



**Review  
of Business  
Studies**

**The effect of practical  
entrepreneurship education  
in South Africa**

**Student entrepreneurship promotion  
through Enactus Entrepreneurial**

**Ndivhuho Tshikovhi**

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**The effect of practical entrepreneurship education in South Africa. Student entrepreneurship promotion through Enactus Entrepreneurial Projects**

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**STUDENT ENTREPRENEURSHIP PROMOTION THROUGH ENACTUS  
ENTREPRENEURIAL PROJECTS**

by

**NDIVHUHO TSHIKOVHI**

Submitted in partial fulfilment of the requirements for the degree

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## **ABSTRACT**

Despite government initiatives such as the National Youth Development Agency (NYDA) and Small Enterprise Development Agency (SEDA) aimed at improving entrepreneurship in South Africa (SA), two phenomena are characteristic: (1) the country is among the least entrepreneurial nations; (2) Unemployed graduates lack of interest in entrepreneurship exacerbates high unemployment rates. Consequently, universities are incorporating practical entrepreneurship education into their curricula. Enactus South Africa, as a typical example of university intervention into the problem, was studied with regard to its effect on student's entrepreneurship intentions. The thinking is that, without access to jobs, entrepreneurship invariably becomes the alternative. Research into this phenomenon is still limited, and existing literature provides equivocal results. For this reason, this study attempts to address this gap by investigating the effect of practical entrepreneurship education through Enactus entrepreneurial projects.

The study took the form of quantitative research, to enable the researcher to collect data which would answer best the research question in hand. The findings of the study suggest that there is a positive relationship between Enactus entrepreneurial projects and students' entrepreneurship intentions. The research design was supportive in constructing the entire framework of the study. The study was descriptive in nature as essentially it aimed to determine the effect of the phenomena on Enactus students.



The population drawn on was Enactus SA, but the sample was taken from the Enactus National Competition 2013, which meant that only students who were representative per Higher Education Institution were sampled. It cannot therefore be assumed that the findings are generalizable to all Enactus SA students.

Although the findings of the study suggest that student's participation in Enactus does influence their entrepreneurship intentions, the findings also showed that female members of Enactus are influenced more positively than males. This is therefore an interesting finding for a study with respondents of  $n=355$ , of which 139 were females and 216 males. One would have assumed that males would react better than females based on their higher number of respondents; also the literature suggests that males have a better understanding of entrepreneurship activities than females generally.

This study has, as mentioned, found that Enactus does influence student's entrepreneurship intentions. The variables that determined the intention do vary between male and female members of Enactus, as has been mentioned. The skills level gained by participating in Enactus SA does reflect the potential for Enactus to produce graduates that are likely to engage in entrepreneurial activities. Therefore a tentative conclusion of the study will be that entrepreneurship promotion through Enactus entrepreneurial projects do indeed influence students to think of entrepreneurship as a career path. Therefore, the study recommends that Enactus SA and Universities should become interdependent.

## **CONTENTS**

<b>ACKNOWLEDGEMENTS.....</b>	<b>ii</b>
<b>ABSTRACT .....</b>	<b>iii</b>
<b>CHAPTER 1 INTRODUCTION .....</b>	<b>1</b>
<b>CHAPTER 2 LITERATURE REVIEW .....</b>	<b>17</b>
<b>CHAPTER 3 RESEARCH METHODOLOGY .....</b>	<b>48</b>
<b>CHAPTER 4 DATA ANALYSIS.....</b>	<b>64</b>
<b>CHAPTER 5 RECOMMENDATIONS AND CONCLUSIONS .....</b>	<b>91</b>
<b>REFERENCES.....</b>	<b>104</b>
<b>APPENDIX .....</b>	<b>110</b>

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 CHAPTER OVERVIEW**

In this chapter, a general overview of the study is provided. The theoretical framework for the study is outlined, along with the development of the research problem. The chapter also provides a brief literature review together with strategies to be used in resolving the identified research problem. Following this, the chapter presents a synopsis of the structure of the dissertation, limitations, scope of the study and definitions of key concepts used throughout the study.

### **1.2 INTRODUCTION**

Globally, students' lack of interest to engage in entrepreneurial activity is a growing concern (Yaghoubi, 2010). This is particularly true in developing countries such as South Africa, where tough economic conditions continually erode job opportunities (Herrington, Kew, Simrie & Turton, 2011). Without access to jobs, it is reasonable to argue that entrepreneurship – i.e. starting and running small businesses – invariably becomes the next best livelihood option for university graduates. However, the literature reveals that students' motivation to embark on entrepreneurship still remains depressed (Makgosa & Ongori, 2012; Rae, 2010). Although a review of the literature shows that this phenomenon is widespread (Kelser & Hout, 2010; Massad & Tucker, 2009), the Global Entrepreneurship Monitor (GEM, 2011) statistics indicate that in South Africa it is more severe.

Despite government initiatives such as the National Youth Development Agency (NYDA) and Small Enterprise Development Agency (SEDA), which aim to encourage business start-ups, the GEM (2011) observed that South African students, compared with their counterparts from other emerging economies such as Brazil, had the lowest Total Entrepreneurial Activity (TEA) index. TEA is a measure of individuals' participation in early-stage entrepreneurial activity within a given country's adult population (18 to 64 years). To illustrate this, South African youth aged between 24 and 35 were observed to have a TEA score of 10.2 percent: meaning that approximately 1 in 10 youth will start a business. This is about half the entrepreneurial levels in Brazil, where the TEA stands at about 17.8 percent for the same age group (Herrington, Kew, Simrie & Turton, 2011).

Universities in South Africa and worldwide are grappling with the challenge of how to encourage youth entrepreneurship, to the extent that many institutions are experimenting with various creative methods to encourage student entrepreneurship (Rae, 2010). Incorporating practical entrepreneurial training into the curricula is a strategy widely believed to stimulate students' entrepreneurial intentions (Yaghoubi, 2010). As such, Higher Education Institutions (HEIs) are creatively combining practical entrepreneurship education and extra-curricular activities through student organisations such as Enactus, to encourage entrepreneurial activity among students. This thinking appears consistent with the Euro-barometer survey, whose findings show that students across European universities concur that it is important for HEIs to encourage innovation and entrepreneurship among their students (European Commission, 2009:2-4).

Borstadt (1999) asserts that entrepreneurial-based training involving students in Free Enterprise (Sife) (now re-branded as Enactus) has successfully mobilised students to start their own businesses in the United States (US). In South Africa, however, despite students having participated in similar programmes, such as Enactus, the efficacy of these programmes in stimulating entrepreneurship is largely unknown, as very little research has been done in the area. Accordingly, this study endeavours to address this gap in the literature by studying the effect of students' participation in Enactus entrepreneurial-based projects on entrepreneurial promotion.

#### 1.2.1 ENTREPRENEURSHIP EDUCATION

Despite divergent schools of thought on what constitutes entrepreneurship education (Rasmussen & Sorheim, 2006), several authors conceptualize entrepreneurship in terms of the tangible and assessable outcomes of entrepreneurship skills (Garavan & O'cinneide, 1994; Gorman, Hanlon & King, 1997; Pittaway & Cope, 2007).

Following this viewpoint, traditional (theoretical) entrepreneurship education is viewed as being inadequate (Gibb, 2002). Entrepreneurship involves the creation of new ventures, which is more practical than simply mastering theoretical concepts. As such, it requires action-based entrepreneurship education that is capable not only of stimulating students' entrepreneurial intentions, but also providing skills to create new ventures (Johannisson, Landstrom & Rosenberg, 1998). In agreement, Peterman and Kennedy (2003) demonstrate that action-based