



## Demographic factors affecting self-employment intention in context of Assosa University students, Ethiopia

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*Abstract—Entrepreneurship is an engine for economic growth, and the best solution to solve unemployment problem. For graduates entrepreneurship boosts confidence and minimizes socio-economic problems. In order to have solid ground and best use of entrepreneurship; it is very necessary to understand factors affecting entrepreneurial intention. This study investigates factors determining intention of graduate students toward entrepreneurship. And in order to achieve the above objective cross-sectional survey by using multi stage sampling method was implemented. The total population of the study is one thousand seven hundred twenty (1720) graduating class students of Assosa University and 314 samples (respondents) were drawn; where Primary source of data collected by using self-administered questioner with seven Point Likert-type scale. The data were analyzed by independent sample t test and one way ANOVA by using SPSS version 25, to draw conclusion. The findings show that there is difference in self-employment intention among students of different field of studies. Hence Universities and stake holders shall work more on department selection or placement.*

**Key word :** demographic variables Self-employment,

### I. Introduction

The increased self-employment has a positive effect on overall employment [1]. Accordingly, one might argue that entrepreneurship has several positive effects on developing countries.

Self-employment as an involuntary and transitory employment option that provides low earnings for survival is the bad view.

However, in recent years self-employment has grown in several developed countries, reversing a trend of many decades, and it has begun to be regarded as an important potential source of new jobs and a way of employing the entrepreneurial abilities of population in countries where large and increasing unemployment has become major economic problem. Youth unemployment is the outcome of different socio-economic and demographic [2] factors that are related to macro and micro level. So one way of tackling this problem is through the promotion of self-employment [3] As stated by [4] in most of developing countries this sector on average

contributes about 67% employment to the total labor force.

[5] have built a model where self-employment is an occupational choice. In their work, poor agents choose working for a wage over self-employment, and rich agents become entrepreneurs.

Self-employment is one of the key elements for the restructuring of the labor market and the economic recovery. The self-employed are own-account workers and employers (working owners of unincorporated businesses [6]. In the entrepreneurship field, numerous researchers have concentrated on intentions [7]

This research intended to examine the relations of self-employment and demographic variables.

### II. Objective of the study

The main objective of the study is to examine the influence of demographic factors on self-employment. Specific objectives are;

1. To assess the influence of gender on self-employment
2. To assess the influence of family background on self-employment
3. To assess the influence of field of studies on self-employment

### III. Literature review

#### Self-employment

Entrepreneurship is the recognition of available opportunity to create value, and the process of performing this opportunity, whether or not it involves the formation of a new enterprise. While concepts such as “innovation” and “risk taking” in particular are usually related with entrepreneurship, they are not necessary to define the term [8]

[8]define entrepreneurship as the process whereby individuals become aware of self-employment career options, develop ideas, take and manage risks, learn the process and take the initiative in developing and owning a business.



In this research entrepreneurial intention is used interchangeably as self-employment intention.

#### **Advantages of self-employment**

Governments of different countries often highlight self-employment as a way to reduce poverty and to fight against unequal opportunities. Consequently, they offer a variety of assistance to small businesses. The assumption is that a larger number of firms increases competition and leads to invention, innovation, consumer benefits and new jobs. It is also assumed that self-employment has a positive effect on the self-confidence of workers. EU policies are based on the economic theory stating that self-employment is important for job creation because it reduces unemployment.

#### **Gender vs. self-employment**

As stated by [9] gender and family back ground are the main demographic factors affecting entrepreneurial intention. Besides, on empirical study of [10] found that there is a significant positive relationship between gender and students entrepreneurial intentions. According to the study conducted by [11] gender had no effect on entrepreneurial intention [12] found that men are more likely to be self-employed or business owners than women.

#### **Family background vs. self-employment**

An important variable for would be entrepreneurs is the background of the family they come from. This provides them with an early social network for the potential entrepreneur to learn the social and cultural norms of a business. A study [13] especially dealt with the social network which provides the fundamental resources necessary for starting a business- this includes friends, family and relatives. "A generally held belief is that the information needed to start a business is passed to the small business owner through an existing social network of friends and acquaintances". [14]. On contrary an empirical study conducted by [15] in United Arab Emirates found that, Students with parents that have not been self-employed are 2.502 times more inclined to start a business than those with parents that have had self-employment experiences. The finding is not a predictable one, but can be sustained by the fact that owning a business gives a person a better social status, and those who do not have parents with a self-employment experience dream to be the one who will start one [16] and [17] argue that, in the Netherlands, an individual's probability of becoming self-employed increases if his parents were self-employed. A study conducted by [18] proves that;

family occupation has significant effects on self-employment intentions. It is also stated that family back ground has positive and significant effect on entrepreneurial intention [19]

#### **Field of study vs. self-employment**

The other demographic variable is Field of study. Entrepreneurial intention for undergraduates relate to the types of work they experience, including for technically educated students the closeness of the work to the content of their science and engineering courses of study [20]. The study of [21] revealed that Participants' attitude towards entrepreneurship was moderately related to their behavior in choosing the field. In this context, the marketing skill component was found to have the highest moderate relationship, followed by desire to succeed.

According to this study; marketing skill, desire to success, leadership skill, and innovation and creativity are significant variables. This finding shows that it is these four factors that inspire graduates towards entrepreneurship.

### **IV. Research hypothesis**

**H1:** There is a significant difference between entrepreneurial intentions of male and female students'

**H2:** There is a significant difference among entrepreneurial intentions of students from different family back ground

**H3:** There is a significant difference among entrepreneurial intentions of students from different field of studies.

### **V. Methodology**

#### **Research design**

Research design is the overall plan for connecting the conceptual research problems to the pertinent (and achievable) empirical research [22].

The research design used in this research was both descriptive and explanatory design. The researcher used descriptive design to describe demographic information and level of intention. Whereas, explanatory design was used to examining casual relationships of dependent and independent variables, and to know the influence of independents on dependent variable.

#### **Research strategy and Approach**

The research has intention to portray the facts and to explain cause and effect of variables. Hence the study was carried out by cross-sectional survey with mixed type of approach. According to a study on "Survey research involves acquiring information about one or



more groups of people perhaps about their characteristics, opinions, attitudes, or previous experiences[23].

### Target population

Among total population (Assosa university all students (10,443 students.)) the target population of the study was 2019/20 academic year graduate regular undergraduate students Assosa University (1720).

### Sample size

To determine the sample size, Kothari sample size determination formula is used. Calculation of the sample size (n) for finite populations ( $f < 0.05$ ), taking into account a 95% confidence level (z), the population size (N), maximum population variability ( $p = q = 0.5$ ), and assuming a 5% sampling error (E).

$$n = \frac{z^2 * p * q * N}{e^2(N-1) + z^2 * p * q} \quad (\text{Kothari, 1985:179})$$

Where n = sample size

Z = confidence level

N = population size

P = maximum population variability

E = sampling error

$$n = \frac{(1.96)^2 (0.5)(0.5)(1720)}{(0.05)^2(1720-1) + (1.96)^2 (0.5)(0.5)}$$

**= 314 students**

### Sampling technique

The study population for this research was all regular graduating students of Assosa University in 2019/2020 academic year. To be statistically generalizable it must be probabilistic random sample. Hence, multi stage sampling is compatible method for university with heterogeneous (different) faculties and departments. So it is advisable to classify different faculty as main strata then classify by department and, finally use simple random sampling. Multi stage sampling technique is employed for the purpose of selecting samples from the study population.

### Source of data and Data collection method

In order to achieve the objective of the study, both primary and secondary data sources were used. The primary data is collected by using self-administered questionnaire directly from respondents (students). And the secondary data were collected from journals and publications.

### Variables and instrumentation

In this study entrepreneurial intention was the dependent variable and measured using seven item questions with seven point Likert scale. The

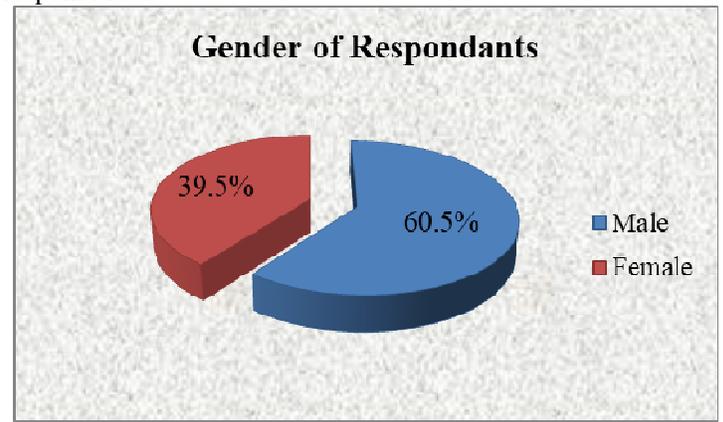
independent variables such as family background, field of study and gender were measured nominally.

### Data analysis

The data was analyzed by using SPSS version 25 inferential statistics to meet objectives of relationship and influence. For inferential model: independent t test and one way ANOVA were used to test demographic variables.

## VI. Results and discussion

Out of 314 questionnaires distributed, only 309 of them were found valid and used for analysis giving a usable response rate of (98.4%). This indicates a high level of response rate.



Source: own survey

**Table 4.1: Entrepreneurial Intentions of male and female**

	Gender	N	Mean	Std. Deviation	Std. Error Mean
ENTREPRENEURIAL INTENTION	MALE	187	5.3514	.85036	.06218
	FEMALE	122	5.3560	.78208	.07081

Source: (Survey Result 2020)



## Family background

Table 4.2: Family background /Entrepreneurial Intention (father)

Career	N		Mean		Std. Deviation	
	Father	Mother	Father	Mother	Father	Mother
SALERIED	77	64	5.3395	5.4598	.79236	.79253
FARMER	155	126	5.3788	5.3469	.84368	.86839
OWN BUSINESS	67	86	5.2431	5.2824	.78680	.80365
NOT WORKING	4	29	6.1429	5.3202	.11664	.72909
RETIREE	1	--	5.2857	--	---	--
OTHERS	1	--	5.8571	--	---	--
Total	305	305	5.3504	5.3499	.81497	.82079

Source (survey 2020)

Entrepreneurial intention:

Table 4.3: Entrepreneurial Intention

Response	N	Mean	Std. Deviation
I have seriously considered becoming an entrepreneur	309	5.2848	1.14094
I am ready to make anything to be an entrepreneur	309	5.4013	1.10524
My professional goal is becoming entrepreneur	309	5.3269	1.13101
I will make every effort to start and run my own business	309	5.3657	1.19479
I am determined to create a firm in the future	309	5.4531	1.14042
I have seriously thought in starting a firm	309	5.3722	1.12267
I have got the firm intention to start a firm someday	309	5.2686	1.14629

Source: (survey result 2021)

### Inferential analysis

#### Gender vs. self-employment intention

H1: There is significant difference between entrepreneurial intentions of male and female graduate students of Assosa University.

As shown below from distribution figure, it is normally distributed, hence parametric tests are used. Among

parametric tests to make comparison; when the dependent variable is continuous and independent variable is dichotomies independent sample t test is the ultimate tool. So independent sample t test is used and the result is as follow:

Table 4.4: Independent Samples T test for Gender

Dependent Variable	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
ENTREPRENEURIAL INTENTION	2.752	.098	-.048	307	.962	-.00456	.09591	-.19329	.18417



;Source: (survey result 2021)

The table shows there is no significant difference between male and female intention toward entrepreneurship as a career. Hence, hypothesis (H5) is rejected. This result contradicts the findings by [10] which states gender has positive and significant effect on intention, which means there is significant difference between intention of male and female.

#### Family back ground vs. Entrepreneurship intention/ self-employment

**H2:** there is significant difference among students entrepreneurial intention of different family back ground.

**Table 4.5: ANOVA for Family Background(father) /Entrepreneurial Intention**

Relationship	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3.679	5	.736	1.110	.355
Within Groups	198.231	299	.663		
Total	201.909	304			

Source (survey result 2021)

This table shows there is no significant difference among family back grounds intention toward entrepreneurship as a career

**Table 4.6: ANOVA for family back ground(mother) vs. Entrepreneurial intention**

Relationship	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.192	3	.397	.587	.624
Within Groups	203.613	301	.676		
Total	204.805	304			

Source (survey result 2010)

This table shows there is no significant difference among family back grounds intention toward entrepreneurship as a career. From both father and mother ANOVA result it can be concluded as there is no significant difference among intentions of students from different family back ground. Hence, the hypothesis (H6) is rejected.

Previous studies by [18] and [19] reveal that family back ground has positive and significant effect on entrepreneurial intention. This can be interpreted as there is significant difference among intentions of family occupations. However this is not happened in Assosa university context according to the survey 2020 result.

#### Field of study vs. Entrepreneurial intention/self-employment

**H3:** There is significant difference among students' entrepreneurial intentions of different department.

**Table 4.7: ANOVA for Departments/Entrepreneurial Intention**

Relationship	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	76.818	35	2.195	4.550	.000
Within Groups	131.693	273	.482		
Total	208.511	308			

Source (survey result 2021)

This result shows there is significant difference among departments with respect to entrepreneurial intention. Hence the hypothesis (H7) is accepted. The finding is consist with the studies conducted by [21].

#### Conclusion and recommendation

This study investigated the entrepreneurial intentions of graduating students in Assosa University. Hence the following are conclusions drawn from the findings of the study.

On demographic factors; it can be concluded as there is no significant difference, between male and female students of Assosa University in inclination towards entrepreneurship as a career option and family back ground, as an antecedent of an entrepreneurial intention, was failed to be supported. Surprisingly, field of study is one of significant variable which determines entrepreneurial intention. Hence the novelty of the research resides in it.

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