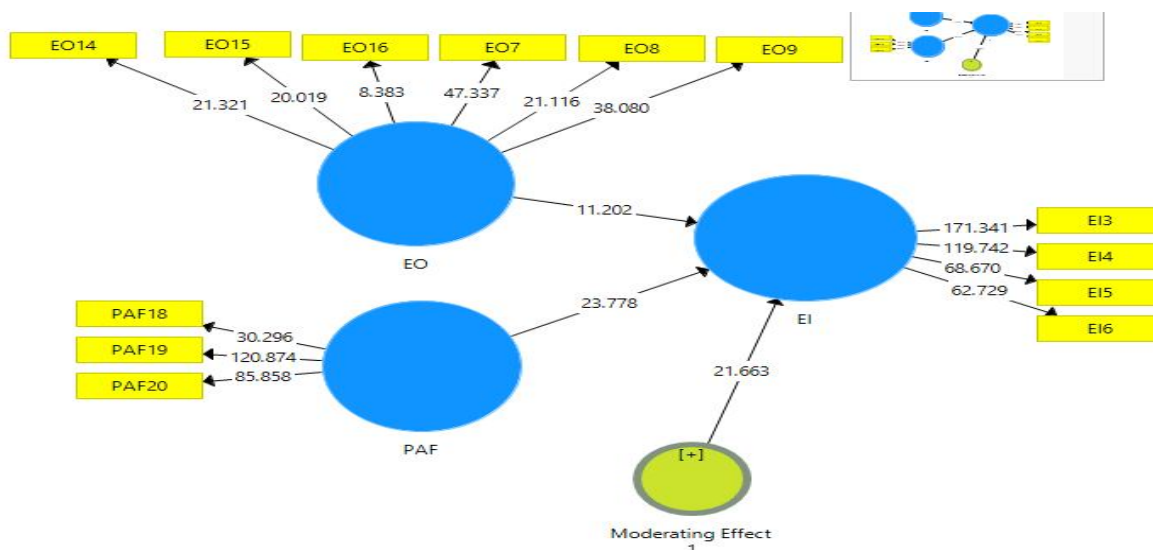


Figure 1: Structural Model

Table 3

Path Analysis and Hypothesis testing					
	Beta	Std Err	T Statistics	P Values	Decision
EO -> EI	0.509	0.119	11.237	0.000	accepted
PAF -> EI	0.539	0.125	23.129	0.000	accepted
Moderating Effect 1 -> EI	-0.675	0.153	21.623	0.000	accepted
R Square	0.584				

4.3 Discussion

Structural model was utilized to test the hypotheses of the study. The model hypotheses testing show that, the relationship between the entrepreneurial orientation for inventing and entrepreneurial intention is positive and statistically significant ($\beta = 0.509$, t-value = 11.237, $p < 0.001$). Relationship between perceived access to finance (PAF) and entrepreneurial intention (EI) was also positive and significant ($\beta = 0.539$, t-value, 23.129; $p < 0.001$). The moderating

effect of perceived access to finance on the relationship between entrepreneurial orientation and entrepreneurial intention was significant (t-value, 21.623, $p < 0.001$). In other words, all the hypotheses were accepted.

The R square which represent coefficient of determination stood at 0.586. This implies that EO and PAF collectively explained 58.6% of the changes or variations in entrepreneurial intention among youth corps members in North east Nigeria while the remaining 41.4% is explained by other variables not included in this study. R-squared is classified by chin (1988) into 0.19 as weak, 0.33 as medium and 0.67 substantial. Thus, the R^2 in this study can be considered as medium.

Conclusion, Implication and Recommendation

The objective of this study is to examine the moderating effect of perceived access to finance on the relationship between entrepreneurial orientation and entrepreneurial intention among youth corps members in North east Nigeria. Since entrepreneurship is a source of economic growth, innovation and employment, it is important to know the factors that influence youths' intention to become an entrepreneur. This study found that, all the three hypotheses formulated have significant impact on entrepreneurial intention. The more oriented youths are about entrepreneurship the more their passion for entrepreneurship. We also found that the more youths have access to finance the more they will be willing to venture to business and access to finance further strengthening the relationship between entrepreneurial orientation and entrepreneurial intention. This finding supported the opinion of Greene (2005) and consistent with Fleming (1996).

The present study was conducted in North east Nigeria. Therefore, it is recommended that future study should conduct a similar research collecting data from other youths in other region of the country with a view to validating and increase the generalization of the finding obtained in this study. Also further studies can also include factors such as environmental factors, insecurity as variables in entrepreneurial intention.

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	ENTREPRENEURIAL INTENTION (EI)	SD	D	N	A	SA
1.	I'm ready to make anything to be an entrepreneur					
2.	My professional goal is becoming an entrepreneur					
3.	I will make every effort to start and run my own firm					
4.	I'm determined to create a firm in the future					
5.	I have very seriously thought in starting a firm					
6.	I've got the firm intention to start a firm some day					
	ENTREPRENEURSHIP ORIENTATION (EO)	SD	D	N	A	SA
7.	I like to take bold action by venturing into the unknown					
8.	I am willing to invest a lot of time and/or money on something that might yield a high return					
9.	I tend to act "boldly" in situations where risk is involved					
10.	I often like to try new and unusual activities that are not typical but not necessarily risky					
11.	In general, I prefer a strong emphasis in projects on unique, one-of-a-kind approaches rather than revisiting tried and true approaches used before					
12.	I prefer to try my own unique way when learning new things rather than doing it like everyone else does rather than sit and wait for someone else to do it					
13.	I favour experimentation and original approaches to problem solving rather than using methods others generally use for solving their problems					
14.	I usually act in anticipation of future problems, needs or changes					
15.	I tend to plan ahead on projects					
16.	I prefer to "step-up" and get things going on projects					

	PERCEIVED ACCESS TO FINANCE (PAF)	SD	D	N	A	SA
17.	It is easy to obtain startup capital in Nigeria					
18.	Banks in Banks in North east Nigeria are ready to give credit for new business					
19.	It is easy to start one"s own business due to the availability of financial resources.					
20.	Financial institutions are ready to give required finance to start business.					