

## Entrepreneurship Barriers to Student in Southern Punjab Universities

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### ABSTRACT:

As rising unemployment levels continually erode job opportunities in Southern Punjab, it is essay to assume that entrepreneurship would be concluded as the next-best career option; however, university graduates show very low interest level in becoming entrepreneurs. Having observed this disinterest, Southern Punjab economic policies have put in place initiatives encouraging youth entrepreneurship; however, these have failed to significantly affect the willingness to engage in entrepreneurial activities. It is against this background that this research will investigate barriers to entrepreneurship as experienced by students. A survey of southern Punjab universities students will be conducted. Their views regarding entrepreneurship will be collected by means of self-completion questionnaires and studied using cluster analysis. Also try to identify the themes that underlie the formation of the taxonomy, namely, family and social influence, exposure to entrepreneurial activity, entrepreneurial support, and education. This research will conclude a discussion of practical solutions and strategies to mitigate the problem of a lack of student entrepreneurship.

**Keywords:** *Education, Entrepreneurship, Universities, Southern Punjab*

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### INTRODUCTION

The issue of youth unemployment is now becoming a global problem. In response to the unemployment question, policymakers encourage school leavers to embark on self-employment and entrepreneurial ventures. The Punjab government is among those that consider the escalation of youth entrepreneurship as a development imperative. Consequently, numerous small-businesses Program, such as the Youth Development program. The Southern Punjab government envisages collaboration of these programs with institutions of higher learning to transform Southern Punjab into an entrepreneurial society. This vision includes concerted efforts towards providing support and infrastructure to building entrepreneurs.

### Literature Review

#### Youth entrepreneurship

Although the emerging trend of university graduates 'lack of interest and inability to engage in entrepreneurial activity is fast becoming a global problem (Global Entrepreneurship Monitor, 2011), it is most severely experienced in developing countries. In Southern Punjab, for example, rising unemployment levels, in excess of 70 per cent (Statistics Punjab Govt., 2013), indicate the declining traditional job opportunities for tertiary education graduates (Chauke, 2011). It is therefore reasonable to assume that entrepreneurship is a better solution to the unemployment problem. However, graduates

show very little interest in becoming entrepreneurs, even in the face of policies and programs aimed at promoting entrepreneurship. Nevertheless, promoting entrepreneurship, particularly within the small, micro, and medium enterprises sector, is identified as an imperative for development in Southern Punjab (Global Entrepreneurship Monitor, 2011). As such, there have been calls to transform the higher education sector to accommodate entrepreneurship education.

#### **Student Lack of Interest in Entrepreneurship**

The research shows that there is a strong correlation between tertiary education and the propensity to engage in entrepreneurship activities, acquiring university education does not necessarily convert an individual into an entrepreneur. A significant number of students prefer the guaranteed income of formal employment as opposed to the risks associated with entrepreneurship.

#### **Entrepreneurship Barriers (EB)**

Given the reluctance of students to engage in new entrepreneurial ventures focus on understanding the challenges that exist in translating university education into entrepreneurial activity. These barriers contribute to an impoverished interest in pursuing a career in entrepreneurship. These are briefly discussed below.

#### ***Inappropriate Syllabus***

The course content plays a vital role in any education setting; it should be in line with the economic realities of the country. For instance, in Southern Punjab the National Development Program envisages that higher education must contribute towards the creation and development of entrepreneurs. At an individual-level the syllabus must be comprehensive enough to prepare individual students to acquire practical entrepreneurial skills and knowledge.

#### ***Improper Teaching Methods***

The teaching methods are also very important in the development of student career. Thus, to promote higher learning, universities Southern Punjab should employ teaching methods that allow for practical application of

learnt material as well as holistic development of skill-sets required. In the context of entrepreneurship, this relates to teaching both theoretical and practical aspects of businesses. Efficient teaching methods go beyond reciting formulae in textbooks, they empower students to develop free and creative thinking in the application of knowledge and theory in the real world.

#### ***Lack of Entrepreneurial Support***

The important objectives of business education at the tertiary level, universities of Southern Punjab appear to drag their feet in proactively developing student-driven businesses.

#### ***Students' Lack of Exposure***

Students' lack of exposure to entrepreneurial concepts and realities within the Southern Punjab context can be defined in two distinct ways. Firstly, as a result of widespread poverty, students often come from very poor backgrounds and are generally not exposed to the wider world around them.

#### **Research Objectives**

Drawing from the extant literature it was observed that university students and graduates experience of Southern Punjab multitude of barriers limiting their participation in entrepreneurial activities. For that reason, this study investigates the nature of barriers and the extent to which these limit entrepreneurial activities among university students of Southern Punjab. Consequently, the following research questions were investigated:

**RQ1:** Which barriers in southern Punjab most discourage students from engaging in entrepreneurship?

**RQ2:** Are these barriers experienced differently across the student population?

The importance of this research is that, by examining entrepreneurial barriers as experienced by students, insights are gained that may inform actionable strategies on how universities of Southern Punjab and policymakers could better respond to the problem. To explore these research issues, the

theoretical context of entrepreneurship barriers is explored next, followed by a description of the research methodology applied in the study, presentation of results, and finally, the paper concludes by discussing the implications of the findings.

**RESEARCH METHOD**

A structured survey method was used to collect data from a sample of students at The Islamia university of Bahawalpur campus in Bahawalpur(Punjab, Pakistan). A self-completion questionnaire was used to collect data between February to April 2014. A data collection team was designed which consists of five graduate trained students.

**Questionnaire**

For the identification and measure barriers to entrepreneurship as experienced by university students of Southern Punjab I collect the data from past research, where a set of theoretical entrepreneurship barriers develop and

subsequently tested. Specified barriers described in these studies are incorporate with those to develop a questionnaire for this study. It was also prudent to test both content and face validity. A pilot test was conducted with 300 graduate students to ensure that questionnaire items would be comprehensible to the target respondents, with resulting input, mostly relating to grammar usage, incorporated into the final questionnaire. The questionnaire consisted of three sections: demographics, entrepreneurship knowledge, and entrepreneurship barriers scale. (table 1).

Although research assistants explained the purpose of the study as well as the contents of the questionnaire, a covering letter explaining the purpose of the study, the confidentiality agreement and instructions for completing the questionnaire, was attached to every questionnaire. These instructions were also provided at the beginning of each section together with a brief explanation of the measurement scale. (table 2).

**Table 1: Measuring instrument**

Section	Measurement Instruments	Source
I	Demographics	Developed for this research
II	Entrepreneurship knowledge	Makgosa (2012)
III	Entrepreneurship barriers scale	Global Entrepreneurship Monitor, 2013

**Table 2: Cronbach's alpha (à) for the sub-scales**

Instrument (Sub-scale)	Cronbach's alpha (à)	No. of items retained
Inappropriate teaching methods	0.790	5
Lack of entrepreneurial support	0.727	5
Syllabus and course content	0.690	5
Students lack of exposure & interest	0.520	5

### Data Analysis

A structured questionnaire was used to collect data, statistical analyses were performed. All returned questionnaires were checked for completeness. SPSS version 20 was used for data analysis. The following statistical analyses were indicated:

- ✓ Descriptive statistics to describe the data and the sample
- ✓ Factor analysis to establish the dimensions that exist in the various sub-scales

### Sampling

The present study concentrated only on business management students. This mean that only students related towards a qualification in the area of Management Sciences at the Islamia University of Bahawalpur were included in the sample. Two major reasons influenced this choice. Firstly, it is generally accepted that management schools are better equipped to train entrepreneurs in that their students, naturally, are more exposed to entrepreneurship barriers and entrepreneurial processes and hence should exhibit more inclination towards entrepreneurship barriers.

Questionnaires were handed out and participants were allowed to complete the questionnaires in their free time and deposit the completed questionnaires in collection boxes located at the above -mentioned locations. In total, 400 questionnaires were distributed. Some 270 questionnaires were returned. 235 questionnaires were fully completed and usable for analysis. More females participated than males. All data is briefly discussed in table 3.

## RESULTS AND DISCUSSION

The results are presented in the order of the research questions. First, a descriptive analysis of the barriers and their effect across demographic profiles are discussed. Past literature demonstrates that there are four key barriers to entrepreneurship promotion; this paper tests how these barriers limit students and youths' participation in entrepreneurship activities.

**RQ1:** Which barriers in southern Punjab most discourage students from engaging in entrepreneurship?

To test the above question, first it was prudent to test the structure of these barriers against those posited by the 'barriers to entrepreneurship model' (Yaghoubi, 2012). According to Yaghoubi, the entrepreneurship barriers (EB) scale contains four subscales which load independently as factors: lack of entrepreneurial support, teaching methods, lack of exposure, and course content. Factor analysis utilizing principal component analysis (PCA) was performed to test both construct validity and the latent variables (EB barriers) as hypothesized in the EB theory. The factor analysis diagnostics were satisfactory (KMO = 0.824; Bartlett's Test of Sphericity  $X^2 = 890.6$ ;  $p < 0.000$ ), hence it was appropriate to proceed with PCA. Subsequently, a four-factor (latent variables) solution explaining 56 percent of the variance was extracted. All items loaded onto their respective factors, as explained by the theory. Teaching methods items loaded into factor 1. Factor 2 consisted of items related to entrepreneurial support. Deficiencies with the syllabus and lack of students' exposure loaded onto factors 3 and 4, respectively. (table 4). These results confirm Yaghoubi (2010) findings - which the above-mentioned barriers to entrepreneurship do indeed exist.

The sub-scales' internal consistencies, as measured by Cronbach's alphas, ranged from 0.517 to 0.770, these alphas show acceptable tolerances of reliability of greater than 0.5 (Field, 2009; Pallant, 2010). Thus, the high reliability loadings as well as high factor loadings within each factor (latent variable) provides further support for the existence of the entrepreneurship barriers in Southern Punjab. These findings clearly support and corroborate those observed in earlier studies (c.f. Global Entrepreneurship Monitor, 2005; 2011; Du Pre, 2009; Kesler and Hout, 2010; Lekoko, 2011; Ebewo and Shambare, 2012; Makgosa and Ongori, 2012; Kane, 2013). With the help of this study, it was not enough just to identify the entrepreneurship barriers limiting youth entrepreneurship, ranking these in order of severity as reported by students was also meaningful. The latent variables or factors identified in table 3 were further analyzed.

**Table 3: Demographic characteristics**

Demographic characteristics	Classification	Per cent (%)
Gender	Male	40
	Female	60
Education	Graduate	95
	Postgraduate	5
Study status	Part-time	8
	Full-time	92

**Table 4: Four-factor solution of EB responses**

	Factor 1 Teaching Methods	Factor 2 Support	Factor 3 Syllabus	Factor 4 Exposure	Communalities
EB 8	0.749				0.630
EB 7	0.749				0.622
EB 6	0.702				0.610
EB 9	0.672				0.484
EB 5	0.502				0.462
EB 13		0.762			0.649
EB 16		0.692			0.503
EB 12		0.645			0.501
EB 15		0.625			0.601
EB 14		0.609			0.510
EB 3			0.781		0.644
EB 4			0.691		0.576
EB 2			0.645		0.520
EB 1				0.699	0.497
EB 11				0.619	0.633
EB 10				0.605	0.521
	4.874	1.594	1.406	1.088	56.012
	30.464	9.961	8.788	6.800	
	0.770	0.727	0.646	0.517	

**Table 5: Descriptive statistics**

Barrier	Mean	Standard Deviation
Lack of entrepreneurial support	2.97	0.88
Lack exposure	2.89	0.83
Teaching methods	2.75	0.89
Syllabus	2.31	0.87

Descriptive analysis shows quite useful information in table 4. The respondents rated their views pertaining to the extent they felt each of the EB scales limited their capability to become entrepreneurs. A Likert Scale (1=Strongly Disagree; 5=Strongly Agree) was used. The resultant factors were recorded and divided into four latent composite variables, and subjected to further analysis. Lack of entrepreneurial support (mean = 2.97) was determined to be the greatest barrier, followed by lack of exposure (mean = 2.89), teaching methods (mean = 2.75), and lastly the syllabus (mean = 2.31). Appropriateness of the syllabus and course content barrier yielded the lowest mean score (2.31), demonstrating that it cannot be considered a barrier per se in entrepreneurship promotion in Southern Punjab universities (table 5).

The overall results shows that universities could do more to improve entrepreneurship promotion. In this regard, two specific areas are suggested: improving entrepreneurial support and initiating programs to enhance awareness.

**RQ2:** Are these barriers experienced differently across the student population?

Having found support for the EB model within the Southern Punjab context, it was instructive to establish the nature of the barriers across the sample. This was particularly important given that university students are diverse in nature. It was insightful to segment the respondents into smaller homogenous groups by means of cluster analysis (Field, 2009). The mean scores for each of the four latent variables (table 3) and gender were used as the basis for segmentation. Cluster analysis yielded two distinct categories. From studying table 4, gender was observed to account for the most variation between clusters. For instance,

Cluster M1 consisted of mostly female respondents (60 per cent) and male respondents were a majority (68 per cent) in Cluster M2. Another interesting finding was that for all the four barriers, mean scores of Cluster M1 were much greater than Cluster M2. The analysis of variance (ANOVA) confirmed that there was a difference between the mean scores between Clusters M1 and M2 ( $p < 0.05$ ) (table 6).

The following results suggest that respondents belonging to M1 (mostly female participants, about 60 per cent) experience entrepreneurship barriers relatively more than individuals in M2 (mostly male respondents). Similar to the composite sample (table 5), lack of support, as experienced by both Clusters M1 and M2 (table 6), was also observed to be the most significant barrier (mean = 3.26). Lack of exposure ranked as the second highest barrier, followed by teaching methods and lastly syllabus. The consistent pattern of barriers, as observed in the entire sample as well as within individual clusters, provides justification of the significance of these barriers. Closer inspection revealed that respondents belonging to M1 exhibited relatively more negative attitudes and skepticism towards entrepreneurship, and therefore this cluster of respondents were named Sceptics. At the same time, cluster M2 respondents seemed relatively more engaged in entrepreneurial activities, albeit exhibiting some reservations towards entrepreneurial activities. Accordingly, this category was named Optimists. For all the four barriers of the theory of barriers to entrepreneurship promotion (Yaghoubi, 2010) tested, mean scores observed within the Sceptics and Optimists clusters as measured by ANOVA differed significantly ( $p < 0.05$ ).

**Table 6: Cluster analysis**

Barrier	M1 (Sceptics)	M2 (Optimists)	F	p-Value
Gender	60% Female	68% Male		
Exposure	3.26	2.11	128.26	$p < 0.005$
Support	3.32	2.20	102.08	$p < 0.005$
Teaching	3.06	1.96	99.94	$p < 0.005$
Methods				
Syllabus	2.64	1.62	84.583	$p < 0.005$

## **CONCLUSION**

The purpose of this study is to identify the major entrepreneurship barriers to student in Southern Punjab universities. This study also provides the solution to remove these barriers. Drawing from the literature, a multitude of entrepreneurship barriers were identified and tested. The findings of this research support the theory of entrepreneurship barriers. So, this study will be help full for the students and the universities to in promoting entrepreneurship skill.

Our findings suggest that theoretical and practical entrepreneurial education plays an important role on developing entrepreneurial intentions among students. University education empowers graduates to successfully plan, start, and operate a business in idea development, organizing the founding of a firm, and running a newly-established organization.

The implications are that university curricula should be redesigned in order to stimulate an environment that is conducive to developing positive entrepreneurial attitudes. Particular emphasis should be placed on female students, who are observed as facing the greatest barriers in starting and running businesses. Incorporating real-life business training with theory will go a long way towards supporting entrepreneurial activity.

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