Student Attitude towards Entrepreneurship: A South African and Dutch Comparison

Natanya Meyer, Johann Landsberg

Abstract—Unemployment among the youth is a significant problem in South Africa. Large corporations and the public sector simply cannot create enough jobs. Too many youths in South Africa currently do not consider entrepreneurship as an option in order to become independent. Unlike the youth of the Netherlands, South African youth prefer to find employment in the public or private sector. The Netherlands has a much lower unemployment rate than South Africa and the Dutch are generally very entrepreneurial. From early on, entrepreneurship is considered a desirable career option in the Netherlands. The purpose of this study was to determine whether there is a difference in the perceptions of some Dutch and South African students in terms of unemployment and entrepreneurship. Questionnaires were distributed to students at the North West University's Vaal Triangle campus in Gauteng, South Africa and the Technical University of Delft in the Netherlands. A descriptive statistical analysis approach was followed and the means for the independent questions were calculated. The results demonstrate that the Dutch students are not as concerned about unemployment after completion of their studies as this is not as significant a problem as it is in South Africa. Both groups had positive responses towards the posed questions, but the South African group felt more strongly about the issues. Both groups of students felt that there was a need for more practical entrepreneurship training. The South African education system should focus on practical entrepreneurship training from a young age.

Keywords—Entrepreneurship development, entrepreneurship development programmes, entrepreneurship intention, Netherlands, South Africa, unemployment.

I. INTRODUCTION

SOUTH Africa has an immense unemployment problem, particularly amongst the youth. Businesses that are able to create a substantial quantity of job opportunities, over the next five to ten years, are needed. Conversely, large national and multi-national businesses are shedding jobs instead of creating them. The government is economically inefficient as well as ineffective at creating jobs. As most jobs in the economy are created by small to medium sized businesses, entrepreneurship could assist in alleviating this problem.

According to the Global Entrepreneurship Monitor (GEM) survey in 2009, South Africa rated 35th out of 54 participating countries (8 below the median) [1]. South Africa’s rating slipped down to 53th out of 70 countries in the 2014 report (18 below the median). The reported early-stage entrepreneurial activity (TEA) rate is also well below the average [2].

Fatoki reported that the majority of South African graduates displayed low levels of entrepreneurial intention and that they prefer to work for private sector companies or the government [3]. The fact that graduates would rather work for an employer than start a business, further contributes to the unemployment problem in South Africa, as the government and large companies do not necessarily create more jobs to provide for the growing supply of students and youth who seek employment. Another problem fuelling this issue is a skills mismatch, as many graduates do not find work in their specific field although many vacancies do exist in certain fields.

A possible solution to this issue is that more youths should become entrepreneurs. To achieve this, a culture of entrepreneurship should be established among the youth from an early stage, as is the case in the Netherlands. The Netherlands have a much lower unemployment rate among the youth (15–24 years). The official unemployment rate in the Netherlands as calculated in March 2015 was 7 percent, according to an article in the online newspaper, Dutchnews, while the unemployment rate for 15 – 24 year olds was at 10.8 percent [4]. The unemployment rate in South Africa among youths (15–24 year old) was 24 percent in 2014 [5]. The aim of this study is to determine if there is a difference between the perception of students in the Netherlands and South Africa regarding their attitude to entrepreneurship and employment issues.

II. LITERATURE REVIEW

In the following sub-sections, a discussion focusing on the theory of entrepreneurship and the current state of affairs in South Africa and the Netherlands is presented. Various aspects of the differences in perception of entrepreneurship between South African and Dutch students are examined.

A. Entrepreneurship Development

Numerous definitions of entrepreneurship have been developed over the past few decades. As the world changes, perceptions of entrepreneurship also alter, so it may be more meaningful to attach additional importance to the more recent definitions. One of the earlier definitions by Schumpeter states that entrepreneurs are those who “create new combinations, new markets and product or distribution systems” [6]. In more recent definitions, an entrepreneur is described as a specific person who undertakes a value adding and wealth creating process by developing ideas, assembling resources and taking action to make things happen [7]. Certain concepts are also often associated with entrepreneurship. These concepts include: taking risk, being innovative, identifying and
exploiting opportunities, developing new combinations or processes and thinking outside of the box.

South Africa is part of the BRICS (Brazil, Russia, India, China, and South Africa) countries and is defined as a developing country. South Africa is the smallest member of the BRICS countries and has a much smaller economy than the other four countries: China has a population of 1.34 trillion while Russia boasts a population of 143 million, compared to South Africa’s 50 million people [8]. Whereas South Africa, China, Brazil and Russia are classified as efficiency-driven economies, India is classified as a factor-driven economy. A comparison in the GEM 2014 report shows that South Africa’s entrepreneurial activity rate is low in relation to the other BRICS countries as well as other developing countries [2].

According to the 2014 GEM report, the necessity and opportunity-driven TEA rates for South Africa reveal interesting trends. The percentage of entrepreneurs involved in necessity-driven early stage entrepreneurial activities declined from 39.5 percent in 2005 to 28.2 percent in 2014. The necessity-driven activities are specifically high in developing countries where the social grant system is under-developed. The decline in the percentage illustrates the positive effect of the social grants in South Africa but it is not clear why the high unemployment rate did not increase the percentage of necessity-driven entrepreneurs. However, the opportunity-driven early stage entrepreneurial activity increased from 64.7 percent in 2005 to 71.3 percent in 2014. This is a positive trend as the GEM has demonstrated that opportunity-driven businesses are more likely to be successful [2].

The South African government has devised various entrepreneurial initiatives to create an enabling environment for new entrepreneurs. However, contradicting this trend, many obstacles were created, such as very stringent labour laws, tax laws and unnecessary red tape. The 2014 GEM report established that it takes five procedures and 19 days to register a business in South Africa. While this is an improvement from 2009, when it took an average of nine procedures and 35 days, compared to Mauritius where it only took five procedures and 6 days, it is still too lengthy a process. Improvement from 2009, when it took an average of nine procedures and 35 days, compared to Mauritius where it only took five procedures and 6 days, it is still too lengthy a process and improvement is needed to assist new business development [2].

A large percentage of these initiatives and policies are aimed at assisting the previously disadvantaged communities. Government initiatives include: Gauteng Enterprise Propeller (GEP) [9], Small Enterprise Finance Agency (SEFA) [10], Small Business Development Agency (SEDA) [11], and the National Empowerment Fund (NEF) [12].

Private business and other groups have also stepped up to support entrepreneurs to start new businesses. These initiatives include Eskom Foundation: Eskom Contractor Academy; Eskom Business Investment Competition [13]; SAB Foundation: Tholoana Enterprise Programme [14]; Anglo American: Zimele programme [15], Zanzaf: Entrepreneurship Training Centre in Fordsburg, Gauteng [16] and the Afrikaanse Handels Instituut (AHI): Training initiatives for Entrepreneurs; Assistance to Business Chambers in South Africa [17]. Private and government initiatives are still limited in South Africa and the effectiveness thereof is questionable [2].

In contrast, Dutch entrepreneurs have been successful since the 17th century. According to the 2013 GEM report, 80 percent of Dutch adults consider entrepreneurship a desirable career option. The percentage has remained relatively stable from 2003 (77%) to 2013 (80%). The entrepreneurial desirability percentage in the Netherlands is higher than in comparable countries. The percentage is also high if compared to other innovation-driven economies with an average of 54 percent compared to the 80 percent of the Netherlands [20].

The average percentage for factor-driven economies is approximately 75 percent and 68 percent for efficiency-driven economies. South Africa’s percentage has declined from 77.5 percent in 2010 to 74 percent in 2013 and even further to 69.6 percent in 2014 [20], [25].

The 2013 GEM report indicates that the entrepreneurial intent in the Netherlands has increased from 5.1 percent in 2002 to 10.3 percent in 2013. This was a low percentage when compared to South Africa’s 12.2 percent in 2003 and 15.4 percent in 2013. One of the possible explanations for this phenomenon is that a large portion of adults are already involved in an entrepreneurial activity in the Netherlands, so they have no intention of starting another business [20].

Table I summarises the TEA and motivation to be entrepreneurially active. The TEA percentage for the group aged 18 to 24 years was 7.6 percent in 2013 and 13.1 percent for the group aged 25 to 34 years. Necessity-driven motivation to start a business for 2013 was at 0.7 percent and opportunity-driven motivation is at 8.1 percent, totalling 9.5 percent. South Africa has a higher necessity-driven motivation percentage at 3.2 percent and lower opportunity-driven motivation at 7.3 percent compared to the Netherlands [2], [25].

<table>
<thead>
<tr>
<th>Description</th>
<th>Netherlands (%)</th>
<th>South Africa (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 – 24 year old</td>
<td>7.6</td>
<td>18.6</td>
</tr>
<tr>
<td>25 – 34 year old</td>
<td>13.1</td>
<td>35.9</td>
</tr>
<tr>
<td>Necessity-driven motivation</td>
<td>0.7</td>
<td>3.2</td>
</tr>
<tr>
<td>Opportunity-driven motivation</td>
<td>8.1</td>
<td>7.3</td>
</tr>
<tr>
<td>Other motivation</td>
<td>0.5</td>
<td>0.1</td>
</tr>
<tr>
<td>TOTAL TEA for the population</td>
<td>9.5</td>
<td>10.6</td>
</tr>
</tbody>
</table>

**B. Importance of Youth Entrepreneurship in South Africa**

The unemployment rate in South Africa is unacceptably high. The problem is compounded by the very uneven distribution of income. South Africa had a reported Gini-coefficient of 65 in 2011 and the Netherlands a mere 28.9 in 2010 [26]. Small and medium sized businesses are seen as one of the best ways to reduce the unemployment rate. According to Statistics SA’s 2014 midyear population estimates, South Africa’s youth (15-29 years) consist of 29 percent of the total population of 54 million. It is typical of this age group that its members are struggling to find employment [18].

The 2014 GEM report claims that entrepreneurial activity within the age group of 18 to 24 years is relatively low and that entrepreneurial activity is the highest in the group aged 25.
to 34 years. Thereafter, it appears that entrepreneurial activity starts to decline again. This trend is consistent in all seventy countries under review. The percentage of people in the 18 to 24 year age group involved in entrepreneurial activity in South Africa is lower than the rest of Sub-Saharan Africa. This is cause for concern, especially because of the high unemployment rate this age group faces in South Africa [2]. Adding to this already existing problem is the low quality of education and low completion levels within the South African school system. The school system does not adequately prepare the youth for the job market, since numeracy, livelihood and literacy levels are inadequate. Entrepreneurship training at school level is very basic and could be improved. If young people are trained and empowered to be more entrepreneurial and start more businesses this could lead to the creation of much needed jobs. This in the long term may have a positive impact on the unemployment rate in South Africa. Another problem arising from the youth unemployment issue pertains to the quality of the retirement of their parents. As many unemployed young people cannot leave their parents’ homes, this places pressure on the parents due to the burden of caring for and supporting their adult children. Therefore, they cannot properly save for their old age and retirement [19].

C. Factors that Motivate Young People to Become Entrepreneurs

People are differently motivated to become entrepreneurs. Entrepreneurship research has attempted to identify the environmental and situational factors that motivate people to become entrepreneurs; from this concept, “push” and “pull” theories were developed. When people are pushed into entrepreneurship because of adverse external events such as a job loss or an unacceptably low salary, this is considered to be a “push” factor. When they choose entrepreneurship because of the attraction of wealth, independence or fulfillment, it is considered a “pull” factor [21]. Empirical studies of contextual factors found low explanatory power and predictive ability. External factors like a job loss will not motivate a person to become an entrepreneur if there is not a more direct link or motivation [22].

An increase in formal entrepreneurship education could motivate young people to consider entrepreneurship as a desirable career option, thus creating a natural pull factor for them rather than pushing them into this option due to survival issues or necessity motivation. Many studies indicate that there is a link between education and entrepreneurship [23]. In conclusion, entrepreneurship should be fostered as a culture among youth as a result of learning processes and it is argued that entrepreneurship development requires more comprehensive structural support [24].

South African schools and tertiary institutions should focus on practical entrepreneurial course-related programmes and education to make entrepreneurship a more desirable career option.

D. Entrepreneurship Development Programmes

A positive link between entrepreneurship education and entrepreneurial attitudes exists: the former could improve the understanding and awareness of entrepreneurial abilities among the youth [30], [31]. Entrepreneurial education courses may have a positive impact on unemployment issues if incorporated in the schooling system from an early age [32]. This could be accomplished by introducing EDPs, also known as young enterprises programmes or business promotion programmes. An EDP can be defined as a learning programme: its main objectives being the enhancement and development of an entrepreneurial mind-set or culture by training enterprise creators [33], [34].

III. METHODOLOGY

The following section will explain the sample, sampling method, and research instrument used for this study.

A. Sample

This study comprised a sample of first-, second-, third-, and fourth-year as well as postgraduate students from a traditional university in South Africa; North-West University, Vaal Triangle Campus (NWU VTC), located in Vanderbijlpark, Gauteng Province as well as from a technical university in the Netherlands; Technical University Delft (TU Delft) situated in the town of Delft. Both campuses have managed to create a favourable attitude and environment towards developing entrepreneurship awareness among students and local businesses within the respective areas. Both these campuses have active student entrepreneurial societies, further promoting entrepreneurship among the students.

B. Sampling Method

A non-probability convenience sample of approximately 400 students was drawn from the NWU VTC and 150 from the TU Delft. The NWU VTC survey was carried out by requesting lecturers to distribute the questionnaire in their classes. The TU Delft survey was administered by requesting students from the NWU VTC who were attending the global entrepreneurship week in the Netherlands to ask students on the TU Delft campus to complete questionnaires. Due to time constraints, only 150 surveys were distributed. Completion of questionnaire was voluntarily done by participants and no incentives were provided to encourage participation. Full confidentiality was assured to the participants as no names or contact details were, or would be, disclosed.

C. Research Instrument and Method

A descriptive research design was employed for the study, using a survey self-administered questionnaire. Following a review of the literature, items were generated to determine students’ perceptions towards finding a job, entrepreneurship and unemployment. The questionnaire included a section requesting demographical information. The questionnaire was pre-tested using the debriefing approach on three students to ascertain if all items were understood in the manner that was intended [27]. Thereafter, it was pilot-tested on a sample of 35
students registered at the NWU VTC. These students did not form part of the final study. The 53 scaled responses were measured by using a six-point Likert scale, which ranged from strongly disagree (1) to strongly agree (6). The Likert scale was selected due to its popularity. It is one of the most commonly used non-comparative scaling techniques [28]. The captured data was analysed using the Statistical Package for Social Sciences (IBM SPSS), Version 22. Descriptive statistical analysis was used.

IV. RESULTS AND DISCUSSION

During the data collection process, approximately 400 questionnaires were distributed over a timeframe of a week on the NWU VTC and 150 on the TU Delft campus. Of the 400 questionnaires distributed on the NWU VTC, 293 completed, and usable, questionnaires were returned, which is equal to a 73.25 percent response rate. The TU Delft study was also performed in one week and a total of 121 usable questionnaires were collected. This equates to a response rate of 80.67 percent. The respondents were asked items of general demographic information such as age, gender, and year of study. Years of study in South Africa differ from that of the Netherlands. Whereas South African students complete a three year degree and then an Honours, Masters and finally a PhD degree, in the Netherlands, students complete a four year degree, then Masters and PhD. In addition to this, responses were requested indicating whether or not one of these students’ parents were self-employed and whether they had heard of Entrepreneurship Development Programmes. The demographic responses are summarised in Table II.

Respondents from the NWU VTC were mainly female (55.9%) and predominantly between the ages of 19 and 21; they were mainly first and second years. From the TU Delft study, respondents were mainly male (60.3%), while age was spread relatively equally, although the most predominant group was older than 24 years (24.8%). This figure also corresponds with their year of study as most were in their fourth year (33.9%). The question pertaining to the respondent’s parents’ self-employment status was specifically asked, as having a self-employed parent may significantly increase the choice also to become an entrepreneur in a positive way [29]. From the two samples, approximately one third of each group (NWU VTC 35.2% and TU Delft 39.7%) reported having at least one parent who is self-employed. This has an impact on their entrepreneurial intent as from a young age they are already exposed to entrepreneurial thinking patterns. Another question posed to the respondents concerned entrepreneurship development programmes (EDP’s). From the two samples, it was evident that the South African students are more familiar with the term as 71 percent reported that they have heard of such a programme. TU Delft students were less familiar with these type of programmes with just 36.4 percent having heard of them. A possible reason or explanation for this could be that there is more focus on entrepreneurship development through specialised programmes in South Africa as a method or possible solution to social issues such as poverty and unemployment. Netherlands students tend to be more entrepreneurially driven due to the existing culture. As previously mentioned, approximately 80 percent of Dutch adults consider entrepreneurship as a desirable career option and thus these types of programmes are not widely promoted.

Table III indicates the means, standard deviation, skewness and kurtosis. All means for both groups were computed at above three (indicating agreement) except for question one (1) from the TU Delft group. Question 1 (as I continue with my university education I become scared of finishing my degree) as I do not know what to expect after university) can be explained in terms of the current social issues South African youth face. Unemployment in the Netherlands is very low compared to South Africa and economic conditions are also better. This means that the youth are more positive or confident about what to expect after completion of their degrees. Most South African students are afraid of unemployment after completion of their degrees. This could explain the higher reported mean for NWU VTC and the mean below three (3) for TU Delft. The remaining questions all reported a mean of four (4) and higher for the NWU VTC group and much lower means (but all still in an agreement range above the mean) for TU Delft. With the current youth
unemployment rate in South Africa being around 50 percent, it is not surprising that the two highest means (5.40 and 5.04) reported from the South African survey were regarding unemployment (Question 4 and 6). These means were significantly lower for the TU Delft students at 3.31 and 3.30 respectively. This can also be explained by the fact that unemployment is not such an extensive problem in the Netherlands as it is in South Africa. What is surprising from the data is that the TU Delft students reported a lower mean (3.30) on question three (3) (my career intentions after completing my degree are to become an entrepreneur) compared to the NWU VTC students (4.35) considering that approximately 80% of Dutch adults regard entrepreneurship as a desirable career option. This could be explained by South Africa’s higher rate of entrepreneurial intent. It is important to note that entrepreneurial intent does not necessarily lead to successful enterprises. Many other factors also play a role such as opportunity, access to finance, economic conditions and so on. Questions 8 – 11 comprised information relating to training and entrepreneurial skills.

From the data, it is evident that the students from NWU VTC are of the opinion that they had obtained enough theoretical training regarding entrepreneurship and that they would have liked more practical training in the form of workshops and EDPs. The same was reported from the TU Delft students but at much lower means.

The general perception by students from both was that the unemployment rate could decrease by improving entrepreneurship training and development. Students generally would have liked assistance that is more practical, additional workshops, training regarding entrepreneurship, as well as to participate in an EDP while completing their degree.

<table>
<thead>
<tr>
<th>Item</th>
<th>NWU VTC Mean</th>
<th>Standard Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. As I continue with my university education I become scared of finishing my degree as I do not know what to expect after university</td>
<td>3.82</td>
<td>2.99</td>
<td>1.62</td>
<td>1.55</td>
</tr>
<tr>
<td>2. As I continue with my university education I realize I might not find that perfect job I was hoping for</td>
<td>4.15</td>
<td>3.27</td>
<td>1.52</td>
<td>1.55</td>
</tr>
<tr>
<td>3. My career intentions after completing my degree are to become an entrepreneur (start my own business)</td>
<td>4.35</td>
<td>3.30</td>
<td>1.61</td>
<td>1.54</td>
</tr>
<tr>
<td>4. I believe that unemployment is a problem in South Africa / Netherlands</td>
<td>5.40</td>
<td>3.31</td>
<td>1.27</td>
<td>1.52</td>
</tr>
<tr>
<td>5. I believe that I might at some stage in my life be unemployed after completing my studies</td>
<td>4.04</td>
<td>3.41</td>
<td>1.51</td>
<td>1.42</td>
</tr>
<tr>
<td>6. I believe that becoming an entrepreneur and starting my own business could possibly decrease the unemployment rate</td>
<td>5.04</td>
<td>3.30</td>
<td>1.17</td>
<td>1.54</td>
</tr>
<tr>
<td>7. If I do not find a job after completing my degree I will try to start my own business and create my own employment</td>
<td>4.54</td>
<td>3.71</td>
<td>1.37</td>
<td>1.50</td>
</tr>
<tr>
<td>8. During completion of my degree I obtained enough theoretical training to start my own business</td>
<td>4.39</td>
<td>3.23</td>
<td>1.44</td>
<td>1.51</td>
</tr>
<tr>
<td>9. During completion of my degree I would have liked more practical assistance and guidance on how to start my own business</td>
<td>4.82</td>
<td>3.73</td>
<td>1.28</td>
<td>1.62</td>
</tr>
<tr>
<td>10. During completion of my degree I would have liked additional training or workshops on how to successfully become an entrepreneur (business owner)</td>
<td>5.00</td>
<td>3.72</td>
<td>0.00</td>
<td>4.63</td>
</tr>
<tr>
<td>11. During completion of my degree I would have liked to be part of an Entrepreneur Development Programme if it was presented on campus</td>
<td>4.75</td>
<td>3.54</td>
<td>1.31</td>
<td>1.66</td>
</tr>
</tbody>
</table>

V. LIMITATIONS TO THE STUDY

As this study only investigated a sample from two universities, the results cannot be considered to represent all students or youth. The results can however be used as an indication or interpretation of how the perceptions of youths living in different social environments differ. The group of youths from South Africa, where unemployment is a reality and an issue, was more in agreement with the various independent questions if compared to the youths from the Netherlands where unemployment rates have not reached levels of concern.

VI. CONCLUSION AND RECOMMENDATIONS

The study provided some insight into the different perceptions of the Dutch and South African students regarding entrepreneurship and unemployment.

The high youth unemployment rate in South Africa is a matter of real concern for the South African students. They are not confident that they will find employment after completion of their studies. On the other hand, the youth unemployment rate in the Netherlands is very low, resulting in the students there being more confident of employment after completing their studies.

Both the student groups believed that increased practical entrepreneurship training would have a positive impact on lowering the unemployment rate and help students in successfully starting their own businesses. The South African education system and the private sector should place more emphasis on practical entrepreneurship training an early age. Entrepreneurial training is of utmost importance and implementation of strategies and programmes that may provide a foundation for young graduates to utilise the information they were taught is critical. The following recommendations are made for South Africa:
• Government should create an enabling environment for entrepreneurs by relaxing rules and regulations regarding the process of starting a business.
• EDPs and similar programmes should be compulsory modules or courses during primary, secondary and university education.
• Local businesses should become involved with these projects, especially at university level, where they can assist in training, practical workshops, mentorship and internships.
• Government needs to implement strategies that promote small business start-ups, especially for the youth section of the population.

Implementing all or some of these recommendations within South Africa could have a major positive effect on the current youth employment rate.

REFERENCES