

Full Length Research Paper

Factors hindering unemployed youths from starting their own business: The case of Mekelle City educated unemployed youths

Binyam Zewde Alemayehu

Department of Management, Arba Minch University, Ethiopia.

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The general objective of the research is to assess major factors hindering unemployed youths from starting their own business. To identify the impediments, the research analyzed the influence of individuals' behavior, the social and external contexts. In relation to identifying the major factors hindering the unemployed youths from becoming an entrepreneur, determinants of propensity to start own business in similar situations were identified. The targets for the research were youths who have a certificate, diploma, degree and above but stayed unemployed for more than six months. Responses were elicited from two hundred and one (201) respondents who were drawn from the target population using convenience sampling technique. Structured questionnaire was used to gather the primary data from the unemployed youth. Multiple regression analysis was used to analyze the data and t-test and chi-square were employed to test research hypotheses. To facilitate the data processing and analysis activity SPSS version 16 was used. The analysis indicated that lack of intention to start own business is the major factor followed by lack of starting capital. The lesser attractiveness of business environment and social values are the next important factors which force the youths to spend much time for searching for a job instead of starting own business. Contrary to previous research perceived behavioral control is found insignificant in predicting the youths' intention to start own business. The paper has identified factors limiting the educated youths from starting their own business.

Key words: Propensity to start business, perceived behavioural control, subjective norm, attitude towards self-employment, family entrepreneurial experience, social values, attractiveness of business environment, and starting capital.

INTRODUCTION

One of major problems that many countries face is shortage of employment opportunities. Specifically, unemployment is a chronic problem in under developed

countries (Aggestam and Hallberg, 2004). What makes the problem very serious is the high representation of youths in the total unemployed people. Youths make up

E-mail: binyam.zewde@amu.edu.et.

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43.7% of the total unemployed people in the world, despite accounting for only 25% of the working population (World Bank, 2009).

More than one third of the youths in the world are either seeking but unable to find work, have given up on the job search entirely, or working but still living below the \$2 a day poverty line. In Sub-Saharan Africa, 3 in 5 of the total unemployed are youths and on average 72% of the youth population live with less than \$2 a day (WB, 2009).

The above fact holds true in the case of Ethiopia too. A survey by Central Statistical Agency (CSA, 2011) on urban employment and unemployment revealed that youth unemployment in Ethiopia stood 23.3% in the year 2011. According to the survey result unemployment rate is very high in urban areas, but the rural youth unemployment is also significant. Similar survey reports such as World Bank's African Development Indicators also indicated the unemployment of educated youths; the unemployment of literate youths is higher than illiterates and females' unemployment is significant in both literate and illiterate categories.

In Ethiopia, educated youth unemployment is steadily increasing. After graduation many youngsters remain unemployed for long period of time. According to Dendir, (2006), one unemployed person spends on average 3 years for completed spells and 4.7 years for incomplete spells to get employment.

A study by World Bank on Ethiopian urban labor market challenges and prospects indicated that the youth unemployment in Tigray Region is 2.5 times larger than adults, which is the highest in the country in terms of youth and adult unemployment and the most vulnerable part of youth for unemployment is those with a better skill level (WB, 2007).

Mekelle City, which is the seat of Tigray regional state, is one of Ethiopian big cities that are highly affected by educated youth unemployment. According to Tihlo (2010) educated youth unemployment is a real challenge in Mekelle City. According to Tihlo (2010), there are more than 25000 educated unemployed youths in Mekelle City alone. In addition to this, the study by Dendir (2006) indicated high unemployment duration of people in Mekelle City. According to his research, on average an individual will spend 3.6 years to get employment in Mekelle City.

Unanimously, every one can say that government should avoid such high unemployment (Grüner, 2002). The question is, 'how can government avoid unemployment?' Answers to such question will not be the same everywhere because of the differences that exist across countries. In countries such as Ethiopia, government alone cannot afford to rectify the problem. Thus, there should be strategies that may bring every stakeholder together to reduce the countries' unemployment rate, particularly, youth unemployment.

In such cases, often self-employment is found the most

appealing solution. Helping and encouraging the youths to create their own business is found to be one of the best ways to break the poverty vicious circle and help the country prosper because entrepreneurs help the economy to grow by creating jobs, bringing innovative and unique business ideas, and by creating wealth (Okland, 2005).

Therefore, it is necessary to know what factors motivate youths to engage in their own business so as to encourage them to join the business environment and develop appropriate policies.

Having the above issues in mind, the researcher tried to find the factors that hinder educated but unemployed youths of Mekelle city from creating and engage in their own business. In this research, starting own business represents becoming entrepreneur and youth refers to a person aged 18 to 31. In addition, educated youths refer to those who got certificates from different months of trainings; diploma, BA/Bsc degree and Master degree in different fields of studies.

The findings of the research explain the reasons behind the gap between theory and practice and in line with these basic determinants of starting one's own business are identified. Moreover, though many researches have been conducted on unemployment and its link to entrepreneurship, to the knowledge of the researcher no research effort has been exerted to find determinants of starting one's own business by taking educated but unemployed youths as a unit of analysis. Hence, this makes this research unique from prior researches in the area.

Generally, the research focuses on the question, what factors limit educated youth groups from engaging in some type of self-employment. The research assessed factors related to individuals (the unemployed youth), factors related to external context and factors that emanate from society to determine crucial hindrances to start one's own business.

Research hypotheses

In view of the variables of the study, the following hypotheses were developed based on review of related literatures.

H0₁: Positive perceived behavioural control does not lead to intention to start own business

H1₁: Positive perceived behavioural control leads to intention to start own business

H0₂: Positive subjective norm will not result in intention to start own business.

H1₂: Positive subjective norm will create intention of starting own business.

H0₃: Positive attitude towards self-employment does not create intention to start business.

H1₃: Positive attitude toward self-employment results in

intention to create business.

H0₄: Having family with entrepreneurial background is not associated with propensity to start own business.

H1₄: Having family with entrepreneurial background is associated with propensity to start own business

H0₅: Good social values for entrepreneurship will not lead to higher propensity to start own business.

H1₅: Good social values for entrepreneurship will lead to higher propensity to start own business.

H0₆: Attractive business environment does not lead to higher propensity to start own business.

H1₆: Attractive business environment result in higher propensity to start own business.

H0₇: Having starting capital is not associated with higher propensity to start own business.

H1₇: Having starting capital is associated with higher propensity to start own business.

LITERATURE REVIEW

Theoretical literature

A number of theories were used to explain how a new business starts and why entrepreneurs search and engage in new activities. Unfortunately, no theory is/was not able to explain the cause and effect relationship of variables with regard to new business creation or how and why entrepreneurs start new businesses. This is because of the multidimensional nature of entrepreneurship. Even some scholars like Bull and Willard (1993) as cited in Ripsas (1998) go to the extent of concluding that developing a theory for entrepreneurship will not be as such easy because the unsolved problems are enormous. But, different researchers exerted an effort to come with some theoretical framework to show how an individual is attracted to become entrepreneur. Neo-classical theories, Austrian theory, Ajzen's planned behaviour theory and other behavioural theories are some of the theories that are being used by many researchers in the area. In addition to the above theories of entrepreneurship, theories of motivations, particularly, Vroom's expectancy theory was also used to rationalize the reason to become entrepreneur (Manolova et al., 2008). Let us examine some mostly used and recognized theories in entrepreneurship.

Neoclassical theory of entrepreneurial behaviour

Supporters of this theory claim that entrepreneurial behaviours are motivated by profit seeking intentions. As Blaug (1999) as cited in Endres and Woods (2006) what is unique for entrepreneurs from other deployable inputs of production is entrepreneurs' behaviour to assume some residual profit claim. Entrepreneurs are different

from other labour group in organization in their propensity to bear risks.

Labour groups are risk averse but entrepreneurs bear the risks of production. Neoclassic theorists believe that everything is equal for every entrepreneur, no one is better than the other. Entrepreneurs are considered as class of agents with a stable attitude towards risk and it is believed that everyone in this class is capable of exploiting known opportunities.

Austrian explanations of entrepreneurial behaviour

For Austrians, the base for being entrepreneur is the level of "alertness". Alertness "refers to an attitude of receptiveness or preparedness to recognize existing, overlooked opportunities; it also implicitly contains a propensity to coordinate resources used in market process" (Kirzner, 1997).

From this, we can understand that entrepreneurship mainly revolves around the individual's alertness level. Thus, subjective factors differentiate one entrepreneur from the other.

Unlike neoclassic theories, entrepreneurs are distinct in Austrian theory. Neoclassic theories believe that entrepreneurs are from the same class and they thought that no difference exists on probability of recognizing available opportunity. Every entrepreneur will equally understand all available opportunities. But, for Austrians individual difference seems the basic point. The ability to recognize a given opportunity is dependent on the entrepreneur's alertness. Those entrepreneurs who are highly alert recognize opportunities and work for exploiting the available opportunities (Shane, 2000).

Ajzen's theory of planned behaviour

The other theory which is widely applied in entrepreneurship researches is the theory of planned behaviour. Though it is not designed to explain entrepreneurial behaviours, the theory of planned behaviour is found important in predicting intention to become entrepreneur.

The theory of planned behaviour postulates three conceptually independent determinants of intention. The first determinant is the attitude toward the behaviour and refers to the degree to which a person has a favourable or unfavourable evaluation or appraisal of the behaviour in question. The second predictor is a social factor termed subjective norm; it refers to the perceived social pressure to perform or not to perform the behaviour. The third antecedent of intention is the degree of perceived behavioural control which refers to the perceived ease or difficulty of performing the behaviour and it is assumed to reflect past experience as well as anticipated impediments and obstacles (Ajzen, 1991).

A central factor in the theory of planned behaviour is the individual's intention to perform a given behaviour. Intentions are assumed to capture the motivational factors that influence a behaviour; they are indications of how hard people are willing to try, of how much of an effort they are planning to exert, in order to perform the behaviour. As a general rule, the stronger the intention to engage in behaviour, the more likely should be its performance (Alt and Lieberman, 2010).

Empirical literature review

Determinant factors to become entrepreneur

Researchers make a huge effort in order to understand the factors that may initiate individuals to engage in entrepreneurial behaviour, though, outcomes of these efforts are not consistent enough to conclude about the factors that motivate entrepreneurs. Here under some major findings of different literatures on determinants are presented.

Pihie (2009) and Ajzen (1991) indicated the importance of intention to be self-employed. Ajzen (1991) explained what factors determine one's intention to perform some planned action. According to him, perceived capabilities to successfully perform planned behaviour like that of entrepreneurial behaviours (which is expressed by perceived control over behaviour), attitude towards the behaviour, and subjective norms (which are related with significance of the behaviour under consideration) are the major determinant factors that influence intention to become entrepreneur. In spite of bulk of consistent findings, there are some findings which disprove the significance of one of the three determinants to intention. Goethner et al. (2011) concluded that perceived behavioural control and attitude towards the behaviour are significant to predict intention, but subjective norm has no effect. Leffel (2008), on the other hand, approved the importance of attitude and subjective norm to self-employment intention. Perceived behavioural control found insignificant to predict intention to become self-employed in his research.

According to Manolova et al. (2008), motivating factors to start a business are different across sex. According to this group of researchers, men are motivated by financial gains, self-realization, and autonomy, whereas for women status is an additional significant motivating factor. Townsend et al. (2010) concluded that confidence in one's ability to perform tasks relevant to entrepreneurship and it is a robust predictor of start-up while outcome expectancies appear to play a marginal role.

Mulira et al. (2009) indicated that individual's attributes, attitudes and motivational factors are essential components towards women entrepreneurial intentions. They also identified a significant relationship between

demographic characteristic and motivation to become entrepreneur.

Grieco (2007) stressed on factors related with structure of an industry. He argues that the propensity to join a given business environment is mainly determined by the extent of opportunities and the barriers to entry. If the environment brings an opportunity that can result in higher profit and if there are no structural barriers new entrepreneurs will join that business environment.

Nanda and Sørensen (2010) tried to show how working environment influences the intention to become entrepreneur. They considered employed people, so as to see the influence of peers on the intention to be entrepreneur and they found the influence of peers as important determinant factor. Their finding indicated that an individual is more likely to become an entrepreneur if his or her co-workers have been entrepreneurs before. Such influence especially, becomes very strong on those individuals who have less exposure of entrepreneurship on their other life aspects.

The other factor that is considered as major triggering factor to become a nascent entrepreneur is lack of wage employment (Akbar and Bashir, 2009). They further indicated that poverty, and existence of exploitable opportunities are determinants to start own business. Moreover, they explained the importance of political, legal and social attitudes for entrepreneurs. In addition to this in some extreme cases individuals start their own business to provide a job for themselves and their family members in the future. Small business owners in Quebec explained that one of the reasons why they started their own business is to provide future job opportunity for their spouse and children (CEDEC, 2010).

Previous experience in work and self-employment is also found more important than formal education in determining the likelihood of someone being a nascent entrepreneur, and the other issue having influence is having a parent who was self-employed. Having a parent who was self-employed increases this likelihood of becoming entrepreneur (Johnson et al., 2006). They further said that financial assets are less important on the tendency to be a nascent entrepreneur. Contrary to this, Azhar et al. (2010) and Teixeira and Forte, (2009) said that prior family entrepreneurial experience is insignificant to propensity to become entrepreneur. Availability financial resources are also found very important in starting a new business (Agaje, 2004; Akbar and Bashir, 2009; Briggs, 2009). Agaje (2004) further indicated that becoming financially independent is the major motivating factor of entrepreneurs to start a business.

The National Knowledge Commission of India (NKCI, 2008) identified a multitude of factors that may influence the motivation to start own business. The research identified determinant factors to start business and classified the factors into individual, external environment and factors related to society. The need of independence,

challenge and entrepreneurial idea is found the most important individual factor that pressurizes the person to be entrepreneur. Market opportunity is the other major external environment factor that triggers Indians to engage in own business. Socio-cultural factors such as social norms, family values, networks and social value of entrepreneurship play a key role in nurturing the entrepreneurial ecosystem. Moreover, a historical and sociological understanding of certain communities in India is found as important social factor that encourages entrepreneurship.

Bwisa (2002) as cited in (Mahinda, 2004) explained that the supply of youth entrepreneurs is determined by two factors, namely opportunity and willingness to become an entrepreneur. He described opportunity as "the possibility to become self-employed". He further addressed factors affecting opportunities. The primary factors that may affect opportunities are one's intrinsic entrepreneurial ability, starting capital, ease of entry into the market, and the general macroeconomic environment.

Rauch and Frese (2008) examined the impact of personality traits on business creation and success. Their research indicated that success of a new business is directly and significantly correlated with innovativeness, proactive personality, and generalized self-efficacy, while stress tolerance was consistently related to business creation.

Conceptual framework

After reviewing numerous empirical findings, the following conceptual framework is developed for this research. The conceptual framework of the research is developed by blending different factors from different writers. Three independent variables that are believed to have a direct influence on starting a business has been addressed (Figure 1).

RESEARCH METHODOLOGY

The target populations of the research were graduates of different colleges and universities that remained unemployed in Mekelle City. The 25,000 unemployed youths in Mekelle city that have different levels of educational qualifications (months training certificates, diploma, first and second degree) are the targets of the research. The research included only those graduates that remain unemployed for more than six months. The vastness of the population rationalizes the need to take samples to conclude about the population under consideration. Thus, the research is a sample survey, in which sample respondents were asked different questions using questionnaire to generalize about the population. Typically, the research is a cross-sectional survey type because the researcher examined different variables at a single point of time.

Absence of complete sample frame of unemployed youths forced the researcher to use non probability sampling. Therefore, convenience sampling, which is one of non-probability sampling techniques, was used in order to approach individual respondents.

To determine the representative sample size, Cochran (1963) sample size determination formula was used. The sample size can be determined using the following formula,

$$n = \frac{no}{1+no/population} \text{ and}$$

$$no = \frac{t^2 \times s^2}{d^2}$$

Where

n - represents required return sample size because sample > 5% of population.

no - is required return sample size according to Cochran's formula

t - shows value for selected alpha level

s - refers to estimate of standard deviation in the population

Therefore, at 5% alpha level and 3% acceptable level of margin of error, the following is obtained,

$$no = \frac{t^2 \times s^2}{d^2}$$

$$no = \frac{1.96^2 \times 1.25^2}{(5 \times 0.03)^2} = \frac{6.0025}{0.0225} = 266$$

$$\text{Thus, } n = \frac{266}{1+266/25000} = 263$$

The research mainly relies on a structured Likert scale questionnaire and a semantic differential scale to collect primary data from samples. Semantic differential scale was employed to measure the respondents' intention to start and engage in own business and Likert scale was used to assess the influence of factors emanating from the society and external environment on becoming self-employed. The majority of questions were adopted from Carr and Sequeira (2007) and León and Gorgievski (2007) and few questions were added by the researcher to address country specific conditions. Some modifications were made to make the questions applicable to Ethiopian context and translated into Tigrigna language to make it easier for the respondents. The questionnaires were distributed to the target group when they come to read vacancies. Four known and major areas of notice boards, where new vacancies are posted, have been used as points of contact. 270 questionnaires were distributed and out of this 201 were found complete and useable. Thus, the response rate was almost 75% which is quite larger than other similar researches (Byabashaija et al., 2010).

In addition to the data elicited using questionnaire from the youths, an interview was conducted with Mekelle City Youth and Sport Office Expert on youth mobilization and organization to support and cross check gaps.

The data are mainly analysed using quantitative techniques of analysis. Data processing and analysis was done using Statistical Package for Social Science (SPSS) version 16. To prove or test the hypotheses, t- test and chi-square were used and descriptive statistics such as mean and multiple regression model were used to analyze the data. These statistical techniques have been used and proved reliable by other researchers like Townsend et al., (2010) in order to determine what factors drive to start or not start a business.

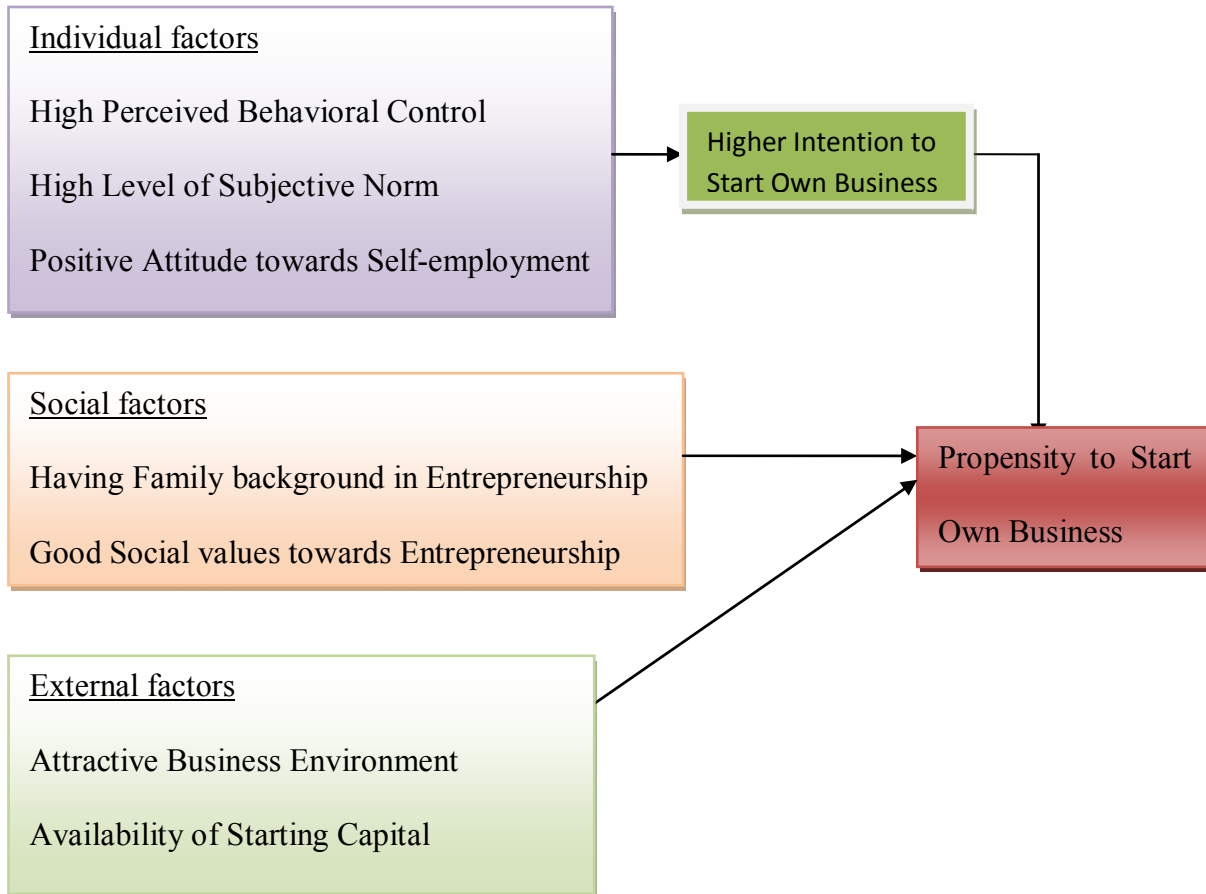


Figure 1. The conceptual framework of the research.

Model specifications

To measure the factors that determine the intention level of individuals, variables are derived from Ajzen (1991)'s theory of planned behaviour. According to the theory of planned behaviour, intention is the basic determinant to act in a given manner and it is affected by the attitude towards the behaviour, the subjective norm towards the behaviour and the perceived level of the behavioural control under consideration. As a general rule, the more favourable the attitude and subjective norm, and the greater the perceived behavioural control, the stronger would be the person's intention to perform the behaviour in question (Ajzen, 1991). Thus, we can say that intention to start own business is dependent on individuals rating on perceived behavioural control, attitude towards starting own business and subjective norm.

The regression model

To see the effect and importance of the five variables (intention to start own business, family entrepreneurial background, social network, attractiveness of business environment, and availability of starting capital) on propensity to start own business, multiple regression analysis was used. The expected model relationship was as follows,

$$Y_i = \alpha_0 + \sum \beta_i X_i + \epsilon$$

Where:

Y_i - is propensity to start own business

α₀- is the intercept term

β_i is the coefficient of x_i

X_i are the explanatory variables

ε is the error term

Thus, in this research context relationship between variables could be as follow:

Propensity to start own business = f (higher intention to start own business, having family with entrepreneurial background, good social network, attractive business environment, and availability of starting capital).

In short,

$$PSOB = \alpha_0 + \beta_1 ISB + \beta_2 FEB + \beta_3 GSN + \beta_4 ABE + \beta_5 ASC + \epsilon$$

Where:-

PSOB- Propensity to Start Own Business

FEB- Family Entrepreneurial Background

GSN- Good Social Norm
 ABE- Attractiveness of Business Environment
 ASC- Availability of Starting Capital

RESULTS AND DISCUSSION

Hypotheses testing

Hypotheses were tested using one sample T-test and chi-square tests. For responses which are collected and organized in the form of continuous data T-test was used and for responses which are in categorical form chi-square is used. Hypotheses about family entrepreneurial experience and starting capital were tested using chi-square tests because of the data nature and hypotheses related to the other four variables were tested using T test.

Individual factors

The researcher used three independent variables which are believed to influence the intention to start new business. These variables are perceived behavioural control, attitude towards starting business and subjective norms. Hypotheses about each of them were tested using one sample T test and results are presented as follows.

Perceived behavioural control

The null hypothesis was:

H₀₁: Positive perceived behavioural control does not create strong intention to start business.

As shown in Table 1 zero (0) is used as a test value because any point above zero is believed to generate strong intention to start own business. As depicted in the table the p value is .659, which is beyond the acceptable range. Since the probability of error is >0.05 the null hypothesis is accepted. That means having positive perceived control is not associated with starting own business intention. This result is in contradiction with many other related research results except the finding by Leffel (2008), who claimed PBC is insignificant to predict intention to start own business.

Subjective norm

H₀₂: Positive subjective norm will not result in intention to start business.

As indicated in Table 2 the p value is less than 0.05; thus, the null hypothesis is rejected and alternative hypothesis

is accepted. This means positive subjective norm creates intention to start own business. This result is in line with the findings of Mokhtar and Zainuddin (2011) and Nasurdin et al. (2009). It means that, as the society pushes the youths to start their own business, they will develop the intention to start their own business.

Attitude towards starting own business

The role of attitude to starting business was also tested and the result is discussed below.

H₀₃: Positive attitude towards self-employment does not create intention to start business.

As shown in Table 3 the p value is less than 0.05 the null hypothesis is rejected and alternative hypothesis is accepted. This means if the attitude towards starting business is positive it encourages intention to start own business. This finding is consistent with the finding of Moi et al. (2011) and Pihie (2009).

Social factors

To study the role of social factors to propensity to start business two parameters were used; family entrepreneurial experience and social value to entrepreneurs. Hypotheses about these two variables were tested using chi-square test and t test. The results are presented as follows.

Family entrepreneurial experience

H₀₄: Having family with entrepreneurial background is not associated with propensity to start business.

As shown in Table 4 the Pearson chi-square value is .010 and the p value is .920; thus the null hypothesis is accepted because the p value is quite large than 0.05. This means having families with entrepreneurial experience does not have a significant contribution to start own business. This result is consistent with the results of Azhar et al. (2010) and Teixeira and Forte (2009). As Azhar et al. explain, a reason for such inconsistency may be the education level of the youths. As the youths get educated they prefer to rely on their own ideas and thoughts to families' influences.

Social values to entrepreneurship

H₀₅: Good social values for entrepreneurship will not result in nor lead to starting your own business.

As shown in Table 5 social values are significant for starting own business. Since p value is less than 0.05 the null hypothesis is rejected and alternative hypothesis is accepted. This means as the society values entrepreneurs more and more the youths will incline to start their own business. This result is consistent with the result of Azhar et al. (2010) and Co and Mitchell (2001).

External environment

The other factor that was addressed in this research is the contribution of the external context for starting one's own business. To see its relationship with starting one's own business, attractiveness of the business environment and availability of starting capital were used as proxy.

Attractiveness of business environment

H₀₆: Attractive business environment does not lead to starting own business (Table 6).

At less than one percent error the null hypothesis is rejected and the alternative hypothesis is accepted (see annex). Thus, it can be said that when the attractiveness of business environment improves the propensity to start own business also improves. Thus, factors such as competition levels, availability of inputs and demand are significant to starting business. This result is supported by the results of Fereidouni et al. (2010) and Grieco (2007).

Availability of starting capital

H₀₇: Having starting capital is not associated with propensity to start own business.

Table 7 shows that p value is less than 0.01; thus, the null hypothesis is rejected and the alternative hypothesis is accepted. This implies that if starting capital is made readily available the youths will start their business.

Results of econometric model

In addition to statistical tools used in the above parts multiple regression was used to determine which variables predict propensity to start own business. Five independent variables were used to determine to what extent they are predictors of the dependent variable. The dependent variable was propensity to start own business and independent variables were intention to start own business, family entrepreneurial experience, social value for entrepreneurship, attractiveness of business

environment and availability of starting capital.

The dependent variable which is propensity to start business is computed from the average value of two questions. The questions were about the extent of their readiness to start their own business if things which are considered as limiting change and the extent of change they expect in the near future.

Attractiveness of business environment was computed by taking the mean response score of respondents on the four questions that deal about it. When the average of the four questions was computed the responses of the first question was recorded because it was phrased negatively. In the same fashion the score for social values was calculated by computing the mean score of respondents in four questions which were designed to assess the social values of entrepreneurs.

The values of family entrepreneurial experience were calculated using two questions. These two questions were about entrepreneurial experience of their parent and other family member's. Respondents who have both parent and other family member or at least one of them with entrepreneurship background were grouped into one group and those do not have parents or other family members other than parents with entrepreneurial experience were grouped into another group.

The values of starting capital were totally taken from one question that asks whether they will start operating their own business if they had the capital.

The basic assumptions of multiple regressions were checked before going to analysis and all assumptions were met successfully. Normality of distribution, and Heteroskedasticity were tested using plot diagrams and Collinearity tested using VIF and tolerance values. Kolmogorov-smirnov test also used to test normality of distribution of responses.

As shown in the model summary table (see annex) the model is significant at 99% confidence level. The R and the R square values are .759 and .575 respectively, thus the model can predict much of the variation in the propensity to start own business.

Determinants of propensity to start ownbusiness

As the coefficients table of the regression (see annex) presents from the five independent variables one is found insignificant while the other four are significant predictors of the dependent variable. Family entrepreneurial experience is insignificant to propensity to start business but intention to start business, social values to entrepreneurship, business environment attractiveness and availability of starting capital are significant factors that should be fulfilled to start business.

As the standardized beta value show intention to start business is the strongest predictor of propensity to start own business with the β value of .521. This result is

consistent with the findings of Ajzen (2006), Liñán et al. (2005), Liñán (2006) and Moi (2011). Therefore, we need to improve the current intention level of the youths in order to induce them start their own business.

As shown in the coefficient table family entrepreneurial background is not significant predictor of propensity to start own business. This finding supports the findings of Azhar, et al. (2010) and Teixeira and Forte, (2009). Therefore, family background could not be a reason why unemployed youths take long time searching for a job instead of creating a job for them.

The social value to entrepreneurs is found significant predictor of starting own business. This result is also in line with results of Azhar et al. (2010), NKCI (2008) and Co and Mitchell (2001). Specific factors related to social values should be met satisfactorily if the youths have to have the inclination to start their own business rather than searching for a job. Factors such as time allowed for searching a job, family encouragement, and social networks are important issues which need emphasis in order to reduce the current youth unemployment rate.

Both variables which were classified as external found significant. One of those external factors which is significant for propensity to start own business is the attractiveness of the business environment. This result is consistent with the findings of Fereidouni et al. (2010), NKCI (2008) and Grieco (2007). The business environment should be attractive in terms of the competition level, availability of demand or viable gap, and availability of inputs for the proposed business. If these things are arranged we can substantially reduce educated youth unemployment and have higher business creation rate.

The other factor which is claimed to have a big influence especially on entrepreneurs of developing countries is also significant in Ethiopia. As Table 8 shows starting capital is the second strongest predictor of propensity to start own business. Thus, it is one of the basic causes for not starting own business by the youth. This result is supported by the findings of Agaje (2004), Akbar and Bashir (2010), Briggs (2009), Mahinda (2004) and NKCI (2008). Therefore, availing the seed capital will help to reduce the growing trend of unemployment among educated youth. Responsible bodies should work a lot to avoid this impediment.

Conclusion

Generally, the factors that hinder youths from starting their own business is low intention to start own business, negative social values, inhospitable business environment and lack of starting capital. The low intention is mainly the result of the low social pressure. Poor family encouragement to become self-employed, poor social network of the youths and lack of respect to entrepreneurs result in negative social value. The business environment also is

not as such attractive because of the higher rate of expected competition, the perceived demand condition in the market and expected shortage of inputs. Last but not the second major factor that hinders the youths' attempt to start their own business is lack of starting capital. Almost all youths do not have the seed capital, and they do not believe that it is easily raised from financial sources.

Conflict of Interests

The author has not declared any conflict of interests.

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ANNEX

Table 1. Hypothesis testing result of perceived behavioral control.

One-Sample Test						
Test value = 0						
	t	df	Sig. (2-tailed) (p-value)	Mean difference	95% confidence interval of the difference	
					Lower	Upper
Mean perceived control Values of behavior	-0.442	200	.659	-.13035	-.7117	.4510

Table 2. Hypothesis testing result of subjective norm.

One-Sample Test						
Test value = 0						
	t	df	Sig. (2-tailed) (p-value)	Mean difference	95% confidence interval of the difference	
					Lower	Upper
Mean values of subjective norm	-2.476	200	.014*	-1.04809	-1.8827	-.2135

*significant at p<0.05

Table 3. Hypothesis testing result of attitude towards self-employment.

One-Sample Test						
Test value = 0						
	t	df	Sig. (2-tailed) (p-value)	Mean difference	95% confidence interval of the difference	
					Lower	Upper
Mean values of attitude Towards starting business	14.047	200	.000**	7.35697	6.3242	8.3897

**significant at p<0.01.

Table 4. Hypothesis testing result of family entrepreneurial experience.

Chi-Square Tests^d		
Value	df	Asymp. Sig. (2-sided) (p-value)
Pearson Chi-Square .010 ^a	1	.920

**significant at p<0.01.

Table 5. Hypothesis testing results of social values.

One-Sample Test						
Test Value = 2.5						
	t	df	Sig. (2-tailed) (p-value)	Mean difference	95% confidence interval of the difference	
					Lower	Upper
Social Values	2.216	200	.028*	.13806	.0152	.2609

*significant at p<0.05.

Table 6. Hypothesis testing result of business environment attractiveness.

One-Sample Test						
Test Value = 2.5						
	t	df	Sig. (2-tailed) (p-value)	Mean difference	95% confidence interval of the difference	
					Lower	Upper
Social Values	-6.765	200	.000**	-.33955	-.4385	-.2406

**significant at p<0.01.

Table 7. Hypothesis testing result of starting capital.

Chi-Square Tests^d			
	Value	df	Asymp. Sig. (2-sided)(p-value)
Pearson Chi-Square	28.520 ^a	1	.000**

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 18.15. d. For 2x2 cross tabulation, exact results are provided instead of Monte Carlo results. **significant at p<0.01.

Table 8. Coefficients table of multiple regression analysis.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.p-value
	B	Std. Error	Beta		
1					
(Constant)	-.754	.427		-1.765	.079
Intention to Start Business	.591	.059	.521	10.046	.000**
Family Entrepreneurial Experience	-.002	.178	.000	-.012	.991
Social Values to Entrepreneurship	.229	.094	.122	2.434	.016*
Attractiveness of Business Environment	.417	.126	.155	3.315	.001**
If You Have the Starting Capital Would You Start Business	1.307	.247	.286	5.297	.000**

Model Summary^b

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate	Change Statistics	F	Sig.		
Change					R ²	F Change	df1	df2	Sig. Change
1	.759 ^a	.575	.565	1.21753	.575	52.854	5	195	.000

a. Dependent Variable: Propensity to Start Business;** significant at p<0.01; *significant at p<0.05; a.Predictors: (Constant), If You Have the Starting Capital Would You Start Business, Attractiveness of Business Environment, Family Entrepreneurial Experience, Social Values to Entrepreneurship , Intention to Start Business

