
Youth Entrepreneurship – Effect of Education and Family Background

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Abstract

Expeditionary economics begins with the premise that in both war and peace, people will naturally strive to put food on the table and roof over their heads. In most societies, fulfilling these basic needs requires a functioning economy. A working economy promotes stability by giving people something positive to work toward, and that's a critical goal for any commander. Importance of government providing broad and substantial support for new firm creation cannot be ruled out. Most entrepreneurs are between the ages of 24 to 44 years and thus we need to focus on the attitude of youth towards entrepreneurship. To ignite the entrepreneurial flame, the youth-The Harbingers of Tomorrow need to be motivated the most. An online poll conducted in 2010 on behalf of Kauffman foundation revealed that 40% of youth would like to 'Be Their Own Boss' at some future point despite America's lingering recession. There are various internal and external factors that have an impact on the attitude of people to start their own business enterprises. Attitude formation of an individual is highly influenced by the family background of an individual as well as his/her educational background. Hence, this paper hypothesizes that an individual's family background and educational qualification influences his/ her attitude towards entrepreneurs and entrepreneurship. This hypothesis has been tested on more than 100 respondents in Chandigarh using an appropriate questionnaire and suitable statistical tools.

INTRODUCTION

Entrepreneur and Entrepreneurship are arguably the pillars on which economic health of societies was built. Several developing countries have identified promotion of Entrepreneurship as focus area for governments, financial institutions and academic institutions. Growing interest in entrepreneurship as a catalyst for growth has been seen. Role of entrepreneurs is significant in the structural transformation of countries from low income, primary sector based societies into high income service and technology based societies.

DEFINITION OF ENTREPRENEUR AND ENTREPRENEURSHIP

An understanding of Entrepreneurship in diverse contexts becomes important in

order to know if and how Entrepreneurs matter for economic growth and development and if and how entrepreneurial capacity can be extended so as to further the economic dimensions of development. Entrepreneur is most often approached from an occupational definition, a behavioral definition or an outcomes definition's point of view.

The occupational definition sees entrepreneur as self-employed based on the notion that a person can either be unemployed, self-employed or in wage employment.

From behavioral point of view, a number of definitions have described the entrepreneur according to perceived functions that are performed. As such the Entrepreneur is an innovator. Kirzner described the

entrepreneur not primarily as someone who initiates change but who facilitates adjustment to change by spotting opposition for profitable arbitrage. Entrepreneurship can also be defined from the outcomes that different types of entrepreneurship can have in the economy. It is clear from the above stated definitions that high entrepreneurial activity is clearly the driving force behind the growth in the countries worldwide.

YOUTH ENTREPRENEURSHIP

Recent years have witnessed an avalanche of interest in entrepreneurship and in particular amongst the youth. Youth are recognized, believed and hoped to be the future economic leaders. They are to build that dreamed entrepreneurial community. Their 'animal spirit' is the driving force in a real entrepreneurial climate. Generation X has the potential to change the 'Entrepreneurial Economy' by relying more on the inputs of knowledge and ideas and less on traditional inputs of natural resources, labour and capital. This new age takes for granted the Schumpeterian ideas on risk-taking entrepreneurship as the basis for innovation and economic progress.

In essence, economic prosperity if it is to be achieved lies on the economic development of the youth. Most firms have started and operated among those aged between 25-34 years. This means entrepreneurial programs for the youths²⁾ prepare them for early entrepreneurial involvement. The youth involved in the economic struggle is of paramount importance. Developing them to have the spirit and drive towards entrepreneurship would mean preparing them to become successful and useful in the society.

ATTITUDE OF THE YOUTH TOWARDS ENTREPRENEURSHIP

Generally the behaviour of individual is greatly determined by his/her attitude. Attitude towards entrepreneur and entrepreneurship are important determinants for future entrepreneurial activity. Entrepreneurs are to a significant extent made, not simply born. This means that interventions directed towards changing attitudes and beliefs can have an impact on young people's interest in starting a business. These attitudes would in general be impacted by the familial occupational background of an individual and other factors.

FACTORS

1) **Familial background:** Family background and parental role modeling has been found to be the most prominent factor that affects early socialization and hence formation of attitude towards entrepreneurship. Early communication received and imbibed by an individual from the family would impact career choices by inducing individuals to choose a career in which they are viewed positively by the society. It was hypothesized that more positive attitude would be seen in people from entrepreneurial background [National Youth Entrepreneurship Attitude Survey – May 2001].

Educational Qualification: The impressive and rapid growth of entrepreneurship is attributed to power of education in promoting social, economic, political and spiritual well being of an individual and social development. The growth of entrepreneurial programmes in educational institutions is remarkable over

the two decades and which are now aiming to change the mindset of the youth.

Therefore this study argues that if society and family perceive entrepreneurship as profitable, valuable and positive then youth can be easily convinced and encouraged to take entrepreneurship as a career.

REVIEW OF LITERATURE

A brief review of literature will help us to gain insights into the topic of research. This will help us in giving a right focus to the present study.

Selvaraj (2000) in his study attempted to explain the behavioural process of becoming entrepreneurs. He maintained that individuals feel the need to become an entrepreneur because of social and personal factors such as need to attain status, dissatisfaction with present position, motives for high power, achievement innovation.

Sluis, Praag and Vijnerberg (2003) provided a meta-analytical review of empirical studies into the impact of schooling on entrepreneurship selection and performance. They concluded that the impact of education on selection into entrepreneurship is neither positive nor negative. Although the effect of education on performance is positive and significant.

Adetayo (2003) carried out a study to investigate the attitude of the youth towards entrepreneurship programs. The data was collected from 210 respondents. The results showed that innovativeness and industriousness were the entrepreneurial personality traits that scored very high. The study concluded that entrepreneurial capacity factors such as personality traits, learning, experiences, social factors and culture, and entrepreneurial enhancing

factors such as information technology development and education system have influenced the favourable attitude of the youth towards entrepreneurship programs.

Cervantes (2005) examined the extent to which local authority can change the attitudes of its youth, away from public sector employment to the development of small business, through education. The conclusion indicated that local authorities want to develop their local market in order to entice young people to stay or move back to the local area

Burger, O' Neill and Mahadea (2005) in their study determined the impact of relevant previous knowledge and experience on the entrepreneurial attitudes of grade 12 learners in the Stellenbosch region. Questionnaire was framed and 370 youth were interviewed. The study showed that youth from previously disadvantaged backgrounds have on an average less business education than those coming from another background. About 2/3 of the surveyed school learners indicated that they want to venture into entrepreneurship by starting their own business in future. However only 34% thought that they knew enough about businesses to be able to start a venture. Thus the gap in education and training arena was reflected.

Schoof (2006) in his study attempted to provide a clearer and more comprehensive picture of youth entrepreneurship in general and of the concrete barriers and incentives to youth enterprise start-ups in particular. It was observed that percentage of youth people (18-24 years); participating in entrepreneurial and start-up activity tends to be lower than those of older age cohorts (25-34 & 35-44 years). Further it was noted that there was a clear indication for a considerable level of latent

entrepreneurship and entrepreneurial potential among young people in selected countries.

Goel, Vohra, Zhang and Arora (2007) in their study argued that social support is an important enabler in entrepreneurial activity in a country. It was argued that societal attitudes towards entrepreneurs and entrepreneurship are important determinants for future entrepreneurial activity. These attitudes would be impacted by the family background of an individual and entrepreneurial development in the region an individual comes from. The hypotheses were tested on 5000 respondents in India & China. The results for family background influence on attitudes found strong support in both India & China. Regional development showed stronger influence on attitude in India than in China.

Levenburg and Schwarz (2008) in their study explored the level of interest in entrepreneurship among the Indian students and compared it with U.S. students. The impact of cultural, educational and environmental factors was also studied. They concluded that Indian youth demonstrated a significantly higher level of interest in starting new ventures than their U.S. counterparts.

The CERIC (Canadian Education and Research Institute for Counseling) (2008) examined youth attitudes towards entrepreneurship as a career option by outreaching to youth across Ontario and lower mainland, British Columbia. Main findings of the study were (a) many young job seekers have positive attitudes towards entrepreneurship, but relatively few indicated a preference to start their own business instead of working for an established employer. The study also

suggests that young people perceive there to be significant, financial and other barriers to starting their own business; (b) relatively few young people learn about entrepreneurship at an early age; (c) there appears to be a high level of demand for entrepreneurship programs offered by local employment centers.

Resurreccion, Pamela F (2010) in his study inquired into possible factors influencing entrepreneurial attitudes and ultimately their intention to pursue an entrepreneurial career by using correlation statistics, it was found that mother's occupation; fathers' highest level of education attained; curriculum; how important determination, interest and energy are to the respondents; self ratings on intelligence and honesty; how strongly respondents agree that starting a business would mean they could work the hours they work and have the control, that comes from being one's own boss; and how strongly they agree that a business degree is necessary to start a business; all have positive relationships with the students intention to pursue entrepreneurial Endeavour's. It was further found that students generally have a favorable attitude towards entrepreneurs and entrepreneurship.

OBJECTIVES OF THE STUDY

- (1) To find the attitude of youth towards entrepreneurship.
- (2) To determine the preference of professions among youth.

HYPOTHESIS OF THE STUDY

The hypotheses of the study have been developed as follows:

1. H_0 (1): Occupational background of an individual does not influence his/her attitude towards entrepreneurship.

- H_a (1): Occupational background of an individual influences his/her attitude towards entrepreneurship.
2. H₀ (2): Educational qualification of an individual does not influence his/her attitude towards entrepreneurship.
- H_a (2): Educational qualification of an individual influences his/her attitude towards entrepreneurship.

RESEARCH DESIGN

Preparation of Questionnaire

A questionnaire was developed to assess the attitude of college youth towards entrepreneurship. There were a total of 21 questions (Appendix-I) in the questionnaire, out of which six questions were about personal information of the respondent, fourteen about measuring the attitude of the respondent towards entrepreneurs and one question to determine the preference of professions among youth. For measuring the attitude a 5 point Likert scale was used as strongly agree, Agree, Don't know, Disagree and strongly disagree; for the convenience of the respondent, the neutral point from the scale (Don't know) was eliminated. Further, for statistical convenience, your points were converted into two points in which strongly agree and agree were merged to form agree and strongly disagree and disagree were merged to form disagree.

Sampling Procedure

Primary data was collected through a survey questionnaire to know the perception of youth towards entrepreneurship in Chandigarh. For the purpose of desired research a sample size of 115 was taken. It includes youth from different families as well as educational backgrounds.

LIMITATIONS OF THE STUDY

- (1) The research work is confined to the study of attitude of youth towards entrepreneurship in Chandigarh.
- (2) The study is conducted in Chandigarh, thus the findings of the survey should not be generalized.
- (3) The findings may remain biased in nature as per the values, ethics and competencies of the respondents.

DATA ANALYSIS

The occupations were divided into three categories: (1) Business (2) Service (3) Agriculture. Similarly educational qualifications are divided into three categories (1) Traditional Graduates (2) Technical Graduates (3) Management Graduates. Data from 115 respondents was collected and the breakup of the same is shown in table 1.

Table 1: Categories of occupation and educational qualification

Total No. of Respondents	115
Family Occupation	
Business	31
Service	69
Agriculture	15
Education Qualification	
Traditional Graduate	26
Technical Graduates	55
Management Graduates	34

RESULTS

Table 2 below represents the fourteen statements relating to the attitude towards entrepreneurship classified by major family occupations. Chi-square values were calculated for each statement and compared with the tabulated values. Tabulated value of chi -square for 2 d.f. at 5% level of significance is 5.991. It is seen that there is a significant difference among the attitudes of youth towards entrepreneurship. Thus the

null hypothesis that occupational background does not influence attitudes towards entrepreneurship was rejected in most of the statements. No significant differences were seen in the statement number nine and sixteen. Thus occupational background does not influence the attitude of individual when

they are looking for a life partner or when they are asked about the corruption level in entrepreneurship. It may be concluded that occupational background has a significant influence over the attitude of youth. Thus we can say that youth with business backgrounds are more inclined to become entrepreneurs.

Table 2: Attitude towards entrepreneurship based on major family occupations

S. No.	Description	Business	Service	Agriculture	Total	
1	Entrepreneurship is better than working for others	Agree	29	49	12	90
		Disagree	2	20	3	25
		Total	31	69	15	115
		Calculated χ^2				6.42
2	Entrepreneurship are popular among my friends and my family members	Agree	27	43	12	82
		Disagree	4	26	3	33
		Total	31	69	15	115
		Calculated χ^2				7.06
3	When looking for a life partner for my sister / cousin sister (myself) we would prefer an entrepreneur over a person who has a job	Agree	23	34	8	65
		Disagree	8	35	7	50
		Total	31	69	15	115
		Calculated χ^2				5.48
4	Entrepreneurs have a good family life	Agree	24	34	8	66
		Disagree	7	35	7	49
		Total	31	69	15	115
		Calculated χ^2				7.05
5	Rewards from entrepreneurship are more in comparison to the hard work required	Agree	21	57	8	86
		Disagree	10	12	7	29
		Total	31	69	15	115

		Calculated χ^2			6.72	
6	Entrepreneurship is respected in my society	Agree	25	62	9	96
		Disagree	6	7	6	19
		Total	31	69	15	115
		Calculated χ^2			8.2	
7	Entrepreneurs pay their employees well	Agree	25	35	9	69
		Disagree	6	34	6	46
		Total	31	69	15	115
		Calculated χ^2			7.98	
8	My friends and I need to become entrepreneurs to make India prosperous	Agree	27	43	9	79
		Disagree	4	26	6	36
		Total	31	69	15	115
		Calculated χ^2			6.7	
9	Entrepreneurs are rich	Agree	25	39	11	75
		Disagree	6	30	4	40
		Total	31	69	15	115
		Calculated χ^2			5.99	
10	Corruption level in entrepreneurship is more	Agree	13	33	5	51
		Disagree	18	36	10	64
		Total	31	69	15	115
		Calculated χ^2			1.15	
11	Entrepreneurs do not have stability of earning	Agree	18	58	11	87
		Disagree	13	11	4	28
		Total	31	69	15	115
		Calculated χ^2			7.89	
12	Risk factor in	Agree	27	68	13	108

	entrepreneurship is high	Disagree	4	1	2	7
		Total	31	69	15	115
		Calculated χ^2				6.49
13	Financial support system for entrepreneurs is strong	Agree	21	37	13	71
		Disagree	10	32	2	44
		Total	31	69	15	115
		Calculated χ^2				6.34
14	Starting a business of your own involves complex regulatory procedures	Agree	20	65	12	97
		Disagree	11	4	3	18
		Total	31	69	15	115
		Calculated χ^2				14.53

Tables 3 shows the results for the fourteen statements relating to the attitudes towards entrepreneurship based on the educational qualification. The data reveals that there is a significant difference in the attitude among youth from different educational qualifications towards entrepreneurship. At the significance level $p = 0.05$, the significant differences lies among youth from different educational background except for the statement number nine, sixteen and twenty. Thus the null hypothesis that educational qualification does not influence the attitudes towards

entrepreneurship is rejected. Youth with management and traditional qualifications showed more positive attitude than those with technical qualifications towards entrepreneurship. The results clearly indicate that if curriculum in the universities is modified to tackle the changing business environment, especially emerging new markets, technologies, and managerial skills, more entrepreneurial activities can be encouraged. At the same time, appropriate thrust is required to motivate technical graduates towards entrepreneurship.

Table 3: Attitude towards entrepreneurship based on educational qualification

S. No.	Description	Traditional Graduates	Technical Graduates	Management Graduates	Total	
1	Entrepreneurship is better than working for others	Agree	23	39	31	93
		Disagree	3	16	3	22
		Total	26	55	34	115

		Calculated χ^2				6.83
2	Entrepreneurship are popular among my friends and my family members	Agree	20	50	23	93
		Disagree	6	5	11	22
		Total	26	55	34	115
		Calculated χ^2				7.70
3	When looking for a life partner for my sister / cousin sister (myself) we would prefer an entrepreneur over a person who has a job	Agree	20	28	23	71
		Disagree	6	27	11	44
		Total	26	55	34	115
						5.78
4	Entrepreneurs have a good family life	Agree	24	22	25	71
		Disagree	2	33	9	44
		Total	26	55	34	115
		Calculated χ^2				23.30
5	Rewards from entrepreneurship are more in comparison to the hard work required	Agree	18	29	27	74
		Disagree	8	26	7	41
		Total	26	55	34	115
		Calculated χ^2				6.87
6	Entrepreneurship is respected in my society	Agree	22	37	30	89
		Disagree	4	18	4	26
		Total	26	55	34	115
		Calculated χ^2				6.29
7	Entrepreneurs pay their employees	Agree	21	29	22	72
		Disagree	5	26	12	43

	well	Total	26	55	34	115
		Calculated χ^2				6.01
8	My friends and I need to become entrepreneurs to make India prosperous	Agree	25	39	29	93
		Disagree	1	16	5	22
		Total	26	55	34	115
		Calculated χ^2				7.88
9	Entrepreneurs are rich	Agree	22	32	20	74
		Disagree	4	23	14	41
		Total	26	55	34	115
		Calculated χ^2				6.02
10	Corruption level in entrepreneurship is more	Agree	12	24	14	50
		Disagree	14	31	20	65
		Total	26	55	34	115
		Calculated χ^2				0.15
11	Entrepreneurs do not have stability of earning	Agree	12	44	24	80
		Disagree	14	11	10	35
		Total	26	55	34	115
		Calculated χ^2				9.59
12	Risk factor in entrepreneurship is high	Agree	22	54	33	109
		Disagree	4	1	1	6
		Total	26	55	34	115
		Calculated χ^2				7.05
13	Financial support system for entrepreneurs is	Agree	25	24	28	77
		Disagree	1	31	6	38

	strong	Total	26	55	34	115
		Calculated χ^2				27.18
14	Starting a business of your own involves complex regulatory procedures	Agree	20	45	31	96
		Disagree	6	10	3	19
		Total	26	55	34	115
		Calculated χ^2				2.38

Table 4: reflects the career preferences of youth belonging to different family as well as educational background. Question 21 was aimed to capture the career preferences of youth. Table 4 clearly depicts that the youth with business or agricultural background prefer to be in business as compared to service background youths, whose first preference is MNC. The least preferred profession is academics among all groups.

Most preferred profession among technical and management graduates is working with MNC where as business takes a back seat. Traditional graduates prefer to be in business and their second option is working with MNC's Academics is again the least preferred profession in the youth. Thus it can be concluded that today's youth either want to be in business or work with MNC and academics is the least preferred profession amongst all groups.

Table 4: Ranking based on preference of professions (most preferred=1)

Factors	Particulars	MNC	Large Domestic Co.	Small Firm	Bank	Government	Business	Academics
Occupational Background	Business	2	3	5	6	4	1	7
	Service	1	2	5	3	4	6	7
	Agriculture	2	5	6	3	4	1	7
Educational Qualification	Traditional	2	5	4	6	3	1	7
	Technical	1	2	6	3	4	5	7
	Management	1	4	5	3	2	6	7

CONCLUSION

Whether there are universal solutions or prescriptions in fostering entrepreneurship is at the heart of understanding the wide deviation in entrepreneurial activity worldwide. It implies that there are a different set of factors that stimulate entrepreneurial activity. The main factors covered in our study are familial background and educational qualifications of the youth. Significant differences were found in attitude of youth from different occupational backgrounds. When asked a question about whether entrepreneurship is better than working for others, around 93% of the youth from business background showed a positive response whereas, 80% and 71% of youth from agricultural and service background respectively support this view. Same question when taken from the perspective of educational background, 91% of the management graduates showed their willingness to be their "OWN BOSS". Whereas 88% and 70% of technical graduates were of the same opinion. When asked to rank the preference of professions, the most preferred one was business by the youth of entrepreneurial and agricultural background whereas working in MNC was preferred by the youth of service

backgrounds. Academics is the least preferred by all. Our perception is that inspite of academics now being a lucrative job, our youth are still attracted towards MNC's possibly because of the status symbol or perks and fringe benefits attached to these jobs.

Government is trying to foster the entrepreneurial activity in the economy by providing finance, training and infrastructure. But general awareness about the availability of these facilities is required amongst the youth. Another way of strengthening entrepreneurship is to consider the role of colleges, universities and other educational institutions in developing the right attitude amongst the youth.

India to come to the forefront, at pace with top nations of the world needs to have a very strong economy. Economic development can be brought about by encouraging our youth to be self – employed and thus fight with the problems of unemployment and poverty. Thus, it is rightly said that:

"great things are done by people who think great thoughts and then go out into the world to make their dreams come true"

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