

# Risk Taking Behaviour as Determinant of Entrepreneurial Aspiration of Undergraduates in Tertiary Institutions in Ekiti State, Nigeria

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## ABSTRACT

**Aim:** The continuous increase in the rate of unemployment among graduates of tertiary institutions in Ekiti State has been a source of worry for the government and the public. Despite the series of courses taken on entrepreneurship during the period of their studies in the institutions, it was observed that many graduates could not establish their enterprises after graduation due to certain reasons. It was against this background that this study investigated the relationship between risk-taking behaviour and entrepreneurial aspiration of undergraduates as well as the difference in the risk-taking behaviour of male and female undergraduates towards entrepreneurship.

**Methodology:** Descriptive research design of the survey type was adopted for the study. The population of the study was 7342 final-year students in all tertiary institutions in Ekiti State. Simple, stratified and proportional random sampling techniques were used to select 400 students from faculties/schools across the three types of institutions in the state. A self-constructed instrument tagged Risk Taking Behaviour and Entrepreneurial Aspiration Questionnaire (RTBEAQ) was used to collect the data for the study. The instrument was constructed on 4-point Likert scale statements. Three experts ascertained the accuracy of the items on the instrument. The reliability of the instrument was established through Cronbach's alpha after it had been administered to 40 students outside the sample for the study, which yielded a coefficient value of 0.86. The reliability coefficient obtained for the instrument was considered high enough for the study. Data collected were analysed using Pearson's Product Moment Correlation and z-test. All hypotheses formulated were tested at a 0.05 level of significance.

**Results:** Findings of the study revealed that there was a significant relationship between risk-taking behaviour (mean of 12.83) and entrepreneurial aspiration of undergraduates (mean of 80.92) with a p-value of 0.00,  $< 0.05$ . Also, the finding of the study showed that there was a significant difference between risk taking behaviour of male (mean of 241.2) and female (mean of 256.1) undergraduates with p-value of  $0.01 < 0.05$ .

**Recommendation:** It was recommended among other that adequate education should be given to undergraduates in tertiary institutions on risk-taking and entrepreneurial aspirations in a bid to prepare them for entrepreneurial activities in future. The quality of entrepreneurship education given across all tertiary institutions should be the same since all entrepreneurs are going to face the same challenges when engaging in entrepreneurial activities.

**Keywords:** Risk, Risk-taking behaviour, Entrepreneur, Entrepreneurship, Gender

## 1. INTRODUCTION

Unemployment is a situation where people who are qualified, willing and able to work could not get paid jobs. Unemployment is a global phenomenon and it has attracted the attention of the government at all levels. Unemployment of graduates has been seen as a major cause of a series of crimes in our society in recent times. Alade komo (2004) and Baba (2013) reported that about 80% of graduates find it difficult to get employment every year. Thus, in order to reduce the rate of unemployment in our society, an innovation was introduced into the educational curriculum which was entrepreneurship.

Initially, entrepreneurship was designed to be among courses to be offered at various tertiary institutions in the country before it was later packaged as one of the academic programmes in some institutions. Thus, entrepreneurship is one of the general courses which undergraduates of any tertiary institution must offer at different levels of their studies before graduation. The rationale behind this innovation is to ensure that each graduate is equipped with at least one practical skill with which to establish personal business thereby helping to create wealth and sustain self. An educational system built on white-collar job could no longer sustain a nation rather the acquisition of practical skills by students of various tertiary institutions is the only way out of the unending unemployment situation in the country (Federal Government of Nigeria, 2014).

Entrepreneurship which was suggested as a possible solution to unemployment has to do with the willingness and ability of individuals to search for investment opportunities, and establish and run a business unit successfully. Also, Gustomo and Ghina (2018) stated that the objective of entrepreneurship education inside higher education institutions is to expose students to entrepreneurial spirit and culture. Entrepreneurship is the practice of starting a new organisation, particularly a new business generally in response to identified opportunities. Similarly, Kolapo (2014) described entrepreneurship as the capacity and willingness to develop, organise and manage an enterprise. Kolapo stated further that entrepreneurship goes beyond entering a new business but encompasses the ability to take responsibility for actions and decisions and to creatively solve some problems. This implies that any graduate who is able to solve one of the problems in society would eventually create a job for himself. Again, entrepreneurship can be seen as a means of combining different factors of production for the purpose of creating wealth in order to guarantee self-sufficiency. In the same vein, Garba (2010) posited that entrepreneurship is a means of providing employment and income generation in the country. It must be noted that entrepreneurship contributes greatly towards the creation of new jobs, wealth, poverty reduction and income generation for individuals as well as government at different levels.

Entrepreneurship seeks to prepare people especially youths to be responsible; develop deep thought on how to identify and utilise opportunities to their own advantage and contribute to the growth and development of the economy. In summary, entrepreneurship involves the acquisition of knowledge, skills, ideas and managerial abilities necessary for personal self-sufficiency and self-reliance. Entrepreneurship is supposed to bring about more entrepreneurs. Entrepreneurs are persons who have possession of enterprises and assume significant accountability for inherent risks and outcomes. Entrepreneurs create something from nothing. According to Oyerinde and Falade (2016), entrepreneurs are supposed to do the following: they must be able to take rational decision; they must be resolute and have strong feeling of making it in their business in the face of failure or loss arising from entrepreneurial activities; they must not be afraid of failure in the course of carrying out their business and above all they must be ready to bear any risk arising from their business.

Risk is the possibility of failure, loss or other adverse consequences in pursuing some activity or venture. Olagunju (2008) described risk as a situation or condition or possibility portending danger and whose probability of occurrence can be estimated. Risk is a component of business that affects entrepreneurial behaviour. Entrepreneurs are bound to face diverse of risks such as; financial, technological, operational, environmental, competition and so on. Lightfoot (1997) posited that risk-taking behaviours are volitional, purposive, goal-oriented and carry the potential for harm. Risk-taking behaviour is not inborn, therefore it can be developed. Essien (2006) stated that risk-taking behaviour appears to be one of the most distinctive features of entrepreneurial behaviour because creating a new venture is by definition a risky business. This suggests that any individual (graduate inclusive) that wishes to organise his own business must be ready to take risks. The import of the foregoing is that any individual who is afraid of taking risks may not want to venture into entrepreneurial activities even when there are a lot of opportunities to do so. It has been observed that the extent of risks which an individual is able to undertake in business tends to suggest his success in life, all other things being equal.

There seems to be a controversy about whether a relationship existed between risk-taking behaviour and the entrepreneurial aspiration of students in tertiary institutions in Nigeria. Some studies affirmed the opinion that students who were willing to take risks were those who initiate the move to venture into business after their graduation while those who could not attempt to embark on entrepreneurial activities were afraid of taking risks associated with business. Ojo and Asaolu (2013) reported in a study

conducted on the attitudinal disposition of students towards risks and entrepreneurial activities that there was a connection between entrepreneurship and the attitudes of students towards undertaking associated risks with business ventures. They concluded that some students did not want to embark on setting up of business because of the fear of the unknown. Filming and Mayangsari (2020) discovered in a study on the influence of risk attitude towards entrepreneurial intention that entrepreneurs' risk attitude significantly affected entrepreneurial intention. The authors stated further that the higher risk attitude of a person will increase their entrepreneurial intention.

Similarly, Adedara (2013) posited that most students who were willing to establish their own businesses after the completion of their studies attributed their willingness to undertake any risk arising from the setting up of such businesses. This suggests a relationship between risk-taking behaviour and entrepreneurship among students. Also, Ncokazi and Mpiti (2023) found out in a study conducted on the evaluation of the relationship between the need for achievement and entrepreneurship performance: risk-taking propensity, entrepreneurial independence and motivation that risk-taking is one of the major components of the need for achievement and it serves as a predictor of entrepreneurial success. The authors concluded that risk and entrepreneurship have a positive and very significant relationship. However, William (2011) observed that the risk-taking behaviour of people did not responsible for their willingness to organise business but other factors such as locus of control and creativity of individuals actually motivated them to embark on entrepreneurial activities at one time or the other. Oloruntoba (2011) discovered in a study that graduates who were not willing to embark on entrepreneurial activities were due to their poor attitudes to bear any risk arising from their business.

Again, opinions were divided regarding the risk taking behaviour of male and female towards entrepreneurial activities. Some researchers (Jones, 2009; Olatoye, 2007; Jimoh& Oladele, 2013) believed that gender influence the risk taking behaviour of students while others were of the opinion that gender did not have anything to do with risk taking behaviour of students as regard setting up of business ventures. It appears female usually shows willingness to undertake risks than their male counterpart and that is why they are more into entrepreneurship. Judging from the number of male and female that usually involved in the criminal activities, it was observed that males are more involved in criminal activities than female. The reason could be attributed to the fact that female are willing to take risks and they are into different kinds of business. Adim and Poi (2021) in a study carried out on entrepreneurial risk-taking and performance of women entrepreneurs in Rivers State, Nigeria found that there was significant relationship between entrepreneurial risk-taking and performance of women entrepreneurs in Rivers State. This implies that risk-taking enhances the performance of women in entrepreneurs.

Jones (2009) discovered that gender has no influence on the risk taking behaviour of prospective entrepreneurs among high school students in Kenya. In the same vein, Olatoye (2007) stated that gender played no significant role in the risk taking behaviour of undergraduates as regard entrepreneurial activities. However, Jimoh and Oladele (2013) observed that a difference existed between risk taking behaviour of male and female towards entrepreneurship in Kogi State. They were of the opinion that female were more willing to take entrepreneurial risks than their male counterpart.

## **1.1 Statement of the Problem**

The persistent increase in the number of unemployed graduates in the country influenced the government to introduce entrepreneurship as innovation into the educational curriculum of tertiary institutions in the country. The rationale behind this innovation in this education sector was to equip students with different entrepreneurial skills so that upon graduation, each graduate would be able to establish their personal business without necessary seeking for the paid job.

All efforts put in place by government and the management of tertiary institutions to inculcate entrepreneurship into the hearts of undergraduate students in Nigeria to reduce the rate of unemployment seems to yield any fruitful result. Also, available evidence from National Bureau of Statistics (2015) revealed that there was a considerable increase in the trend of unemployment among graduates in the country. One of the reasons attributed to this was that a lot of graduates could not still establish their personal businesses after graduation. This challenge was equally attributed to several factors such as locus of control, creativity and risk taking behaviour of students. It was against this background that this

study investigated risk taking behaviour as determinant of entrepreneurial aspiration of undergraduates in tertiary institutions in Ekiti State Nigeria.

## 1.2 Purpose of the Study

The purpose of this study was to investigate the relationship between risk taking behaviour and entrepreneurial aspiration of undergraduates in tertiary institutions in Ekiti State. Again, the study investigated the influence of gender on risk taking behaviour of undergraduates towards entrepreneurial activities. The study investigated the difference in the risk taking behaviour among undergraduates of tertiary institutions.

## 1.3 Research Hypotheses

The following hypotheses were formulated to guide the study.

- i. There is no significant relationship between risk taking behaviour and entrepreneurial aspirations of undergraduates of tertiary institutions.
- ii. There is no significant difference in the risk taking behaviour of male and female undergraduates towards entrepreneurial activities.
- iii. There is no significant difference in the risk taking behaviour of undergraduates among the three tertiary institutions.

## 2. METHODOLOGY

Descriptive research design was adopted using a survey questionnaire as a tool to collect data for the study. The population was 7342 final year students in all tertiary institutions in Ekiti State, Nigeria. Simple, stratified and proportional random sampling techniques were used to select 400 students from faculties/schools across tertiary institutions in the state. A self-constructed instrument tagged Risk Taking Behaviour and Entrepreneurial Aspiration Questionnaire (RTBEAQ) was used to collect the data for the study. The instrument has two sections; section A sought information on bio data of the respondents such as gender and institution type while section B sought information on risk taking behaviour of the respondents. The instrument was constructed on a 4-point Likert scale. Three experts ascertained the accuracy of the items on the instrument. The reliability of the instrument was established through Cronbach's alpha after the instrument had been administered on 40 students outside the sample for the study, which yielded coefficient value of 0.86. According to Hejase & Hejase (2013), they generally agreed upon lower limit for Cronbach's alpha is 0.70 (p.570). The reliability coefficient obtained for the instrument was therefore considered high enough for the study. Data collected were analysed using Pearson's Product Moment Correlation and z-test. All hypotheses formulated were tested at 0.05 level of significance. When the calculated value of r-cal and z-cal less than r-tab and z-tab, the hypothesis was not rejected. On the other hand, when the r-cal and z-cal greater than r-tab and z-tab, the hypothesis was rejected.

## 3. RESULTS AND DISCUSSION

Table I: Distribution of Respondents by Gender

Institution	Male	Female
University	106	94
Polytechnic	70	63
College of Education	35	32
Total	211	189

The table 1 above shows the proportion of gender sampled across three tertiary institutions used for the study.

**Hypothesis 1:** There is no significant relationship between risk taking behaviour and entrepreneurial aspiration of undergraduates in Nigerian universities.

**Table 2: Pearson's Product Moment Correlation of relationship between risk taking behaviour and entrepreneurial aspiration of undergraduates**

Variable	N	Mean	SD	Df	r-cal	r-tab	P-value
Risk taking behaviour	400	12.83	2.26				
	398	0.318	0.196				0.000
Entrepreneurial aspiration	400	80.92	10.71				

\*P<0.05

Result in table 2 shows that *r-cal* of 0.318 is greater than *r-tab* of 0.196 at 0.05 level of significance. Also, the *p-value* of 0.000 is less than significant value of 0.05 therefore the null hypothesis was rejected. This implies that there was significant relationship between risk taking behaviour and entrepreneurial aspirations of undergraduates in Nigeria universities.

**Hypothesis 2:** There is no significant difference in the risk taking behaviour of male and female undergraduates towards entrepreneurial activities.

**Table 3: z-test scores of the risk taking behaviour of male and female undergraduates**

Variable	N	Mean	SD	Df	z-cal	z-tab	P-value
Male	211	241.2	46.12				
	398	2.090	1.96				0.001
Female	189	256.1	53.12				

\*P<0.05

The result in table 3 indicates that *z-cal* of 2.090 is greater than *z-tab* of 1.96 at 0.05 level of significance. Similarly, the *p-value* of 0.001 is less than significant value of 0.01 therefore the null hypothesis was rejected. This implies that there was significance difference in the risk taking behaviour of male and female undergraduates towards entrepreneurial activities.

**Hypothesis 3:** There is no significant difference in the risk taking behaviour of undergraduates among the three tertiary institutions.

**Table 4: ANCOVA showing risk taking behaviour of undergraduates among institutions**

Source	SS	Df	MS	F	P
Corrected Model	17558.74	3	5852.01	379.61	.000
Covariate (risk taking)	22.74	1	22.74	1.48	.266
Group	17484.31	2	8742.15	567.00	.000
Error	2991.12	396	15.42		
Total	751099.00	400			
Corrected Total	20549.86	399			

\*P<0.05

The results in table 4 shows that  $P$  value of .000 is less than 0.05 that is  $F_{2, 396} = 567.00$  therefore the null hypothesis was hereby rejected. This implies that there was a significant difference in the risk taking behaviour of undergraduates among the three tertiary institutions. Since the risk taking behaviour of undergraduates among the three tertiary institutions was not the same, in order to locate the source of pairwise difference, Scheffe post-hoc was used.

**Table 5: Scheffe post-hoc analysis of risk taking behaviour of undergraduates**

Group	1	2	3	N	Mean
College of Education (1)	*	*	67	47.55	
Polytechnic (2)		*	133	64.00	
University (3)				200	69.67

Table 5 shows that there was significant difference between the risk taking behaviour of undergraduates in colleges of education and polytechnic. The mean of risk taking in colleges of education is 47.55 while that of polytechnic is 64.00. Similarly, the table reveals that a significant difference existed in the risk taking behaviour of polytechnic and university students. The mean for risk taking of the polytechnic undergraduates is 64.00 while that of the university is 69.67.

### 3.1 Discussion

Finding of the study revealed that there was significant relationship between risk taking behaviour and entrepreneurial aspiration of undergraduates in tertiary institutions in Ekiti State Nigeria. This implies that entrepreneurial activities of undergraduates in Nigeria are influenced by their risk taking behaviour. The result of the study further showed a positive relationship between risk taking behaviour and entrepreneurial aspiration of undergraduate students. This suggests that the higher the proportion of risks which undergraduates of tertiary institutions are willing to undertake, the higher the level of entrepreneurial activities to be engaged by them, all things being equal. The finding of this study is in line with Ojo and Asaolu (2013); Filming and Mayangsari (2020) and Ncokazi and Mpiti (2023) who reported in their separate studies that there was a relationship between entrepreneurship and the attitudes of students towards undertaking associated risks with business ventures. Similarly, finding of the study supports Adedara (2013) that posited that most students who were willing to establish their own business after completion of their studies attributed their willingness to undertake any risk arising from setting up of such business. This suggests a relationship existed between risk taking behaviour and entrepreneurship among students. However, the outcome of this study contradicts William (2011) who found out that risk taking behaviour of people did not responsible for their willingness to organise business but other factors such as locus of control and creativity of individuals.

Finding of the study also revealed that there was significant difference between the risk taking behaviour of male and female towards entrepreneurial activities. The result of study showed that mean response of female which was 256.1 was higher than that of male which was 241.2. This implies that the risk taking propensity of female was higher than their male counterpart. This also suggests that females were more willing to take risks associated with business activities than their male counterparts. The reason for this may be attributed to the fact that female might not be willing to take to crimes in the face of economic challenges while male could decide to do anything that could give them wealth quickly. The finding of this study corroborates, Jimoh and Oladele (2013) who observed that a difference existed between the risk taking behaviour of male and female towards entrepreneurship. Also, finding of the study is in line with Adim and Poi (2021) who discovered in their study that there was a significant relationship between entrepreneurial risk-taking and performance of women entrepreneurs in Rivers

State. However, the outcome of the study contradicts Olatoye (2007) and Jones (2009) who discovered that gender has no influence on the risk taking behaviour of prospective entrepreneurs among high school students.

Finding of the study revealed that significant difference existed in the risk taking behaviour of undergraduates among different types of tertiary institutions in Ekiti State. The reason for the finding could be attributed to differences in the curriculum contents of different tertiary institutions in the State. Besides, the exposure of certain category of undergraduates to entrepreneurial activities could make them develop strong resistance to risk taking in business. The outcome of this study

#### **4. CONCLUSION**

From the findings of the study, it can be inferred that good relationship existed between risk taking behaviour and entrepreneurial aspiration of undergraduates in tertiary institutions therefore risk taking behaviour of undergraduates determines their entrepreneurial aspiration among other things. Also, it can also be concluded from the finding of the study that risk-taking propensity of female undergraduates was higher than their male counterparts. This implies that female undergraduates were willing to undertake entrepreneurial risks than their male counterparts. Perhaps, female undergraduates could not engage in sharp practices that are common with their male counterparts in a bid to live a fulfilled life.

#### **5. RECOMMENDATIONS**

Based on the findings of this study, the following recommendations were made.

1. Tertiary institutions in the country must ensure proper and adequate entrepreneurship education is given to all students in order to fully prepare and equip them to undertake any risk associated with entrepreneurial activities in future.
2. Better orientation should be given to male undergraduates to prepare them to face any challenge in business activities. They should equally inform that there is no short cut to success in life.
3. Students should be made to understand that the amount or proportion of risk which they are willing to undertake would to a large extent determine the scope and profit to be realised in business, all other things being equal.

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