

**AN INVESTIGATION INTO THE FACTORS AFFECTING YOUNG PEOPLE'S ENTREPRENEURIAL INCLINATION: THE CASE OF SELECTED AREAS IN SOUTH AFRICA**

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**—Abstract —**

Entrepreneurship has been pointed out as a key driver of economic growth and development by academia, policymakers, and government institutions alike. Globally, youth unemployment figures are alarmingly high and entrepreneurship, especially among the youth, plays an important role in generating employment among this cohort. The purpose of this study was to determine the factors affecting the entrepreneurial inclination of employed and unemployed young people between the ages of 18 and 35 years. Measurement on the factors made use of a tested and validated entrepreneurial intention scale. Primary data were collected through the use of questionnaires. The sample was almost evenly split between employed (n=176) and unemployed (n=163) participants. Data were analysed through the use of a principal component analysis (PCA), descriptive statistics and chi-square tests. The findings of the study revealed that participants perceived the lack of the necessary entrepreneurial skills, difficulties in acquiring the necessary funding as well as insufficient support towards starting a business as the most important aspects deterring their entrepreneurial inclination. Chi-square tests further showcased significant differences in the perceptions of the employed and unemployed participants regarding the lack of market opportunities and the associated risk in starting a business. The results as presented in the study provide valuable insights to the areas of concern as well as recommendations towards reducing the obstacles for the youths' entrepreneurial involvement.

**Key Words:** Youth, entrepreneur, entrepreneurial intent, factors, South Africa

**JEL Classification:** J13, L26.

## **1. INTRODUCTION**

Several researchers and policy-makers have pointed out the importance of entrepreneurship and its link to sustainable economic development and growth (Kroon, 2002; Meyer, 2017). In developing countries, where formal employment opportunities are scarce, the importance of entrepreneurship should be emphasized even more. South Africa is considered a developing country with several socio-economic challenges such as high unemployment levels, poverty, and inequality to name but a few (Keeton, 2014). In addition to these socio-economic issues one of the most worrying issues currently is youth unemployment. According to the OECD (2017), South Africa ranked poorest globally considering 2016 youth unemployment figures with 53.3 percent of the active youth labour force being unemployed. StatsSA (2017) verified that during the second quarter of 2017 this figure increased to 56.4 percent. In light of this, the purpose of this study is to determine the factors affecting the entrepreneurial inclination of two groups of young people between the ages of 18 and 35 years, one being employed youths and the other unemployed youths.

## **2. LITERATURE REVIEW**

Youth unemployment is a global concern and even more so in South Africa. While the group's labour market success or lack thereof has shown to be significantly intertwined with inherent economic conditions, unemployment has also shown to be concentrated among those with specific characteristics. As such, several demand and supply side factors contribute to the ongoing problem. From a demand side, these challenges have mainly revolved around the lack of sustained economic growth, an inherently rigid labour market system (Seekings & Nattrass, 2015) and an increasingly larger youth cohort which in growth has been unmatched by a lower labour market capacity (Jobson, 2011). Whereas from a supply side perspective, difficulties in securing work have shown to be influenced, among others by job mismatches, the lack of the needed soft and hard skills, adequate labour market information as well as unrealistic wage expectations (Banerjee, Galiani, Levinsohn, McLaren, & Woolar, 2008).

As part of these challenges that see many young South Africans excluded from economic processes, the lack of entrepreneurial intent has been a major contributor to the excessively high youth unemployment rates (Steenekamp, 2013). Entrepreneurship has undoubtedly become one of the most important drivers in modern development processes (Brush & Cooper, 2012). Many researchers (Arthur & Hisrich, 2011; Organijana & Matlay, 2012) have contributed to the underlying knowledge of what it means to be an entrepreneur. Tan (2007) characterised entrepreneurship as a multi-dimensional process that contributes to the creation of wealth for society through the action of its own members. As a process, entrepreneurship must be viewed as a driver in the creation of new ventures, which adds value to the systems in which it is present (Hisrich & Peters 1998). Regardless of how it is viewed, the importance of inherent entrepreneurial activity is attributed to the ability to assist in adding value to societies through improving socio-economic growth, creating additional employment opportunities and improving overall competitiveness (Johnson, Freeman & Staudenmaier, 2015).

Earmarked as having one of the highest unemployment rates globally, the South African context has also drawn much attention with regard to entrepreneurship, especially among the youth (Fatoki & Chindoga, 2011). However, in strong contrast to the importance ascribed to its activities entrepreneurial involvement in the country has been significantly low over the years. Isaacs, Visser, Friedrich and Brijlal (2007) stated that the ratio for entrepreneurs to workers was that for each entrepreneur, 52 (1:52) people were in waged employment in the country in 2007. Since then, more people have become involved in these activities. The total early-stage entrepreneurial activity (TEA) rates, which indicate the percentage of the 18 to 64 year old population who are either nascent entrepreneurs or those who own a new business, has progressed, increasing from 5.9 percent in 2009 to 9.2 percent in 2015 (Herrington & Kew, 2016). Despite these improvements, most recent estimates point to a TEA rate of approximately 6.9 percent, which is the 52<sup>nd</sup> lowest amongst all 65 countries involved in the Global Entrepreneurship Monitor (GEM) report (Herrington & Kew, 2017).

According to Khumalo and Mutobola (2014), the sluggish entrepreneurial activity recorded in the country can be partially attributed to the low involvement of young people in the start-up up of new business ventures. Given significantly high unemployment rates among this cohort, entrepreneurship has come to be viewed as

a panacea for the inclusion of the youth in economic processes (Steenekamp, 2013). Nevertheless, the probability of young people starting their own business in South Africa over the past decade has been among the lowest worldwide. The TEA rates for the youth in 2015 indicated that approximately 6.3 percent of those between the ages of 18 and 24 years were involved in entrepreneurial activities, which is 2.4 times lower than other African countries (Herrington & Kew, 2016). Similar trends also exist for those between the ages of 25 to 34 years at 10.9 percent, which compared to efficiency driven economies (involvement of 18%) similar to South Africa is somewhat lower.

In measuring entrepreneurial activity though, Pihie (2009) postulates that it is vitally important not just to view actual entrepreneurs who are actively involved in new business ventures but also to measure entrepreneurial intent. Intentional entrepreneurs are viewed as those people who aim to be involved in the start-up of new ventures in the coming three years (Singer, Amoros & Arreola, 2014). Respectively, South Africa's performance in this regard has somewhat declined in recent times. Herrington and Kew (2016) indicate that entrepreneurial intentions among the population have almost halved, declining from 19.6 percent of those between the ages of 18 and 65 years in 2010 to 10.9 percent in 2015. Turton and Herrington (2013) furthermore demonstrated that only 15 percent of all youth in the country had intentions towards starting their own business, the lowest rate among all sub-Saharan African countries during 2012. Various other studies have also identified significantly low entrepreneurial intentions, focusing particularly on secondary and tertiary students across the country, suggesting these learners prefer waged employment rather than undertaking the risk of creating their own business venture (Fatoki & Chindoga, 2011; Pendame, 2014).

Madzivhandila and Dlamini (2015) suggest that the reasons for the lack of intent and involvement among the youth can be ascribed to a variety of causes. Among these, *educational deficiencies* have been highlighted as a major factor. Isaacs et al. (2007) suggest that the education system in the country fails to instil the mindset into learners of being creators of employment opportunities, with entrepreneurial education being accorded little importance at school levels. Although much progress has been made in higher education institutions, Odora (2015) opines that the integration of entrepreneurial education in most of these institutions is still somewhat inadequate, failing to impart critical entrepreneurial

skills among students. Another factor inhibiting the intentions among young people to start their own ventures relates to the difficulty which they in general face in accessing *start-up capital* (Gwija, Chuks, & Chux, 2014). Young people who undertake the transition from school to work often lack the needed collateral and savings which are required in obtaining finance from financial institutions.

Entrepreneurs in deciding to undertake new business ventures are required to accept a significant *number of risks*. According to Venter, Urban & Rwigema (2010), these pertain to a variety of factors which range from financial aspects (loss of income) to psychological features such as stress among others. Young people in their start-up decisions are no different. Facing the psychological risk of social embarrassment if the business fails ultimately prevents these individuals from translating potential ideas into successful business ventures. Kazela (2009) furthermore stresses the importance of social environments in relation to the perceived risk in starting a business, suggesting that heightened crime rates induce greater aversion amongst entrepreneurs.

Research furthermore indicates that the *support* these young individuals are able to acquire has a significant impact on their entrepreneurial intentions (Boshoma, 2015). Difficulties in acquiring the necessary support involve various dimensions. Among these, the lack of positive family perceptions concerning the ability of the young individual to successfully start a business has been raised (Mbuya & Schachtebeck, 2016). Furthermore, being inexperienced and relatively new in the business environment, young people often lack the necessary business contacts that could assist in venture start-ups and often find it difficult to acquire more experienced business partners (Khuong & An, 2016).

### **3. METHODOLOGY**

#### **3.1. Research purpose and design**

The main purpose of the study was to determine the factors affecting the entrepreneurial intent among employed and unemployed youth between the ages of 18 and 35 years. The study utilised a quantitative research approach. A positivist research philosophy served the philosophical basis of the inquiry given the quantifiable nature of the research and the use of statistical analyses in explaining

specific relationships. For the purpose of this study, a descriptive cross sectional research design was utilised.

### **3.2. Study area and sample**

The study was undertaken in the Emfuleni and Metsimaholo local municipal areas. The two areas are adjacent to each other situated primarily in the southern parts of the Gauteng province and northern parts of the Free State province in South Africa. The target population of the study comprised individuals that were between the ages of 18 and 35 years and were either employed or unemployed. A combination of non-probability sampling techniques were used to draw the sample participants. These techniques included purposive sampling which involved selecting participants based on the criteria that individuals were either employed or unemployed (broad classification). Secondly, a convenience sampling technique was employed where the selection process was carried out at locations where the density of the cohort was known to be high. A sample size of 339 was deemed adequate on the basis of a historical referencing technique in which past studies made use of similar sizes (Fatoki & Chindoga, 2011, sample size: 357).

### **3.3. Research instrument and procedure method**

Primary data was used and collected through a self-administered questionnaire. The measuring instrument included questions pertaining general demographic information and perceptions regarding the factors affecting the participants' entrepreneurial intent were measured through the use of Fatoki and Chindoga's (2011) entrepreneurial intention scale. The scale was adapted and included 18 items with five constructs relating to their access to capital (2 items), entrepreneurial skills (6 items), risks in starting a business (6 items), support (2 items) and the available market opportunities (2 items). Eisinga, te Grotenhuis and Pelser (2012) stated that a two item scale may be used in cases where it is found appropriate. Finally, responses were captured using a six point Likert scale ranging from strongly disagree (1) to strongly agree (6).

### **3.4. Data analysis**

Data analysis was carried out by making use of the Statistical Packages of Social Sciences (SPSS) version 23.0 software. Preliminary data analysis involved the use of frequency distributions to provide the demographic composition of the sample as well as internal consistency tests which assessed the reliability of the scale. Likewise to similar studies (Fatoki & Chindoga, 2011), the scale items were subject to a principal components analysis (PCA) using a Varimax rotation method. The identified constructs were then analysed by means of descriptive techniques. Finally, cross tabulations and chi-square tests were utilised to determine if any significant differences in the perceived factors were inherent between the employed and unemployed participants.

## **4. RESULTS AND DISCUSSION**

### **4.1. Demographic characteristics of the participants**

The following demographic characteristics of the sample participants were observed. The majority (41.0%) of the participants were between the ages of 25 and 29 years, while 30.4 percent were between the ages of 30 and 35 years. From a gender perspective, slightly more females (51.9%) than males (48.1%) participated in the study. The ethnicity distribution followed the national race composition in the country, where Africans (81.4%) constituted the largest proportion, while Whites made up 11.8 percent and Coloureds 5.6 percent.

Participants from both local municipal areas within the study area were well represented with similar distributions (Emfuleni LM = 50.1%; Metsimaholo = 49.9%). Based on the interviewed youths' highest education qualifications, results indicate that most (38.9%) only had a completed secondary qualification, while 16.8 percent had some form of vocational training and 21.3 percent had a tertiary qualification. Notably, a large proportion (23%) did not complete their secondary education. Given the purposive nature of the sampling procedure the sample was approximately evenly split between unemployed (48.1%) and employed participants (51.9%). The latter consisted of full time employees (38.4%), part time employees (5.6%) and those individuals who were self-employed (11.5%).

#### **4.2. Principal components analysis (PCA)**

Before the PCA was carried out, the factorability of the data was analysed through the use of the Bartlett's test of sphericity and the Keyser-Meyer-Olkin (KMO) test. KMO values greater than 0.6 as well as the rejection of the null hypothesis (correlation matrix has an identity matrix) of Bartlett's test ( $p$ -value  $< 0.05$ ) is indicative of the appropriate factorability of the data that was used. The tests returned a KMO value of 0.835, while Bartlett's test returned a  $p$ -value of 0.000, indicating that the correlation between the scale items were sufficient.

Factor extraction included the use of Kaiser's criterion in which all factors that were extracted attributed eigenvalues greater than one. A total of five factors were extracted which accounted for 61.20 percent of the total variance in the data. Table 1 shows the results from the PCA. Five scale items pertaining to the participant's entrepreneurial skills loaded on one factor which was named "Skills". Three items relating to the difficulty in acquiring funds loaded on one factor which was named "Capital". Three items pertaining to the support the youth have in starting a business loaded on one factor which was subsequently named "Support". The last two factors that were identified pertained to the available market opportunities ("Market") and perceived risk the youth faced in opening a business ("Risk").

Communalities of each scale item was above the prescribed 0.5 level (Hair, Black, Babin & Anderson, 2010), indicating that the factors extracted a large proportion of the variance of each item. Finally, in determining the reliability of the identified factors, Cronbach's alpha was used. Results from Table 1 shows that Cronbach alpha values for the five factors ranged from 0.712 to 0.897 which were all above the prescribed level of 0.7 (Cronbach & Shavelson, 2004).

**Table 1: Principal components analysis (PCA) results**

| Factors                                 | Skills | Capital | Support | Market | Risk  | Communities |
|---|--------|---------|---------|--------|-------|-------------|
| Lack of business experience             | 0.757  |         |         |        |       | 0.662       |
| Can't write business plan               | 0.662  |         |         |        |       | 0.577       |
| No entrepreneurial skills               | 0.663  |         |         |        |       | 0.622       |
| Don't have a good idea                  | 0.673  |         |         |        |       | 0.535       |
| Lack of information to start a business | 0.732  |         |         |        |       | 0.607       |
| Lack of savings                         |        | 0.776   |         |        |       | 0.595       |
| Difficult bank finance                  |        | 0.736   |         |        |       | 0.598       |
| Lack of funding information             |        | 0.599   |         |        |       | 0.571       |
| Don't have the right contacts           |        |         | 0.682   |        |       | 0.638       |
| Lack of family and friends support      |        |         | 0.728   |        |       | 0.592       |
| Don't have the right business partners  |        |         | 0.786   |        |       | 0.638       |
| No opportunity in the market            |        |         |         | 0.599  |       | 0.732       |
| Weak economic environment               |        |         |         | 0.662  |       | 0.550       |
| Fear of crime                           |        |         |         |        | 0.807 | 0.693       |
| Want to do other things first           |        |         |         |        | 0.869 | 0.683       |
| Too much work and effort                |        |         |         |        | 0.720 | 0.560       |
| Fear of risk                            |        |         |         |        | 0.486 | 0.651       |
| Future uncertainty                      |        |         |         |        | 0.534 | 0.526       |
| Eigenvalue                              | 5.248  | 1.972   | 1.557   | 1.228  | 1.011 |             |
| % variance explained                    | 29.153 | 10.958  | 8.648   | 6.825  | 5.618 |             |
| Cronbach's alpha                        | 0.897  | 0.718   | 0.725   | 0.712  | 0.796 |             |

Source: Survey data: 2016.

### 4.3. Perceptions on the factors affecting youth entrepreneurial intent

Table 2 shows the participants' responses to the perceived factors inhibiting the youth's entrepreneurial intent. A majority of the participants (25.6 + 33.9 + 17.1 = 76.6%) agreed that the lack of the necessary skills deterred the group's decision towards starting a business. Among this factor, participants particularly showed a strong agreement with the fact that the youth struggle with writing properly structured business plans (30.4%), while 31.9 percent strongly perceived the lack of entrepreneurial abilities to hinder these decisions. As highlighted in the literature, the lack of entrepreneurial skills among young people in the country has primarily

revolved around the lack of entrepreneurial education on school level where critical entrepreneurial abilities are not instilled in learners (Barnard, 2012). Hence, not attributing these skills, upon undergoing the transition to the labour market, young people tend to refrain from the view that self-employment is a viable option for employment purposes (Pendame, 2014).

**Table 2: Responses on the factors affecting entrepreneurial intent (%)**

| Barrier                                | Strongly disagree | Disagree    | Slightly disagree | Slightly agree | Agree       | Strongly agree | Mean (Min 1 Max 6) |
|--|-------------------|-------------|-------------------|----------------|-------------|----------------|--------------------|
| <b>Skill</b>                           | <b>5.5</b>        | <b>8.0</b>  | <b>9.8</b>        | <b>17.1</b>    | <b>33.9</b> | <b>25.6</b>    | <b>4.424</b>       |
| Lack of business experience            | 2.7               | 6.5         | 9.1               | 21.8           | 37.2        | 22.4           |                    |
| Can't write business plan              | 3.5               | 7.4         | 10.9              | 20.6           | 27.1        | 30.4           |                    |
| No entrepreneurial skills              | 4.1               | 8.0         | 7.1               | 15.6           | 33.3        | 31.9           |                    |
| Don't have a good idea                 | 8.8               | 10.3        | 15.3              | 16.2           | 31.3        | 18.0           |                    |
| Lack of information to start business  | 8.6               | 7.7         | 6.5               | 11.5           | 40.7        | 25.1           |                    |
| <b>Capital</b>                         | <b>3.6</b>        | <b>6.1</b>  | <b>7.7</b>        | <b>14.7</b>    | <b>33.4</b> | <b>34.5</b>    | <b>4.378</b>       |
| Lack of savings                        | 2.7               | 4.4         | 9.7               | 13.6           | 33.9        | 35.4           |                    |
| Difficult bank finance                 | 3.8               | 6.5         | 4.4               | 13.3           | 35.1        | 36.9           |                    |
| Lack of funding information            | 4.4               | 7.1         | 8.6               | 17.1           | 31.3        | 31.3           |                    |
| <b>Support</b>                         | <b>6.7</b>        | <b>8.0</b>  | <b>14.9</b>       | <b>17.9</b>    | <b>30.6</b> | <b>21.9</b>    | <b>4.234</b>       |
| Don't have the right contacts          | 8.8               | 11.5        | 19.8              | 17.1           | 23.3        | 19.5           |                    |
| Lack of family and friends support     | 5.0               | 6.8         | 12.7              | 19.2           | 33.3        | 22.7           |                    |
| Don't have the right business partners | 6.2               | 5.6         | 12.1              | 17.4           | 34.8        | 23.6           |                    |
| <b>Market opportunities</b>            | <b>12.0</b>       | <b>19.3</b> | <b>14.6</b>       | <b>19.1</b>    | <b>21.5</b> | <b>13.5</b>    | <b>3.593</b>       |
| No opportunity in the market           | 11.9              | 21.4        | 14.9              | 18.8           | 23.5        | 9.8            |                    |
| Weak economic environment              | 12.1              | 17.2        | 14.3              | 19.6           | 19.6        | 17.1           |                    |
| <b>Risk</b>                            | <b>11.3</b>       | <b>15.0</b> | <b>22.1</b>       | <b>23.2</b>    | <b>17.9</b> | <b>10.5</b>    | <b>3.529</b>       |
| Fear of crime                          | 10.8              | 14.8        | 22.5              | 22.4           | 18.6        | 10.9           |                    |
| Want to do other things first          | 10.1              | 16.0        | 23.9              | 24.2           | 16.4        | 9.4            |                    |
| Too much work and effort               | 13.2              | 14.1        | 19.5              | 23.0           | 18.1        | 10.0           |                    |
| Fear of risk                           | 10.1              | 13.7        | 21.3              | 23.8           | 17.2        | 11.4           |                    |
| Future uncertainty                     | 11.6              | 15.4        | 23.3              | 23.6           | 17.2        | 10.7           |                    |

*Source:* Survey data: 2016.

Perceptions relating to the financial requirements likewise to the skill factor showed high agreement among the participants. More than a third (34.5%) of the participants strongly agreed that acquiring the needed capital to start a business for younger people serves a barrier towards their entrepreneurial intent. Evidenced from previous studies, one of the main barriers for the cohort in starting a business, is the reluctance of financial institutions to offer the youth the needed financial assistance (Gwijja et al., 2014). As new labour market entrants, the youth often depend on parental income and lack the necessary collateral required to obtain financial loans (Wang, Lu & Millington, 2011).

Perceptions relating to the support the youth receive showed that 70.4 percent (21.9 + 30.6 + 17.9 = 70.4%) of the participants agree that this factor affects the youth entrepreneurial intentions while only 29.6 percent disagreed. Based on their age and market inexperience the youth are often perceived as risky even when starting a business. Therefore, acquiring experienced business partners proves to be difficult (Khuong & An, 2016). In addition to this, the impact family support has on the cohort's entrepreneurial intent is evident. Support from family members either through social or monetary assistance can impact the start-up intentions of the group (Aldrich & Cliff, 2003). As opposed to older individuals, the youth lack business knowledge and only have few social relations; hence they significantly depend on family backing in their entrepreneurial endeavours (Edelman, Manolova, Shirokova & Tsukanova, 2016).

Results from Table 2 shows that more than half (54.1%) of the participants believed that the lack of available market opportunities do in fact affect the youth's decision in starting a business. Among the five identified factors, these perceptions showed the second lowest acknowledgement among the participants (mean = 3.593). These findings however still suggest that participants believed that the prevailing economic conditions did have somewhat of an impact on the youth's entrepreneurial inclination. Finally, relating to the perceptions on the risk associated with starting a business results from Table 2 shows that the distribution of the participants that agreed and disagreed were fairly evenly distributed. A total of 51.4 percent of the participants agreed that the underlining risk was a factor that deterred the youth's entrepreneurial directed intent. The mean score (3.529) shows that among the various identified factors, the risk involved in starting a business was least perceived to affect the youth's entrepreneurial intent. These findings are also

consistent with those indicated by Adjei, Pinkrah and Denanyoh (2014). In general, young people tend to exhibit lower risk aversion as compared to older individuals given their lower degree of financial responsibility.

#### 4.4. Comparison of the factors affecting the youths' entrepreneurial intent

This section compares the perceptions between the employed and unemployed participants. Likert responses were dichotomously categorised as disagree (slightly disagree + disagree + strongly agree) and agree (slightly agree + agree + strongly agree). Furthermore, chi-square tests were utilised to view if any significant differences existed between the groups' respective perceptions. The distribution of the responses as well as the chi-square and p-values are reported in Table 3.

**Table 3: Perceived factors affecting entrepreneurial intent among youth (%)**

| Factor               | Unemployed |       | Employed |       | Chi square (p-value) |
|----------------------|------------|-------|----------|-------|----------------------|
|                      | Disagree   | Agree | Disagree | Agree |                      |
| Skills               | 21.3       | 78.7  | 25.3     | 74.7  | 0.787 (0.375)        |
| Capital              | 16.6       | 83.4  | 18.2     | 81.8  | 0.154 (0.694)        |
| Support              | 28.0       | 72.0  | 31.0     | 69.0  | 0.371 (0.534)        |
| Market opportunities | 39.4       | 60.6  | 52.4     | 47.6  | 5.765 (0.016)*       |
| Risk                 | 54.7       | 45.3  | 42.1     | 57.9  | 5.442 (0.021)*       |

\* Significant at 5 percent level

Source: Survey data: 2016.

The responses shown in Table 3 indicate that more than three quarters of the unemployed participants (78.7%) believed that the lack of entrepreneurial skills impacted the youth entrepreneurial orientation. Similarly, 74.7 percent of the employed participants agreed that young people lacked the required skills needed to start a business. The low chi-square value of 0.787 and p-value of 0.375 infers no statistical difference between the perceptions of the groups. In as far as the perceptions relating to the enterprise capital requirements, a significantly large proportion of unemployed participants (83.4%) as well as employed participants

(81.8%) perceived the factor to affect the younger cohort's entrepreneurial intent. Results from Table 3, further shows that no significant differences existed between the perceptions of the employed and unemployed participants relating to the lack of support (chi-square = 0.371; p-value = 0.534).

In relation to the participants' responses to the impact of perceived available market opportunities, the majority of unemployed participants (60.6%), agreed that the insufficient opportunities and economic climate did impact the entrepreneurial intent of the youth. Agreement was 13.0 percent (47.6% - 60.6%) lower among the employed participants. The chi-square value of 5.765 and low p-value of 0.016 indicates that these differences were in fact significant at a 5 percent level of significance. The explanation to this finding might be attributed to the exposure of the working world among the employed participants. Ahmed, Nawaz, Ahmad, Shaukat, Usman, Rehman & Ahmed (2010) in their study found that business graduates which were exposed to practical market opportunities showed a greater intent towards self-employment than those who did not have any exposure to these activities.

Finally, results from Table 3 also shows significant differences among the participants perceptions regarding the risk involved in starting a business (chi-square value = 5.442; p-value = 0.021). More unemployed participants (54.7%) disagreed with the fact that the risk involved in starting a business affects the youth's enterprise start-up intent. Employed participants on the other hand showcased a 12.6 percent (57.9% – 45.3%) higher agreement. This result may be due to unemployed individuals, being less risk averse as they have fewer resources and personal wealth to lose. Shane (2003) explains that having a job might be associated with less likelihood among individuals to start their own business, given the associated sacrifice of secure income streams and higher opportunity costs.

## **5. RECOMMENDATIONS AND CONCLUSION**

The aim of the study was to investigate the factors affecting the entrepreneurial intent of both employed and unemployed youth in selected areas in South Africa. From the literature, it is evident that South Africa, in comparison to similar efficiency-driven countries, demonstrates significantly lower entrepreneurial activity among its youth cohort (Herrington & Kew, 2017). The empirical findings

of the study revealed that participants highly perceived the lack of necessary entrepreneurial skills, difficulties in acquiring the necessary funding as well as insufficient support towards starting a business as the aspects deterring their entrepreneurial inclination. These findings support those shown by Fatoki and Chindoga (2011). Therefore, future interventions and strategies should address these concerns. Amongst these, the importance of entrepreneurship education must be recognised. Instilling entrepreneurial frameworks as early as primary and secondary school levels will assist significantly towards the development of key entrepreneurial skills. Moreover, these initiatives should be strongly linked to practical business exposure. The provision of early exposure through linked internship and in-service training programmes by local businesses can significantly improve managerial skills and allow the recognition of possible business opportunities.

Ensuring a higher involvement of the youth in entrepreneurial activity furthermore necessitates effective and concerted support from local and national authorities. Government should promote enabling environments for entrepreneurs, allowing for a relaxation of regulations in the start-up of businesses. Current support structures such as the National Youth Development Agency (NYDA) and DTI should be better managed and adequately funded. Intensive efforts must be directed at the provision and access to finance for young entrepreneurs as well as the development of financial literacy skills. In addition, these initiatives where implemented, should be adequately promoted; even more so in lower-income areas and communities. In hindsight, fostering an improved entrepreneurial climate among the youth requires collective efforts from government, private sector and local communities as a whole. Improving their involvement in entrepreneurial activities can assist significantly in addressing the current prevalent nature of the cohort's unemployment in the country.

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