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## Self-Employment Perception of Female Undergraduate Students in Ethiopia

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**Keywords:** *female entrepreneurship, undergraduate students, attitude, ethiopian public and private universities.*

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# Self-Employment Perception of Female Undergraduate Students in Ethiopia

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**Abstract-** Female Entrepreneurship is considered an important tool for female empowerment and emancipation. The main objective of this study is to investigate self-employment perception of female undergraduates students (Comparison Ethiopian Public and Private Universities). Entrepreneurship has become a crucial area to study and understand – especially with respect to, perception toward entrepreneur, motivations, constraints and consequences. Female undergraduates students are chosen for the current study is because they are at a period in their career development where they are considering different career routes and are therefore, a potential source of future female entrepreneurs. The finding of the study identified that there were different factor that affects female undergraduates' perception self-employment. Accordingly, there is negative linear relationship between parents and family ( $\beta = -0.107$ ), career advisers ( $\beta = -0.047$ ) and entrepreneurs that female students know ( $\beta = -0.013$ ) with self-employment perception. While media ( $\beta = 0.095$ ) and educational system ( $\beta = 0.123$ ) have positive relationship with self-employment perception. Here, although, parents & family has negative relationship with self-employment perception, both parents and family and educational system have statistically significant, ( $p < 0.001$ .) effect on self-employment perception factors when considered in this model. The significance of this study is understanding the determinant factors of self-employment perception helps policy makers, governments (federal, regional and zone), NGOs, and other stakeholders, to design targeted policies and programs that will actively stimulate innovation, as well as helping those policy makers to support, encourage, and promote SMEs for unemployment and poverty alleviation through minimizing the constraints hindering the self-employment perception of female students.

**Keywords:** female entrepreneurship, undergraduate students, attitude, ethiopian public and private universities.

*Therefore, in order to change their worries from different barriers, entrepreneurship subject and training on entrepreneurs' successful characteristics are highly needed.*

## 1. INTRODUCTION

Female Entrepreneurship is considered an important tool for female empowerment and emancipation. It has been suggested by Weeks (2007) that women-led businesses can make a

significant contribution to the economy. Allen, Langowitz, Elam and Dean (2007) further substantiated the importance of female entrepreneurial activity on economic development, finding investment in female entrepreneurship an important way for a country to exponentially increase the impact of new venture creation. Furthermore, they noted women are more inclined to share the benefits gained through entrepreneurship with members of their family and the wider community.

A national survey conducted by the Ethiopian Welfare Monitoring Unit (2002) shows, although women entrepreneurs contribute significantly to the national economy in terms of job creation, skills development and the alleviation of poverty among men and women alike, the literature clearly explains that small businesses and enterprises operated by women entrepreneurs are not being provided with adequate strategic support in terms of policy, access to finance, tax assessment, skills development and managerial training, technological transfer and infrastructural development (Berhanu, Abraham & Berg, 2007). Although SMEs operated by women cater for the poorest of the poor and make a sizeable contribution to the national economy, the level of support and recognition given to them has been minimal historically (Mogues, 2004). Businesses and enterprises operated by women contribute for economic dynamism, diversification, productivity, competition, innovation and economic empowerment of the poorest of the poor.

According to a survey conducted in the Gullele sub-city of Addis Ababa illustrate, women in the cluster area estimated 39% were self-workers while men constitute the remaining 61% were self-workers (HK Hailu, 2010, P.53). Furthermore, as different past' report in Ethiopia shows, the majority of women had little education and find employment in the lower sections of the formal employment market. For example, in 1999/00 there were only 30.75% of women in the Civil Sector ('Shadow Report' 2003, p. 14) among which the majority, 98.2%, was concentrated in low status and low paying jobs (Aster *et al* 2002, p. 69). The level of unemployment is higher for women than for men among any section of society. In 1998, the Bureau for Labor and Social Affairs estimated the percentage of female unemployed at 58.6 and for males 41.4 in Addis Ababa (Alemnesh 2001, p. 97). According to age group, the unemployment level is higher among women than men

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in the age group 15-19 years with 16.8 % for women and 6.4% for males. This percentage increases slightly among the age group 20-24 with 17.8% of women and 7.4 % of males (Teshome 2004, p. 27 cited in Indrawatie, 2011).

Additionally, as the result of study on women entrepreneurship in micro, small and medium enterprises was shows, the majority of businesses that failed were operated by women (78%). Businesses that failed were characterized by inability in obtaining loans from formal money lending institutions such as commercial banks, inability to convert part of profit back into investment, poor managerial skills, shortage of technical skills, and low level of education. Businesses operated by women were 2.52 times more likely to fail in comparison with businesses operated by men (Eshetu and Zeleke, 2008, p.1).

The current research has been undertaken to examine female undergraduates' attitudes towards and perceptions of entrepreneurship. This is necessary in order to obtain more knowledge and a better understanding of why so few female undergraduates consider entrepreneurship as a career and majority of businesses that failed were operated by women. This is important as the topic of female entrepreneurship and in particular female undergraduates and their views on entrepreneurship is a seriously neglected and under developed research area. An examination of literature shows there is little known about their needs, motivations and reservations concerning business ownership. The reason why final year female undergraduates are chosen for the current study is because they are at a period in their career development where they are considering different career routes and are therefore, a potential source of future female entrepreneurs.

## II. LITERATURE REVIEW

### a) Characteristics of Entrepreneurs

Since there is no a universally acceptable definition of the entrepreneur, researchers have attempted to distinguish different factors that influence the individual towards entrepreneurship (Dyer, 1994). Efforts have been made to identify some of the attributes possessed by the entrepreneur (Kao, 1990), and this referred to as the trait school of thought. Carson *et al* (1995) believed that entrepreneurial traits distinguish entrepreneurs from other groups in society. Delmar (2000) identified the most common of these traits as a need for achievement, internal locus of control, risk-taking propensity, tolerance for ambiguity, over-optimism and the need for autonomy. These characteristics and traits have been acknowledged by many authors and are seen as an important factor when calculating a person's propensity towards entrepreneurship (McClelland, 1961, Hawthorn and

Brearily, 1991; Carson *et al*, 1995; ;Garavanet *al*, 1997 ; Morrison, 1998; Rimmington and Williams, 2000). Gasse (1990) also believed motivation, energy and perseverance are important traits, with Plaschka (1990) including innovation as an important characteristic of the entrepreneur. McCarthy (2000) found risk-taking propensity to be associated with personality traits, subsequently arguing that research on traits is of extreme importance in any serious attempt to understand entrepreneurship. However, despite this, Delmar (2000) argued that with the exception of the need for achievement, it has been difficult to link any specific traits to entrepreneurial behavior.

The importance of examining entrepreneurial traits and characteristics in relation to the current research is to help establish the basic characteristics associated with the entrepreneur. However, not everyone agreed with the trait school of thought. Carson *et al* (1995) found four main criticisms of the trait approach: first, the inability to differentiate clearly between entrepreneurial small business owners and equally successful professional executives. Second, the assumption is that identifying the supposed key trait or characteristic of the entrepreneur. Third, is the lack of recognition of entrepreneurship as a continuously changing process in which the entrepreneur will also change. Finally, the lack of empirical evidence to connect entrepreneurial characteristics with actual entrepreneurial activity and the inability to acknowledge an individual's situation and the effect it has on new venture creation. Basically, the trait approach cannot be used alone to explain entrepreneurial behavior. Therefore, there is a need to look at what entrepreneurs do and why they do it (Martin *et al*, 1998).

### b) Female Entrepreneurship

It has been suggested by Weeks (2007) that women-led businesses can make a significant contribution to the economy. US statistics have shown that over the last twenty years women-owned businesses have grown at a rate of nearly two to one of other businesses and, interestingly, have made more of a significant impact on employment figures and revenue intake than is actually suggested by these figures (Centre for Women's Business Research, 2007). Allen, Langowitz, Elam and Dean (2007) further substantiated the importance of female entrepreneurial activity on economic development, finding investment in female entrepreneurship an important way for a country to exponentially increase the impact of new venture creation. Furthermore, they noted women are more inclined to share the benefits gained through entrepreneurship with members of their family and the wider community.

However, in Ethiopia the economy has yet to achieve substantial benefit from women led businesses as, in comparison with other countries, the level of

female entrepreneurship is particularly low; for example in Portugal, Austria, and France female entrepreneurship can account for 41% of all new start-up's (Henry and Kennedy, 2003; Gender Equality Unit, 2003; Fitzsimons *et al*, 2003; Fitzsimons and O'Gorman, 2004 cited in Indrawatie, 2011).

#### i. *Characteristics of Female Entrepreneurs*

Women entrepreneurs are not a homogenous group *per se*, but they often share common characteristics and therefore it is possible to build up a general profile of the typical female business owner (Still and Walker, 2006). According to Sarri and Trihopoulou (2005), the female entrepreneur is 43 years old, and is usually older than her male counterpart. This demographic of women entering entrepreneurship at a later age than men is well recognized in entrepreneurial literature (Goodbody, 2002; Madsen *et al*, 2003). She is often married with children, and enters entrepreneurship when the children are older (Madsen *et al*, 2003; Sarriet *al*, 2005). However, there is a trend towards women entering entrepreneurship at a younger age (Birley, Moss and Saunders, 1987; McClelland, Swail, Bell and Ibbotson, 2005; Still *et al*, 2006 cited in Indrawatie, 2011). This development of women entering into entrepreneurship at a younger age has also been noted in Ireland with research showing the average female business owner to be 38 years of age and is only slightly older than her male counterpart (Fitzsimons and O'Gorman, 2007).

#### c) *Obstacles to Female Entrepreneurship*

Welter (2004) has indicated that the participation of women in entrepreneurship has been hindered by the value that society places on women in employment, believing that as a result of past social norms women are still being stereotyped according to their gender thus limiting opportunities and creating occupational segregation.

Hisrichet *al* (1984) also acknowledged the difficulties that woman face when starting a business stating that the risk and effort entailed in starting a business from scratch is perhaps even greater for a woman entering a male dominated arena. Carter *et al* (2007) suggested that women lack finance and capital assets during the start-up period and argued that one of the key debates within female entrepreneurial research is how these barriers at the start-up stage affect the long-term business performance of women business owners.

### III. SAMPLING METHOD (TECHNIQUE) AND SAMPLING SIZE

*In public:* Jimma University, Addis Ababa University, and Wollege University while among private universities; Rift-Valley Universities at wollega and Adama Campus, Unity University at AA campus and New generation at

Nekemte campus were taken as a sample of representative by convenience method with consideration of location of both private and public universities those found in the same cities to reduce cost.

And respondents were taken from selected Universities by disproportional method because of the size of students found in them are vary as follow.

#### a) *Model specification*

In this study, the chi-square test for independence will be used to test for association. Cross tabulation was also done to show the distribution of respondents while multiple regression analysis the cause of factors on perception self-employment

Model:  $SEI = \beta_0 + \beta_1 * (PF) + \beta_2 * (PEE) + \beta_3 * (CA) + \beta_4 * (EM) + \beta_5 * (M) + \epsilon$

#### b) *Independent Variables*

- ✓ PF = parents and family
- ✓ PEE = Participation in entrepreneur education
- ✓ CA = career advisers
- ✓ EM = Entrepreneurs as model
- ✓ M = Media

#### c) *Dependent Variable*

- ✓  $SEI$  = Self-employment perception

$\beta_0$  is the intercept,  $\beta_1$  and  $\beta_2$  are the population parameters and  $\epsilon$  is the natural variation in the model. The researchers tests for the significance of the linear regression relationship between the dependent variable, and the independent variables, by testing unstandardized coefficients beta (B). If  $\beta_1$  and  $\beta_2$  relatively zero, there is no significant linear model or relationship between the dependent variable, and the independent variables. If  $\beta_1$  and  $\beta_2$  are not both equal zero, a significant linear relationship or model does exist between Y and the two independent variables (Neter *et al*, 1993, cited in Indrawatie, 2011).

### IV. DATA ANALYSIS

#### a) *The relationship between family background and female to start their own business*

Families play an important role in female entrepreneurship; recent studies reveal two opposing pictures in this respect. In some cases, families are very supportive (Muhammad A and, Dr. Amber G, 2011) and play an important and supportive role in helping females to develop business ideas (Jamili, 2009 cited in Indrawatie, 2011).



**Table.1** : The relationship between family background and parents discourage female to start their own business

would your parents discourage you to start your own business		Family background			Total
		agriculture	employed	Commerce	
yes	Count	68	84	58	210
	%	34.7	39.6	50.0	40.1
no	Count	90	98	46	234
	%	45.9	46.2	39.7	44.7
Do not know	Count	38	30	12	80
	%	19.4	14.2	10.3	15.3
Total	Count	196	212	116	524
	%	100.	100	100.	100.0

Df=4,  $\chi^2 = 9.31$  N=524,  $p=0.05$

The above table depicts, 40.1% of respondents responded that as their family discourage female students to start their own business and 44.7% responded as their parents encourages them as they start their own business while 15.3% of them responded as their parents were neutral. This reflects that as the majority of the parents encourage their female students as they start their own business in future.

Hence, the following hypothesis were developed to test whether there is independency between family background and discouraging female as they start small business.

*Ho:* parents background and discourage female students to start small business are independent.

*Ha:* parents background and discourage female students to start small business are not independent

As per the chi-square test made, the result shows that equal to the significance level ( $p=0.05$ ), since we cannot accept the null hypothesis. Thus, we conclude that there is a relationship between parents' background and discouraging female students as they start their own small business. This supports the finding of (Itaniet *al.*, 2011 cited in Indrawatie, 2011) that stated females receive no appreciation for their work and in most cases they are discouraged by their parents.

*b) Regression analysis on self-employment perception against independent variables*

In linear multiple regression, adjusted R square ( $\text{adj. } R^2$ ) is usable rather than the simple R square, since

the latter may overestimate the extent to which the researchers sample data explain the variance in the dependent variable, thereby indicating whether the model is good predictor of the dependent variables, partly because simple R square affected by the number of variables included in the model. Therefore, in this study a stepwise multiple linear regression analysis was computed at significant level of ( $p=0.00$ ) in order to examine which constructs of factors or variables could be the most determinant variable to ensure self-employment perception.

Model:  $SEI = \beta_0 + \beta_1 * (PF) + \beta_2 * (PEE) + \beta_3 * (CA) + \beta_4 * (EM) + \beta_5 * (M) + \epsilon$

*c) Independent Variables*

- ✓ PF=parents and family
- ✓ PEE =Participation in entrepreneur education
- ✓ CA= career advisers
- ✓ EM= Entrepreneurs as model
- ✓ M=Media

*d) Dependent Variable*

SEI=Self-employment perception (start thier own business)

**Table 2** : Regression analyses on self-employment perception

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.212	.169		7.175	.000
	parents and family	-.107	.050	-.110	-2.113	.035
	Educational system	.123	.053	.123	2.333	.020
	career advisers	-.047	.058	-.043	-.805	.421
	Entrepreneurs that you know	-.013	.057	-.012	-.228	.819
	Media	.095	.052	.093	1.832	.068

Dependent variable: SEI,  $R = .172$ ,  $R^2 = .030$ ,  $\text{adj. } R^2 = .018$ ,  $F(5, 417) = 2.522$ ,  $P < 0.001$

Table 3 : Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.172 <sup>a</sup>	.030	.018	.85171

a. Predictors: (Constant), Media, parents and family, career advisers, Educational system, Entrepreneurs that you know

Table 4 : ANOVAb

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	9.149	5	1.830	2.522	.029 <sup>a</sup>
Residual	298.870	412	.725		
Total	308.019	417			

a. Predictors: (Constant), Media, parents and family, career advisers, Educational system, Entrepreneurs that you know

b. Dependent Variable: start your own business

The table.3 indicates the results on the relationship between media, educational system, career advisers, entrepreneurs that female students know and parents & family against self-employment perception model. It is clear that this model has the  $R^2$ , .030 that shows 3 % of the variation in self-employment perception is explained by this model. This model is statistically significant  $F(5,417) = 2.522$ ,  $p < 0.001$ . It is possible to conclude that there is sufficient evidence that implies negative linear relationship between parents and family ( $\beta = -0.107$ ), career advisers ( $\beta = -0.047$ ) and entrepreneurs that female students know ( $\beta = -0.013$ ) with self-employment perception. While media ( $\beta = 0.095$ ) and educational system ( $\beta = 0.123$ ) have positive relationship with self-employment perception.

Here, although, parents & family has negative relationship with self-employment perception, both parents and family and educational system have statistically significant effect on self-employment perception factors when considered in this model.

## V. CONCLUSION

While undertaking the present study it became evident there is very little known about female undergraduates and their views on entrepreneurship. Therefore, there is a need to gain more knowledge about the young educated women and their views on entrepreneurship. It would also be of interest to do a comparative study of higher-level institutions across the different private and public universities, in order to see if there is any difference in perception of the female undergraduate towards entrepreneurship depending on where the respondents are types of university situated. This would add more information to a seriously under researched topic by gaining an overall picture of the female undergraduate perceptions of entrepreneurship. However, different female undergraduate students have different perception of self-employment because of

many different factors influence women to start their own small business.

Families play an important role in female entrepreneurship; this study reveal half of family female students discourage to start their own business while some parents encourages them as they start their own business. Both female students in public Universities and private university college would like more entrepreneurial education/knowledge and were expressed the intention as they need entrepreneurial education to start a business. Majority of female students in both public Universities and private university college were expressed their intention as they need entrepreneurial education to start a business. Minority of students expressed their immediate intentions after the completion of their degree course as they want to start their own business. While majority of them were want to continue further with their education, want to work with in a company and obtain a professional qualification and want work within a large company.

As this finding present that the student who expressed their wish to start their own small business in public Universities are no more different from female students those private Universities College want to start their own small business. Students with a strong favorable attitude toward self-employment would be more likely to develop strong self-employment perception. The motive for becoming an entrepreneur is not a clear cut situation but is rather a complex set of mixture of different factors.

## VI. LIMITATIONS AND FURTHER RESEARCH

Several limitations should be considered when interpreting the results of this research project. The current section discusses to what extent the results are an artifact of the research method and presents the limitations of this research project around three main

themes: Variables issues, methodological issues, and measurement issues.

Factors influencing female undergraduate students have different perception of self-employment are multidimensional. The influence of some of these factors on female undergraduate students have different perception of self-employment could be either independent or interdependent. For further study it is possible to study the correlation of different variables but this did not test the correlation variables.

The data was collected from different sites as well as from different types of universities students. This is difficult to specifically determine the factors of affect the growth of each sectors and one site. Further studies in this area will provide specific variable affects the female undergraduate students have different perception of self-employment.

Model's  $R^2$ , was.030 that shows 3 % of the variation in self-employment perception is explained by this model. This means the model was not well explained by independent variables. Further researcher should add others variables to test other variables affects female undergraduate students perception of self-employment.

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