

## Subjective Norms and Entrepreneurial Intention For Sustainable Enterprise Development among Selected University Students In Lagos State, Nigeria

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**Abstract:** Entrepreneurship has been considered as a foundation for economic growth and development in developed and emerging economies. However, the debate on the factors affecting entrepreneurial intention is still on-going among researchers in Nigeria. This study therefore seeks to examine the effect of subjective norms (family background and role models) as key determinant of entrepreneurial intention among selected university students in Lagos State, Nigeria. A total of 882 copies of a well-structured questionnaire were administered to final year students, who were randomly selected from the three universities and 806 copies of the questionnaire that were retrieved and properly filled were used for the analysis. The data collected was analysed using simple linear regression. Result revealed that subjective norms have significant effect on entrepreneurial intention ( $R^2 = 0.157$ ,  $p = 0.000 < 0.05$ ). This study then recommends among others that instructors, parents, relatives and successful entrepreneurs should provide mentorship to prospective graduates with a view to promoting their skills for practical entrepreneurship upon graduation.

**Keywords:** Development, Entrepreneurship, Enterprise development, Entrepreneurial Intention, Growth, Subjective norms, Role models.

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### I. Introduction

Entrepreneurship in the recent past has become a major issue to every government, policy makers, researchers and scholars, due to its significant role in economic and social transformation. It is the foundation for growth and development in the developed, emerging, and developing economies (Muhammad, Aliyu & Ahmed, 2015). It also creates jobs for the teeming population with a view to reducing unemployment (Abdullah, Annum, Mohsin & Asma, 2010). The persistent increase in the unemployment rate in Nigeria and the inability to create enough jobs for the teeming population has created a great challenge to the government (Hassan, 2013). In an attempt at solving these problems, the federal government modified school curriculum at all levels of education and then introduced entrepreneurship education (Bambale & Shika, 2016). Entrepreneurship education was introduced into the Nigerian university curriculum in 2004 but the implementation commenced in 2007/2008 session. The course is one of the prerequisites for graduation and the major objective for introducing the course is to equip graduates with self-empowerment skills needed for self-employment after graduation (Akpan, Effiong & Ele, 2012).

Despite the entrepreneurship skills acquired in schools, graduates are still not willing to engage in entrepreneurship activities. Bambale and Shika (2016), indicated that, to be a practicing entrepreneur is not just about acquiring the skill but much more based on the intention of the individual. Several researchers have tried to identify the factors that influence entrepreneurship intention, some have focused on the effect of personality traits, environmental factors and the rest but only few have dealt with subjective norms. Subjective norms are the views of those that are considered important by individuals who influence individual to perform or not perform certain behaviors or activities (Utami, 2017).

Based on this background, this paper therefore, focuses on the effect of subjective norms like family background and role models on the entrepreneurial intention of university students for sustainable enterprise objective development in Lagos State, Nigeria.

## II. Literature Review

Subjective norms are individuals that influence others in an immediate community (e.g. parents, spouse, friends, religious leaders, and teachers (Muhammad, Aliyu & Ahmed (2015). Subjective norms involve the social tie, which is the influence of the belief of friends, family members and other role models on individuals (Ekpe & Mat, 2012). Khuong and An (2016) stated that the most important social influences are the role models or the mentors such as friends and family members. Awang, Amran, Niza-Md-Nor, Ima-Ilyani-Ibra-him and Razali (2016) outlined that subjective norms refer to the social pressure from the environment on the individual to either perform or not to perform a behavior. According to Nimalathan and Achchuthan (2013), family background refers to members of a family, family income and family business experiences that influence intention to own a business. Role models are parents, family members, celebrities, teachers or instructors that influence decision of others (Morgenroth, Ryan & Peters, 2015). Role modeling according to Ayuo and Kubasu (2014) is learning from people by examples rather than having direct experience and it has been considered as an essential factor in determining choice of career. Therefore, subjective norms are the beliefs and supports from family members and role models like teachers, religion leaders, friends which influence the willingness to be involved in entrepreneurial activities.

Entrepreneurial intention is the willingness to execute entrepreneurial activity (Kiiru, Iravo & Kamau, 2015). It is the plan and desire of an individual to start and run a business venture successfully (Tshikovhi & Shambare, 2015). Ayuo and Kubasu (2014) expressed that entrepreneurial intention is the state of mind of an entrepreneur which direct their focus, experience, and actions towards a business venture. Entrepreneurship intention can also be described as a conscious state of mind that directs a person's desire to establish a new enterprise or create new core value in an existing organization (Obschonka, Silbereisen & Schmitt-Rodermund, 2010). Douglas and Shepherd (2002) also referred to entrepreneurial intention as the willingness to be self-employed while Zain, Akram and Ghani (2010), argued that entrepreneurial intention usually involves inner guts, ambition and the feeling to be self-empowered. Yusuf and Kamil (2015) asserted that an entrepreneurial intention deals with an individual having certain features that will motivate him to become an entrepreneur. Entrepreneurial intention therefore can be defined as the readiness and plan of an individual to start and run a business venture successfully for the promotion of employment creation and sustainable enterprises development.

## III. Theoretical Foundation

### Theory of Planned Behavior

This study is anchored on Theory of Planned Behavior (TPB) by Ajzen in 1991. Ajzen presented three antecedences of intentions: The first one is Attitude Toward Behaviour (ATB) which helps to appraise behaviour to ascertain if it is favourable or unfavourable attitude towards the achievement of a desired behaviour (Ayuo & Kubasu, 2014). The second determinant is Subjective Norm (SN) that is, important people or social pressure that can influence the performance of a particular behaviour (Saeed, Yousafzai, Yani-De-Soriano, & Muffatto, 2015). The third element is Perceived Behaviour Control (PBC) which is the perceived difficulty in performing a desired behaviour (Ajzen, 1991). In simple terms, the three antecedences of intention by Ajzen showed "how hard people are willing to try and how much an effort they are planning to exert, in order to perform the behaviour" (Ajzen, 1991, p. 181). This study focused on the effect of the second antecedence of intention, Subjective Norms (SN) on entrepreneurial intention of undergraduate students for sustainable enterprise development in Lagos state, Nigeria. This theory will help to show how people that are important to individual could influence the intention to be involved in entrepreneurship activities or not

### Hypothesis Development

Few studies have established a positive relationship between subjective norms and entrepreneurial intention (Ambad & Damit, 2016; Aktar, 2015; Kunday, 2014; Nimalathan & Achchuthan (2013); Peng, Lu & Kang, 2012; Sata, 2013). In other words, the greater the support from parents, family, friends, and people surrounding them, the greater their entrepreneurial intention, which implies that social norm influences the decisions to become entrepreneurs. On the contrary, some studies showed that family, friends, family business background and society does not affect the entrepreneurial intentions of students and entrepreneurial activities (Ali, Lu & Wang, 2012; Efrata, Hadiwidjojo, Solimun, & Aisjah, 2016; Nasurdin, Ahmad & Lin (2009). Based on these studies, it is therefore hypothesized that:

**H<sub>01</sub>:** Subjective norms have no significant effect on entrepreneurial intention of university students for sustainable enterprise development in Lagos State, Nigeria.

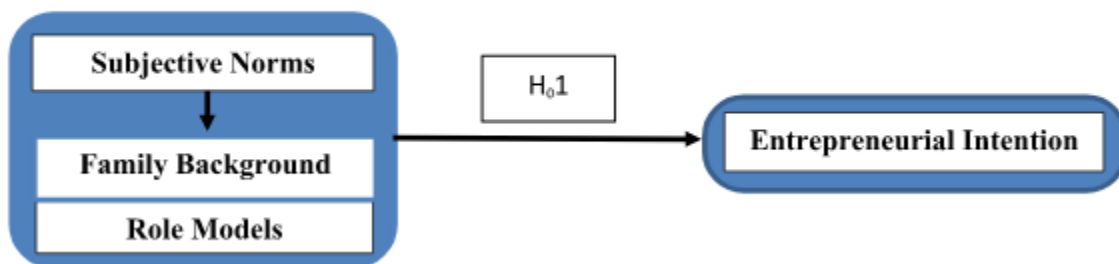


Figure 1: Conceptual model

IV. Methodology

This study adopted survey research design in order to get accurate assessment of the characteristics of the whole population under study. The instrument used was self-developed questionnaire which was self-administered to 882 final year students of three selected universities in Lagos State. The three selected universities are University of Lagos (Federal), Lagos State University (State) and Caleb University (Private) with the population of final year students as 6211, 2059 and 374 respectively, the total population therefore is 8,644. The sample size used was 882 which derived using Krejcie and Morgan’s table and purposive sampling technique was adopted for the selection. The questionnaire was administered to the respondents but only 806 copies were retrieved and properly filled. Content and construct validity were adopted to ascertain the validity of the instrument, and this was established through exploratory factor analysis using principal component extraction method and average variance explained for all the major constructs. Cronbach’s alpha was used to determine the reliability of the study which showed how well the items of the questionnaire were positively correlated to each other and the accepted value of 0.7 was used as a cut-off reliability.

The model specification for the study is:

$$Y = a_0 + \beta_1 X_1 + e_i \text{ ----- (1)}$$

Applying the variables therefore in the model will give the working equation to be:

$$EI = a_0 + \beta_1 SN + e_i \text{ ----- (2)}$$

Where: Y = Entrepreneurial Intention and X = Subjective Norms (SN)

V. Results and Discussion

Linear Regression Analysis between Subjective Norms and Entrepreneurial Intention (N = 806)

Table (1): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.397 <sup>a</sup>	.157	.156	6.670

a. Predictors: (Constant), Subjective Norms

Table (2) ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6687.940	1	6687.940	150.350	.000 <sup>b</sup>
	Residual	35808.447	805	44.483		
	Total	42496.387	806			

a. Dependent Variable: Entrepreneurial Intention

b. Predictors: (Constant), Subjective Norms

Table (3): Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	28.430	1.780		15.971	.000
	Subjective Norms	.888	.072	.397	12.262	.000 <sup>Sig</sup>

a. Dependent Variable: Entrepreneurial Intention

\*Sig = Significant at 5%, NS = Not Significant at 5%

Source: Field Survey

The tables above show the analysis of the simple linear regression that was conducted to investigate the effect of subjective norms on entrepreneurial intention. The results of model summary shown in Table (1) indicates coefficient of determination ( $R^2$ ) of 0.157. This implies that subjective norms have low explanatory power on entrepreneurial intention since only 15.7% of change in entrepreneurial intention was explained by social norm. The remaining 84.3% is explained by other factors and the error term. The regression ANOVA Table (2) provides the test of statistical significance of regression. The result shows that subjective norms are statistically significant predictor of entrepreneurial intention at ( $F_{(1,805)} = 150.35, p < 0.05$ ). This implies that there was significant effect of subjective norms on entrepreneurial intention and that subjective norms contribute significantly to changes in the entrepreneurial intention. Table (3) shows the coefficient results of subjective norms and entrepreneurial intention at ( $\beta = 0.888, p = 0.000, < 0.05$ ) are statistically significant.

The simple linear regression analysis shows that subjective norms of students have significant effect on entrepreneurial intention; therefore, the null hypothesis which states that subjective norms have no significant effect on entrepreneurial intention of university students for sustainable enterprise development in Lagos State, Nigeria is hereby rejected. This implies that subjective norms, that is, those who are important to an individual such as parents, friends, role models and so on, play key roles in determining the willingness to take up entrepreneurial activities for sustainability of enterprises development. In other words, the greater the support from parents, family, friends, and people surrounding them, the greater the entrepreneurial intention, which means that the role of family members and that of role models are prominent in influencing the decisions of an entrepreneur. This supports the findings of Ambad and Damit (2016) and Aktar (2015) that established that subjective norms have significant impact on entrepreneurial intention. The result of this study further shows that role model like parents, friends, family members that are self-employed and other role models can influence the willingness of the students to own their business. This implies that for the students to take up entrepreneurship activities after graduation, it is not only based on their personal decision but also on the influence from subjective norms. This finding corroborates the findings of Kunday (2014), Marques, Santos, Galvão, Mascarenhas and Justino (2018), Peng et al. (2012) and Sata (2013) who reveal that students' intention to create new ventures after graduation is influenced by contextual factors such as family background, friends and role models. Similarly, the result aligned with the assertion of Katundu and Gabagambi (2014) that individuals who have established their own businesses are directly or indirectly motivated by their family status or role models. Furthermore, the result of this study aligned with the second antecedence of Theory of Planned behavior by Ajzen which states that every individual feels capable of starting his/her own business not just by personal interest but by influence of subjective norms, that is people who are important to them. On the contrary, the findings of this study do not support the findings of Efrata, et al. (2016), Ali, et al. (2012) and Nasurdin, et al. (2009) who contested that family, friends and family business background do not have any significant relationship with entrepreneurial intentions.

## **VI. Conclusion and Recommendations**

The finding of this study showed that subjective norms (those who are important to an individual such as parents, friends, role models etc.) played key roles in predicting the willingness of university students to engage in entrepreneurial activities for sustainable enterprise development on completion of their education. The result supports the second antecedence of Ajzen theory of planned behavior which states that every individual feels capable of starting his/her own business not just by personal interest but by influence of subjective norms, that is people who are important to them. Therefore, there is need to use subjective norms like parents, spouses, teachers, successful entrepreneurs, and other role models to positively influence entrepreneurship intention of students in order to sustain enterprises development in Lagos state and Nigeria at large. The implications of the study can be used by researchers, university management as well as the government to develop policies and practices that can promote the development entrepreneurial intention and sustainability of enterprises development among graduates. This study therefore recommends that parents and family members should support to nurture entrepreneurial spirit in their children and relations to generate employment in the society through creation of enterprises. Furthermore, instructors, parents, relatives and successful entrepreneurs should be encouraged to provide mentorship to prospective graduates with a view to promoting the skills in them for practical entrepreneurship upon graduation.

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