FAMILY FINANCIAL STATUS AND STUDENTS' ENTREPRENEURIAL INTENTION: THE MEDIATORY ROLE OF ENTREPRENEURSHIP EDUCATION

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ABSTRACT

The paper investigated whether entrepreneurship education mediates the relationship between students' family financial status income and their entrepreneurial intentions or not. Family financial status is defined in this study in terms of parent's annual income. Questionnaire was employed to collect data from a total sample of 320 final year under graduate students of higher education institutions in Northern Nigeria. The students were selected by using multi-stage stratified random sampling technique. Mediation analysis using PROCESS MACRO was employed and bootstrapping technique was used to test the hypothesis of the study. The result indicates that Family Financial Status (FFS) is indirectly related to students' Entrepreneurial Intentions (EI) through its relationship with Entrepreneurship Education (EE). First, the result showed that Family Financial Status had significant effect on Entrepreneurship Education, and the observed effect on Entrepreneurship Education was subsequently related to higher Entrepreneurial Intention. The bootstrap samples indicated that the indirect effect of Family Financial Status on students' Entrepreneurial Intentions through Entrepreneurship Education was completely above zero, which led us to conclude that Entrepreneurship Education mediates the relationship between Family Financial Status and Student' Entrepreneurial Intentions. The study recommends that entrepreneurship education should be encouraged as it proves to be a powerful stimulant for promoting entrepreneurship intention among students.

Keywords: Entrepreneurial intention, entrepreneurship education, Family financial status, Higher education, Nigeria.

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1. INTRODUCTION

Graduate unemployment is a condition that describes involuntary idleness amongst higher education graduates who are actively seeking for remunerative employment, but cannot find any, under the prevailing economic circumstance [1]. Although graduate unemployment remain a challenge faced by most economies in the world, it has become endemic and more worrisome in the developing countries. In Nigeria for instance, the youth unemployment rate averaged 23.63 percent from 2014 until 2018, reaching an all-time high of 38 percent in the second quarter of 2018 [2]. These ugly statistics suggest that Nigeria is yet to take full advantage of its abundant natural and human resources. Like many developing economies across the world, Nigeria needs to expand its economic activities through the promotion of entrepreneurship. Entrepreneurship according to [3], is a critical factor in promoting innovation, creating employment opportunities and generating social and economic wealth in a country's economy.

Engaging the teaming unemployed graduates in entrepreneurial activities and encouraging students of tertiary institutions to consider entrepreneurship as career option will therefore, go a long way in reducing the current dependence over on government jobs in Nigeria. In this regard, the country had introduced a policy of compulsory entrepreneurship education as a course of study for all students in higher education institutions regardless of area discipline. The goal of this initiative was to inspire positive attitude and intention towards entrepreneurship among students [4]. To this end, a good understanding of the factors that influence entrepreneurial behavior among students will aid the introduction of more robust policies aimed at improving the initiatives so far taken to encourage entrepreneurial activities in the country.

[5] pointed out that entrepreneurial activity can be predicted more accurately by studying intention. Entrepreneurial intention has emerged as one of the most notable variables within entrepreneurship studies over the last couple of decades [6]. [7] categorized individual factors that influence person's intention towards entrepreneurship into 1) demographic or contextual factors, and (2) attitudes, values or psychological factors.

Regarding demographic or contextual factors, there are quite a good number of studies that focused on the effects on entrepreneurial intentions on Gender, e.g. [8] [9], Ethnicity, e.g. [10] [11], Religion e.g. [12] [13] [14], Age, e.g. [15], Parents business background e.g. [16] [17] [18], and Family income e.g. [19].

Seemingly, there were not many studies, which singled out impact of family income or financial status on entrepreneurial intentions. However, quite a good number of recent studies have investigated the impact of family income on entrepreneurial intention along with other demographic or contextual variables such as gender, age, exposure to family business background on students etc. Most of these studies agree with observation of [20] that access to financial resources helps individuals to easily take up self-employment as a career. For instance, in a study of the influence of demographic factors on entrepreneurial intention among undergraduate students as a career choice, [21] found that income of the household head, alongside students' faculty and type of high school before undergraduate education have significant and positive effect on entrepreneurial intentions. Also, [22] concluded after examining competencies associated to entrepreneurship orientation of management students that household income statistically and significantly impacts nine out of the eleven competencies examined. Likewise, [23] showed that parents' income significantly impacts the entrepreneurial acceptability of the students. They added that students whose parents earn

higher income showed higher positive intention towards entrepreneurial activities than those whose parents earn less. Similar study in Iran also indicated that parent's income significantly influences entrepreneurial intentions [24]. Further, assessment of the impact of contextual factors on entrepreneurial intention which shows that respondents with sound financial background were more willing to take entrepreneurship as a career where the students with weak financial background are unwilling to take entrepreneurial career [25].

On the contrary, [20], whose study focused on impact of family financial status as alone independent variable observed that higher the financial support by one's family for creating a new venture, the stronger the perceived financial and non-financial obligations. Mindful of these obligations, one may have less intent for venture creation due to fear of non-fulfillment. They confirm this by studying a sample of 23,304 respondents from 19 countries that formation of actual entrepreneurial intentions is less likely in case of the availability of greater financial support. In agreement with these findings, a study of determinants of entrepreneurial intentions among Sri Lankan students showed that financial ability of the family does not have relationship with students' intention for new venture creation. In a similar study [26] found no influence of family's financial capital (measured as father's annual income), manpower capital (measured as family size) and human capital (measured as father's occupation) on 'career intentions of students. [27]. Similarly, a study of determinants of Entrepreneurial Intention among College Students in China and USA showed that family income status does not impact the entrepreneurial desirability or feasibility perceived by the Chinese students. The study indicated however, that family annual income level has a negative impact on the entrepreneurial desirability, as perceived by the US students [28]. Another study also found that background factors—gender, family experience with business and educational level significantly affect entrepreneurial interests, but the effect of family income status was not significant [11].

2. IDENTIFIED RESEARCH GAP

Apart from the fact that literature on the impact of family financial or income status on entrepreneurial intentions is replete with contradictory findings, but whether entrepreneurship education mediates the relationship between them or not is completely an un-researched area at least in the context of Nigeria. This study attempts to reduce this gap by investigating the influence of family financial status on students' entrepreneurial intention through the mediating effect of entrepreneurship education.

3. OBJECTIVES OF THE STUDY

To investigate the mediating impact of entrepreneurship education on the relationship between family financial status and students' entrepreneurial intention.

4. NULL HYPOTHESIS

Entrepreneurship education does not significantly mediate the relationship between family financial status and entrepreneurial intentions of students.

5. MATERIALS AND METHODS

Questionnaire was employed to collect data from higher education students in Northern Nigeria. Likert scales (1 - 5) with responses ranging from 1-strongly disagree to 5-strongly agree were used for all the items in the entrepreneurship education and entrepreneurial intention sections of the questionnaire. The items of the questionnaire, particularly the scales for measuring entrepreneurial intentions (EI) were adapted from existing and well tested scales offered by the existing literature [5], [29], [30]. The scales used for measuring entrepreneurship education

were developed by the researchers in the context of the programs in Nigeria. A reliability test of the instrument was conducted using Cronbach alpha. And the coefficients for the final items in the questionnaire was 0.754, which is within the tolerable range.

The data collection took place during scheduled lecture periods, after obtaining clearance from the concerned authority. The participants were briefly enlightened on the purpose of the study for which their responses will be strictly used. Students were informed that participation in the study was entirely voluntary and it will not affect assessment of entrepreneurship or any other course they are offering, in any manner. A total of 320 final year students were selected to participate in the study. A multi-stage stratified random sampling technique was used to select the participants. As a pre-condition for any regression analysis, the data collected were checked for Homoscedasticity and Multicollinearity. Homoscedasticity was checked using ZRESID and ZPRED plots options. A tolerance level above 0.2 and Variance inflation factor (VIF) of less than 4, were found for all the variables, which indicates absence of multicollinearity [31].

6. METHOD OF ANALYSIS

[32] Hayes and Preacher (2010) PROCESS MACRO version 3 is used to test for mediatory role of entrepreneurship education in the relationship between family financial status and students' entrepreneurial intentions. Mediation model 4 is a simple structural mediation model that estimate the direct effect of family financial status (X) on students' entrepreneurial intention (Y) referred to in the model as *path c'* and the indirect effect of family financial status (X) on students' entrepreneurial intentions (Y) through entrepreneurship education (M_i), which is the product of the regression coefficients of *path a_i* and *path b_i* as presented in figure 1.

Figure 1 Mediation Model '4'

Figure 1 is a simple mediation using the mediating effect of entrepreneurship education on the relationship between family financial status and students' entrepreneur intentions.

Notes: path 'a' is effect of family status on entrepreneurship education; path 'b' is effect of entrepreneurship education on entrepreneurial intentions; path 'c' is direct effect of family status on entrepreneurial intentions. Thus, Indirect effect of X on Y through $M_i = a_i b_i$, Direct effect of X on $Y = c'$.

To draw a conclusion about the occurrence of mediation (significant indirect effects of family financial status on students' entrepreneurial intention through entrepreneurship education), bootstrapping based on the 95% bias – corrected confidence interval (CI) is

employed. A statistically significant path b_i provides evidence for mediation, but full mediation is said to occur if $path\ c^i$ prime is closer to zero than c and non-statistically significant [32].

7. ANALYSIS AND RESULTS

Model: 4,

Y: Entrepreneurial Intention (EI)

X: Family financial status (FFS)

M: Entrepreneurship Education (EE) and Sample Size: 320

Table 1 Model Summary with EE as outcome variable (direct effect)

R	R ²	MSE	F	df1	df2	P
.1320	.0174	.2709	5.6423	1.0000	318.0000	.0181

Table 2 Effect of FFS on EE

	Coeff	se	T	P	LLCI	ULCI
Constant	3.4059	.0603	56.5082	.0000	3.2873	3.5245
FFS	.0530	.0223	2.3753	.0181	.0091	.0969

Table 3 Model Summary with EI as outcome variable

R	R ²	MSE	F	df1	df2	P
.2122	.0450	.2374	7.4714	2.0000	317.0000	.0007

Table 4 Direct effect of FFS on EI (path c^1)

	Coeff	Se	T	P	LLCI	ULCI
Constant	2.9862	.1875	15.9293	.0000	2.6173	3.3550
FFS	.0112	.0211	.5315	.5954	-.0303	.0527
EE	.1955	.0525	3.7252	.0002	.0923	.2988

Table 5 Model Summary with EI as outcome variable (Total Effect)

R	R ²	MSE	F	df1	df2	P
.0567	.0032	.2470	1.0244	1.0000	318.0000	.3123

Table 6 Total effect of FFS on EI (path c)

	Coeff	se	T	P	LLCI	ULCI
Constant	3.6521	.0575	63.4632	.0000	5.5389	3.7653
FFS	.0216	.0213	1.0121	.3123	-.0204	.0635

Table 7 Indirect effect of FFS on students' EI and partially/completely standardized effects

	Effect	BootSE	BootLLCI	BootULCI	
EE	.0104	.0053	.0017	.0221	Indirect Effect of FFS on EI
EE	.0209	.0105	.0035	.0440	Partially standardized effect of FFS on EI
EE	.0272	.0137	.0045	.0573	Completely standardized effect of FFS on EI

The model summaries (tables 1, & 3) indicate the relationship between set of predictors and the dependent variable. The R^2 , which is the interesting part of the summary tells us how much

variance in the dependent variable our models can explain. In the case of this study, our model explains less than 1% (see table 1) variation in EE, because of FFS. However, both FFS and EE accounted for a little over 1% (see table 3) variation in students EI, which suggests that many other factors are influencing students' entrepreneurial intention.

Figure 2 Structural Model Sig. ** $p < .01$, * $p < .05$

Results from a simple mediation analysis shown in tables 2, 4, and 6 indicated that Family Financial Status (FFS) is indirectly related to students' Entrepreneurial Intentions (EI) through its relationship with Entrepreneurship Education (EE). First, as shown in Figure 2, FFS had significant effect on EE ($a = .053$, $p = .018$), and the observed effect on EE was subsequently related to higher entrepreneurial intention ($b = .195$, $p < .0002$).

The indirect effect of FFS on students' EI through EE, as well as the partially and completely standardized effects are shown in table 7. A 95% bias-corrected confidence interval based on 5,000 bootstrap samples indicated that the indirect effect ($a_i b_i = .010$) was completely above zero (i.e. zero does not lie between .0017 and .0221), which is an evidence that EE mediates the relationship between FFS and students' EI. Furthermore, since the direct effect of FFS on EI ($c^1 = .011$, $p = .5315$) is closer to zero and non-significant, when compared with total effect of FFS on EI ($c = .022$, $p = .313$), we can confirm that full mediation exists. The completely standardized indirect effect of FFS on EI, which is obtained by expressing *path a*, using the standard deviations of both FFS and EI indicate that an increase by one standard deviation on FFS produced an increase of .0272 standard deviation on EI through the indirect effect of EE. The study therefore, found enough evidences to reject the null hypothesis and conclude that Entrepreneurship Education (EE) significantly mediates the relationship between Family Financial status (FFS) and students' Entrepreneurial Intention (EI).

8. DISCUSSION AND CONCLUSION

PROCESS macro analysis was used to examine the process through which entrepreneurship education mediates the relationship between students' family financial status and entrepreneurial intentions. This showed that entrepreneurship education explains part of the relationship between family financial status and students' entrepreneurial intention. More specifically, we showed that family financial status significantly affects reach to entrepreneurship education and entrepreneurship education significantly influence entrepreneurial intention, controlling for family financial status. The indirect effect, which is product of paths 'a' and 'b' proved that entrepreneurship education mediates the relationship between entrepreneurship education and entrepreneurial intention. The result suggest that family financial status can influence students' entrepreneurial intentions if stimulated by entrepreneurship education. This study lends credence to [33], who found entrepreneurship

education mediates the relationship between demographic variables and entrepreneurial intention. This result also negates the belief in the society that entrepreneurs are born but not made and support [34] claim that entrepreneurship can be taught.

This study makes a meaningful contribution to literature, but the result is limited to Nigerian context. More studies are therefore, required in other arears. And more demographic variables need to be incorporated to check for multiple and parallel mediations.

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