

Entrepreneurial Intention: South African Youth's Willingness to Start Tourism Businesses

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Abstract: Previous studies have recognised entrepreneurship as a tool capable of driving a nation's economy. This study explored tourism entrepreneurial intention of South African youth, and analysed relationships between entrepreneurship statements on the one hand, and entrepreneurial intention and entrepreneurial impact on the other hand. A questionnaire survey was used to collect data from simple-randomly selected 220 youth living in Mtubatuba Local Municipality, KwaZulu-Natal Province of South Africa. Descriptive, bivariate and multivariate data analyses yield information to address research objectives. Significant proportion of the youth have entrepreneurial intention, these youth want to solve problems, are willing to pursuing their dreams, have internal locus of control, have positive outlook, have the ability to identify opportunities, and above all have strong sense of empathy. South African Department of Labour needs to develop an operational plan to provide business education, entrepreneurial skills, and relevant support that can empower the youth to start their own businesses. This study validates the alignment of entrepreneurship roles to those of making a difference, innovation, leadership, and self-belief; and shares a positive outlook for the South African economy if the enabling political and economic conditions are created.

Keywords: entrepreneurial inclination; entrepreneurial intention; tourism entrepreneurship; youth entrepreneurship; sub-Saharan Africa

JEL Classification: L260; O550; R110

1. Introduction

African countries, including South Africa, aim to build strong economies that are globally competitive. Recent studies have recognised entrepreneurship as a tool capable of driving a nation's economy (Ezeuduji, 2017; Maziriri, Madinga & Lose, 2017; Chell, Spence, Perrini & Harris, 2016; Iwu, Ezeuduji, Eresia-Eke & Tengeh, 2016; Maziriri & Madinga, 2016; Ezeuduji, 2015; Rid, Ezeuduji & Pröbstl-Haider, 2014; Gree & Thurnik, 2003). Every nation in the world strives to decrease the

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unemployment level of its youth; and this can easily be achieved when the youth realise the importance of entrepreneurship as a driving force behind national and global economies. It is imperative that the youth should be able to identify business opportunities available in their regions and turn those opportunities into business venture.

Mtubatuba Local Municipality in the KwaZulu-Natal Province of South Africa has Agriculture as its largest employment sector, however there is a great potential for expanding its tourism industry (especially eco-tourism), as its natural resources provide both public and private game and nature reserves, various accommodation establishments, restaurants and sporting facilities. One of the Local Economic Development objectives of this municipality is “to ensure poverty alleviation, shared wealth creation, community stability and raised standards of living through formal job creation, entrepreneurial activity, and Small, Medium and Micro Enterprises (SMME) development” (Mtubatuba Municipality, 2017). Other researchers have indicated that entrepreneurship is a significant component of the solution to Africa’s economic development issues (Maziriri & Madinga, 2016; Nchu, Tengeh & Hassan 2015; Olomi & Sinyamule, 2009). The Global Entrepreneurship Monitor report (GEM, 2014) noted that the entrepreneurial activity in South Africa is quite low compared to many countries in Africa. It is common knowledge that a prospective entrepreneur must not have the financial capital to kick-start his or her business, but should know how to get business funding. Owing to the fact that tourism business opportunities exist for the youth of Mtubatuba Local Municipality in the KwaZulu-Natal, this study will therefore assess the entrepreneurial intention of South African youth resident in this area and their mind-set, to start tourism business. It will also evaluate the youth’s perception of the impact entrepreneurship can have on their lives. This study places an age limit of 35 years for a respondent to be considered as a youth.

2. Literature Review

Gwija et al. (2014) and Iwu et al. (2016) reported that the extent of entrepreneurial engagement in South Africa is considered to be very low due to lack of capital, poor business management ability and a general lack of infrastructural support. These notwithstanding, the entrepreneurial inclination of the youth plays important role in deciding their future entrepreneurial behaviour (Singh & Singh, 2016). In support of this statement, entrepreneurship is receiving more attention in the area of business research (Sandhu, Sidique & Riaz, 2011; Singh & Singh, 2016). Singh and Singh (2016) stated that seminars, conferences and workshops are being organised often in universities and other related organisations to inform the youth about entrepreneurial programmes. It is suggested that entrepreneurial intent is a primary predictor of future entrepreneurial behaviour (Singh & Singh, 2016).

Young people who are more mature and have greater job experience are more likely to be inclined towards entrepreneurship (Sandhu et al., 2011). They (Sandhu et al.) also suggested that the youth face various barriers such as lack of funds, fear of failure and lack of social networking that may hinder their entrepreneurial inclination. The barriers faced by these “young stars” also display different dimensions compared with barriers faced by existing entrepreneurs. Understanding these barriers and the relationship between entrepreneurial inclinations and the practicality of starting new businesses will assist policymakers in formulating new strategies. The following figure, put forward by Singh and Singh (2016), displays the relationship between entrepreneurial inclination and the practicality of starting new businesses (see Figure 1).

Lengyel (2015) alluded to the fact that there is a remarkable distinction between those who would like to be entrepreneurs and those who actually intend to be. The entrepreneurial potential means an inclination, a kind of openness, readiness to grasp a business opportunity, not necessarily a deliberate intention to become an entrepreneur (Lengyel, 2015). This is relevant as this study is concerned with entrepreneurial inclination.

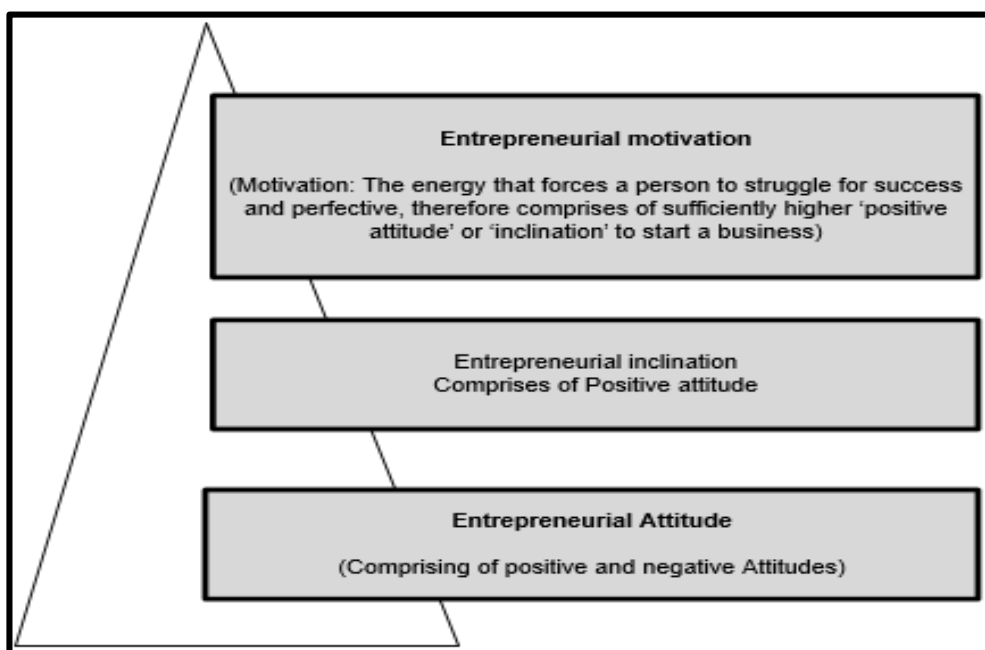


Figure 1. Entrepreneurial inclination hierarchy

Source: (Singh & Singh, 2016, p. 72)

South African population, the youth inclusive, does not suffer from a lack of creative spirit, but suffer from a lack of business education and entrepreneurial

skills that can empower individuals in an enabling environment (Maziriri, Madinga & Lose, 2017; Maziriri & Madinga, 2016; Steenekamp, Van der Merwe & Athayde, 2011; Burger, Mahadea & Neil, 2004). Iwu et al. (2016) suggested that among other factors, the economic conditions and education system are the most important factors influencing the development of entrepreneurship in the world economy. Chenube, Saidu, Omumu and Omomoyesan (2011) posit that entrepreneurial inclination can be stimulated by a healthy education background, relevant work history, successful entrepreneurs as role models, moral-network support, and professional support network. These are variables that result in the success of the entrepreneurial process. So, youth's independent depends on entrepreneurial inclination and entrepreneurial education to enhance the success of the whole process of poverty reduction and job creation (Chenube et al., 2011). The study by Iwu et al. (2016) in South Africa, show that there is a growing entrepreneurial inclination among the educated youth (university students), however this study will explore the entrepreneurial intention of the South African youth, not focusing on their level of Western education. It will also compare the youth's willingness to start their own businesses and their level of agreement with entrepreneurship statements (meaning, inclination, enablers and barriers).

3. Research Method and Design

Veal (2011) supports that when the nature of research questions requires individual and quantified responses, questionnaire survey is ideal to obtain information to answer the research questions or address research objectives. The authors used both respondent-completed and interviewer-completed structured questionnaire to gather information from 220 youth of Mtubatuba Local Municipality in the KwaZulu-Natal Province of South Africa, between January and April 2017. Interviewer-completed questionnaire method was used when the respondent cannot complete the questionnaire in English language. In this case, one of the researchers who is a local resident of this area translated the questionnaire in the local language, and completed the respondents' answers. Respondents were selected within their households (household survey) and on the streets (street survey) using simple random sampling technique. 220 questionnaires were handed-out, and 207 completed questionnaires were found usable for data analyses.

Questionnaire variables included youth profile (categorical variables), perceptions of entrepreneurship "meanings", perceptions of entrepreneurial inclinations, and enablers and barriers of starting tourism businesses (all ordinal variables, on a 5-point Likert scale: 1 – strongly agree, to 5 – strongly disagree). The ordinal variables originate from the literature study of this paper.

IBM's SPSS version 24 software was used for statistical analyses (IBM Corporation, 2016), where descriptive, bivariate and multivariate statistics were

conducted (at 95% confidence interval). Descriptive statistics generated percentage frequencies and mean scores of responses. Multivariate analysis used reliability test to check for the level of internal consistencies of variables used to explain different factors (perceptions of entrepreneurship ‘meanings’, perceptions of entrepreneurial inclinations, and enablers and barriers of starting tourism businesses). The use of Cronbach’s Alpha coefficient of between 0.5 and 0.7 is acceptable in social science research, to explain adequate consistency of variables (George & Mallery, 2003). However, Tavakol and Dennick (2011) stated that low Cronbach’s Alpha score may occur if there is a weak interrelationship amongst questionnaire variables used in the analysis, or when few variables are being used to explain a particular factor. The reliability test results in this study show that we used variables that are internally consistent to measure study factors.

Bivariate analysis (Pearson Chi-Square tests) checked relationships between entrepreneurship statements on the one hand, and entrepreneurial intention and entrepreneurial impact on the other hand. This test of relationship between categorical and ordinal variables, using Chi-Square test, was supported by Veal (2011).

4. Results and Discussion

Results in Table 1 show that there was a fair distribution between males and females who were surveyed, as the researchers tried to create this balance. About 64% of the respondents were between the ages of 18 and 25, reflecting that the sample is relatively young. Fortunately, about 92% of the respondents have secondary or tertiary education, revealing that general educational level is not a significant barrier for South African youth population to embark on entrepreneurial process, especially when about 55% of the sample indicated that they have some Business Management or Entrepreneurship education.

Table 1. Youth profile (N=207)

Variable	Category	Frequency (%)
1.1 Gender	Male	50.5
	Female	49.5
1.2 Age group	18-25	64.0
	26-30	23.3
	31-35	12.7
1.3 Highest level of education attained	No western education	3.4
	Primary education	4.9
	Secondary education	54.4
	Tertiary education	37.3
1.4 Are you South African?	Yes	96.1
	No	3.9

1.5 Did you study any Business Management or Entrepreneurship course/programme?	Yes No	54.8 45.2
1.6 Would you want to start your own tourism business in the future?	Yes No	77.1 22.9
1.7 Do you think you are an entrepreneurial individual?	Yes No	65.3 34.7
1.8 Starting tourism business can change young people's life	Yes No	86.5 13.5

This study obtained quite interesting results as about 77% of the population have the intention to start their own businesses in the future, and about 65% of them see themselves as entrepreneurial individuals. As anticipated, much of the youth (about 87%) agree that entrepreneurship can change their lives. All these results support Iwu et al.'s (2016) findings. It is a reality that entrepreneurial intention may not always lead to one actually starting and managing his/her business, and many may start and eventually become unsuccessful due to internal or external factors. However, for a developing economy like South Africa, these results are positive.

Table 2 shows the mean scores of entrepreneurship statements made by the youth, where most of them tend to agree with most of the statements. The reliability tests conducted show internal consistencies among variables used to explain entrepreneurship factors. However, analysing the relationship between “willingness to start own business” and “positive impact of entrepreneurship on youth’s lives’ on the one hand, and “entrepreneurship statements” on the other hand, also produced some interesting results in Table 2.

Table 2. Entrepreneurship statements compared with entrepreneurial intention and impact (N=207)

Perceptions of entrepreneurship “meanings” ^b	Mean	Compared with “willingness to start own business” and “impact on youth life” ^a
2.1. Being an entrepreneur means creating an own business;	1.77	** Those who believe starting tourism business can change young people’s life agree more;
2.2. Being an entrepreneur means organising and managing own business;	1.93	***Those willing to start own business in the future agree more; *** Those who believe starting tourism business can change young people’s life agree more;
2.3. Being an entrepreneur means taking risks;	2.44	N.S
2.4. Money is the only thing that an entrepreneur needs;	2.68	* Those who believe starting tourism business can change young people’s life agree more;

2.5. An entrepreneur is an inventor;	2.34	N.S
2.6. Being an entrepreneur means developing a new product or service;	2.26	N.S
2.7. Being an entrepreneur means increasing capital and wealth;	2.22	N.S
Reliability Statistics (entrepreneurship "meanings"), Cronbach's Alpha = .552, N of Items = 7, Valid cases = 183 (88.4%), Excluded cases = 24(11.6%), Total = 207		
Perceptions of entrepreneurial inclinations		
2.8. I am constantly on the lookout for new ways to improve my life;	1.88	N.S
2.9. I feel driven to make a difference in my community, and maybe in the world;	1.96	** Those who believe starting tourism business can change young people's life agree more;
2.10. Wherever I have been, I have been a powerful force for constructive change;	2.30	N.S
2.11. I enjoy facing and overcoming obstacles to my ideas;	2.05	N.S
2.12. Nothing is more exciting than seeing my ideas turn into reality;	1.83	N.S
2.13. If I see something that I do not like, I fix it;	1.89	** Those willing to start own business in the future agree more;
2.14. No matter what the odds, if I believe in something, I will make it happen;	1.93	N.S
2.15. I am always looking for better ways to do things;	1.80	** Those who believe starting tourism business can change young people's life agree more;
2.16. If I believe in an idea, no obstacle will prevent me from making it happen;	2.03	** Those willing to start own business in the future agree more;
2.17. When I have a problem, I tackle it head-on;	2.22	N.S
2.18. I am great at turning problems into opportunities;	2.18	N.S
2.19. I can spot a good opportunity long before others can;	2.16	N.S
2.20. If I see someone in trouble, I help out in any way I can	2.00	* Those willing to start own business in the future agree more

		* Those who believe starting tourism business can change young people's life agree more
Reliability Statistics (entrepreneurial inclinations), Cronbach's Alpha =.845, N of Items = 13, Valid cases = 167 (80.7%), Excluded cases = 40(19.3%), Total = 207		
Enablers and barriers of starting tourism businesses		
2.21. Belief systems within our society can hinder youth to start tourism businesses;	2.29	* Those willing to start own business in the future agree more.
2.22. Home background can hinder youth to start tourism businesses;	2.38	N.S
2.23. Lack of equipment and machinery can stop youth to start tourism businesses;	2.54	N.S
2.24. Lack of knowledge of support centres for entrepreneurs can stop youth to start tourism businesses;	2.41	N.S
2.25. Lack of education and training can hinder youth to start tourism businesses;	2.35	N.S
2.26. Not having business networks can hinder youth to start tourism businesses;	2.38	N.S
2.27. Hardships in obtaining start-up capital can hinder youth to start tourism businesses;	2.48	N.S
2.28. One's gender (male or female) influences the likelihood of starting tourism businesses;	2.82	N.S
2.29. I will have money to start a tourism business;	2.64	** Those willing to start own business in the future agree more; ** Those who believe starting tourism business can change young people's life agree more;
2.30. I know how to get money to start a small tourism business;	2.54	* Those willing to start own business in the future agree more;
2.31. I will have training support to start a small tourism business	2.53	**Those willing to start own business in the future agree more;
2.32. The hard work involved in managing one's business can hinder youth to start tourism businesses	2.54	N.S

Reliability Statistics (enablers and barriers), Cronbach's Alpha = .762, N of Items = 12, Valid cases = 172 (83.1%), Excluded cases = 35 (16.9%), Total = 207

^a Pearson Chi-Square test significance. N.S, no significant results. *, $p < 0.05$; **, $p < 0.01$; ***, $p < 0.000$.

^b Questionnaire were itemised along a 5-point Likert-type scale ranging from 1, Strongly agree; 2, Agree; 3, Neutral; 4, Disagree; 5, Strongly disagree.

Youth members willing to start their own businesses agree more than those who are not willing to start any business, to these statements: “If I see something that I do not like, I fix it”; “If I believe in an idea, no obstacle will prevent me from making it happen”; “If I see someone in trouble, I help out in any way I can”; “Belief systems within our society can hinder youth to start tourism businesses”; “I will have money to start a tourism business”; “I know how to get money to start a small tourism business”; and “I will have training support to start a small tourism business”. This is enough evidence to posit that entrepreneurial intention has relationships with “solving problem and not talking about problems”, “believing in one’s dreams and pursuing them”, “empathy towards others”, “internal locus of control”, “positive outlook”, and “ability to identify opportunities”. These will definitely form part of the positive energy and attitude discussed by Singh and Singh (2016) for entrepreneurial inclination and motivation.

In the same vein, youth members who agree to positive impact of entrepreneurship on youth’s lives agree more to these statements: “I feel driven to make a difference in my community, and maybe in the world”; “I am always looking for better ways to do things”; “If I see someone in trouble, I help out in any way I can”; and “I will have money to start a tourism business”. These results supply further empirical evidence that the role of entrepreneurship is valued in “making a difference in people’s lives”, “innovation”, “leadership” and “self-belief”. This is in support with previous studies that recognised entrepreneurship as a tool for driving a nation’s economy (Maziriri, Madinga & Lose, 2017; Chell, Spence, Perrini, & Harris, 2016; Iwu, Ezeuduji, Eresia-Eke & Tengeh, 2016; Maziriri & Madinga, 2016; Gree & Thurnik, 2003).

5. Conclusion

Results presented in this paper are positive towards the future of the South African developing economy, as the youth do recognise the importance of entrepreneurship towards their nation’s economic growth, and are willing to play active entrepreneurial roles toward sustaining the economy. The findings also indicate that youth who have entrepreneurial intention want to solve problems, believe in their dreams and are willing to pursuing them, have internal locus of control, positive outlook, the ability to identify opportunities, and above all want to also

help others. The study also found that the youth align the roles of entrepreneurship to those of making a difference, innovation, leadership and self-belief. It is imperative therefore that the South African Government through its Department of Labour develop an operational plan that will help in providing business education, entrepreneurial skills, and relevant support that can empower the youth to start their own businesses. This can only happen in a peaceful political and economic enabling environment.

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