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ENTREPRENEURSHIP EDUCATION AND RISK TAKING BEHAVIOUR OF NIGERIAN GRADUATES

Abstract:

The Federal Government of Nigeria wants every citizen to acquire functional, relevant, practical, and appropriate skills for developing competencies as equipment for the individuals to live and contribute to the development of the nation. This had lead to the introduction of Entrepreneurship Education at all level of education. Despite the importance of entrepreneurship education to Nigerian graduate upon graduation some graduate still finds it difficult to establish a business of their own because of fear of risk-taking involved. This paper discussed the relationship between entrepreneurship education and risk-taking behavior of Nigerian graduates upon graduation. The following points are mentioned in the article: entrepreneurship education, entrepreneur, attributes of an entrepreneur, entrepreneur risks and types of entrepreneur risks. Conclusion: to reduce the rate of unemployment among graduates in Nigeria, graduates must be willing to take a risk to establish their businesses. Recommendation: risk-taking attitude of students must change hence, they must develop a positive attitude towards risk-taking.

Keywords:

Risk-taking behavior, Entrepreneurship Education and Entrepreneur

JEL Classification: E24, L26, H50

Introduction

One of the functions of tertiary institutions across the country is the training and development of workforce that will develop the nation through the various sectors of the economy. Over the years, tertiary institutions have been producing graduates who had been engaged in different areas of the economy to developing the nation. A few decades ago, the observation is that, the number of graduates from various tertiary institutions in the country is too many compare to the available spaces that could absorb or engage those graduates in the productive sectors of the economy. This led to high rate of unemployment among graduates in the country. Although series intervention programmes were put in place to check this ugly trend, to no avail. The unemployment situation in the country has been responsible for high rate of crime in the society, which had accounted for the loss of lives of innocent people who would have contributed meaningfully to the development of the nation.

A few decades ago, in a bid to reduce the rate of unemployment among Nigeria graduates, innovation was introduced into the education curriculum called entrepreneurship education. The rationale behind this new idea is to ensure that each graduate can stand on his/her own and be self-reliant after graduation. Initially, entrepreneurship was design to be among courses to be offered by every student in tertiary institutions regardless, of their course of study. After that, entrepreneurship education was introduced as an academic programme in tertiary institutions. Weather entrepreneurship is to be offered as a course of study in university, the hope is that every student in tertiary schools is expected to acquire one practical skill during his/her course of study which he/she can use upon graduation to generate or create wealth to sustain himself/herself without necessarily relying on white-collar job that may not be forthcoming years after graduation. Given this topic, there is need to explain few basic concepts in this article.

Entrepreneurship Education

Entrepreneurship education is an education that provides training, experience, and skills that are suitable for entrepreneurial activities. It is a type of instruction that is aimed to equip students with understanding, information, attitude, and innovation to inspire entrepreneurial success in the variety of ways. To reduce the rate of graduates' unemployment, one important thing to do is to produce entrepreneurs through entrepreneurship education at all level of education in the country. Similarly, Osuafor, Okeke, and Nnorom (2010) viewed entrepreneurship education as education that prepares and equips an individual with those skills that will enable him/her start off a business for wealth creation and cope with its attendant financial risks. According to Onuoha (2007), entrepreneurship is the act of carrying out a series of actions that

produced something that people can find it interesting and use it as products. In the same vein, entrepreneurship is the ability to set up and efficiently manage an enterprise as different from being employed in paid employment (Nwokolo,2003). Entrepreneurship involves the acquisition of knowledge, the ability to use one's knowledge effectively and readily in the execution of new products and managerial competency for personal, sufficiency and self-reliance.

Who is an Entrepreneur?

For the sake of understanding, there is need to know who an entrepreneur is and his attributes. An entrepreneur refers to like somebody that possesses an enterprise or a business venture and is ready to be accountable for any risks in the business venture. He seeks to make use of any business opportunity which he takes an advantage and utilize it to his benefit. A successful entrepreneur must be innovative and full of ideas. He creates something from nothing. An entrepreneur organizes, operates and takes any risk of a business venture.

Attributes of entrepreneur

Below are some of the features expected of a successful entrepreneur to possess.

Decision making: An entrepreneur must be rational in decisions that could assist his business to thrive amidst various challenges in the economy.

Determination: An entrepreneur must be resolute and has a feeling of making it in his venture in the face of failure or loss arising from entrepreneurial activities.

Self-confidence: An entrepreneur must have confidence in himself. He must believe he can make it in the business. He must not allow the survival of his business to depend on others.

Organisation: An entrepreneur must be able to combine all available resources at his disposal to achieve the set objectives for the business. He must prevent wastage as much as possible given his limited resources.

Goal oriented: A successful entrepreneur must focus towards the goals he already set for the business. He must strive at all times to achieve the desired results at all times.

Tolerance for failure: An entrepreneur must not be afraid of failure in the course of carrying out his entrepreneurial activities. He should welcome bankruptcy when it comes and takes necessary actions to prevent future occurrence.

Hard work: An entrepreneur must not be a lazy person. He must be willing to put in his best and be diligent in doing his activities at all times.

Risk taking: A risk entails any situation involving picking a decision among available alternatives that the intending outcomes are unknown to an entrepreneur who is taking the risk. An entrepreneur is a risk taker therefore to succeed means taking a measured of risks. An entrepreneur face with both business and financial risks, but he must not afraid of choosing those for the survival of his business.

Entrepreneurial Risks

There is a considerable need to define the meaning of risk. (Forlani& Mullins, 2000) posited, risk shows the extent of mistrustfulness and the lent of deprivation which is as a result of involving in a certain action. Yates & Stone (1992) also opined that the element of risk construction could be identified possible destructions and the importance those loose. In the classical decision theory, a risk is most conceive as the reflecting variation in the distribution of possible outcomes. Entrepreneur risk is seen from the above as the process by which an entrepreneur takes little or no consequence, unimportant or worthless in the use of capital to invest in the variety of distributing of potential profit and lost in using his discretion.

Entrepreneurs are risk bearers because they are the people to bear financial risk, they are involved in the management of team of workers, the risk of unexpected hazard, and they also take personal risks which may be the detriment of their lives. It is obvious that almost all entrepreneurs are involved in various dangers so they can keep their line of business going. (Gartner, 1990) posited that it is quite clear that entrepreneurs put their whole career on the line in their pursuit of new and independent ventures. Every enterprise, big or small, faces one risk or the other at various stages of their business as long as they continue in the enterprise. The entrepreneur has to confront some challenges if they want to their business to grow because without involving in risk-taking it will be very difficult for them to know new trends in the line of their investment. Having in mind that there are competitors who are willing to take the risk. The moment an entrepreneur thinks of starting a business or ready to venture into enterprises, he begins to engage the risk by planning the various stages that will be involved in the course of the business, until he can achieve the aim of the venture. Every stage of business includes risk-taking. Entrepreneurship has been observed to be link with the concept of risk. Risk-taking behavior is one of functions of an entrepreneur. The ability of an entrepreneur to face risk will determine the degree of success in the business. The more an entrepreneur can involve risk the more his likely to be successful in his investment. Going into a new venture is like someone going into a dark forest without any knowledge of what will be there.

However, these observations are not believed by everyone because there is the bone of contention about this assertions, some people are of the opinion that there is no relationship between entrepreneur and risk-taking.

Types of Entrepreneurial Risks

Competitive Risk: This is a situation by which an entrepreneur faces the risk of competing with another competitor who is in the same type of business. Every business aside those that are monopolies face competition because other people in the same business are already established. At the beginning of every business, an entrepreneur faces this type of risk because there may be an existing establishment that is in the same venture earlier than the new one. The existing business might have gotten more customers and may be performing better than the new one; this may be a form of intimidation to the young entrepreneur. The entrepreneur faces this risk at the beginning of any business because it will take the entrepreneur some time to change the mind of customers who are already used to the old and existing business.

Technological Risk: This is a technology era, where businesses can only strive when moving on the fast track of technology, the pace at which a business moves with technology determines the levels of its success. Every business faces the risk of technology because what is new today may be obsolete tomorrow. An entrepreneur cannot forecast the future mind of customers. Some of the machines and equipment that are the best today may become old soon. There is the risk of human resources to operate the new gadget, when a new machine is purchase it is also necessary to get the skilled people to use it.

Political and Legal Risk: Entrepreneur in Nigeria faces this type of risk and that entrepreneur who also have business in another country other than Nigeria where there is no stable government policy. It is because of unstable politics that every entrepreneur faces this risk which may not allow the business environment to be conducive for operation. It is a common phenomenon in Nigeria, every come government with a different policy. Every government enacts different law and regulations at each of their tenures, few month ago in Nigeria, the government closed all borders leading to the country to stop the importation of foreign rice. Some entrepreneurs who are distributor of rice were having various difficulties doing their business during this period.

Economic Risk: This is a risk faced by an entrepreneur in a country where there is no stable economy. According to Okolocha (2017), the scenario in Nigeria today has not been rosy given the current economic situation which has brought in very high inflationary rate leading to a general rise in the price of goods and services and consequential fall in purchasing power, and the accumulation of internal and external debts.

Financial Risk: Entrepreneur faces financial risk in a various way, for instance when there is no accessibility to loan from a viable financial institution like banks, cooperative society, etc. either long or short-term loan. This type of risk is a constraint to the growth of business. Some financial institution that is ready to offer loans may do that with the high-interest rate which may not be favorable to the entrepreneur to borrow such money. There must be a viable source of capital for an entrepreneur to relied on whenever there is a shortage of finding to run a business successfully.

Employee Risk: Human resources is one of the areas an entrepreneur needs to consider. As human being is unpredictable, sometime an employee may be difficult to cooperate to work. An entrepreneur needs to employ capable hands to function effectively and efficiently for the successful running a business. Even if he has a very viable financial strength, there is a need for appropriate labor force who will work with an entrepreneur to be able to achieve the goal of business. Getting the right worker is a problem an entrepreneur faces because the right employee available to an entrepreneur determines the rate of output of any productions, because it either getting a right set of employee which leads to increase in production or another way which leads to low rate of production. To get the right set of worker is very imperative to an entrepreneur.

Strategic Risk: This is another risk that an entrepreneur face because he needs to strategies way out if there is any calamity of any kind, there should always be a way of substituting for another source. An entrepreneur cannot forecast the future because we live in a dynamic world where there is a lot of certainties. Nigeria is a country where the policy cannot be predicted. An entrepreneur should always be at alert and be current in an area of business to be able to be aware of any available opportunity to strategies if there is any unexpected or unforeseen circumstance.

Health and Safety Risk: The state of health of both employer and employee are very imperative to the smooth running of business. An entrepreneur must take into cognizance the health condition of workers. A production company must be establish in a conducive environment free from any hazard, There must be provision for necessary facilities, e.g. first aid box in case of any domestic accident, this will facilitate the worker to work without fear of any injuries, also good toilet and restaurant for the use of the worker in the office or within the organization. All category of the worker must be kept safe at all time from any work that can pose health challenges. The entrepreneur should also put into consideration the health of people living within the location of business e.g. the people must be free from air pollution, noise pollution, water pollution, etc. An entrepreneur must try as much as possible not to affect the health of people around his business location because those people living in the business area will later turn to be a customer to patronize the business.

Environmental Risk: This risk has to do with the environment where the entrepreneur operates or where the business is been locate. There are various ambient risks which the entrepreneur may not control. There are some climatic factors that an entrepreneur has little or no control over them, e.g. climate change, atmospheric condition, erosion, flood, etc. An entrepreneur must do a survey before locating his business. He must endeavor to site his enterprise in a proper location which will favor the business and be free from all sort of natural disasters like flood drought, climate change, etc. It is also necessary for an entrepreneur to be aware of a particular product that can be produce at a specific weather condition.

Operational Risk: This type of risk has to do with how an entrepreneur can successfully manage the business regarding machine, tools, and equipment. To avoid this risks an entrepreneur must be able to upgrade and keep up to date to meet up with the current trend in the business operation. The employee must be updated by regular training and retraining programmes like workshop, seminal and conferences this will enable the workforce to be relevant. According to Alabi (2000) who posited that for an employee to relevant within an organization there is need for in-service training which would inculcate in the employee, the knowledge, skills, and the confidence in originating new ideas as to how best to carry out the tasks in the job.

Connection between entrepreneurship and risk-taking behavior

This is the process of impacting the necessary information, attributes, skills, competencies, understanding, and knowledge into individual students which will equip them to be innovative and to be able to identify, create, initiate and successfully manage their business. On the other hand, risk-taking behavior means an intention to engage in an action that can be harmful or dangerous, to a person, at the same time the act can also provide the opportunities that is perceive as the positive outcome. (Mehdi & Hamid, 2011) Since the introduction of entrepreneurship education into the education curriculum more than a decade ago, it is observe that there is no solution to the rate of unemployment among graduates in Nigeria because there are thousands of graduates that could not establish their businesses even when all needed skills to do it is acquired during study at the various level of schooling.

The attitudinal disposition of students upon graduation towards taking risks to establish their businesses is still very low. Observation revealed that many students given economy situation do not contemplate of settling for small-scale businesses to create wealth for themselves rather their aspiration most of the time is to finish their studies and engage by companies that will pay them millions of naira coupled with the use of exotic cars. It was also observed that majority of students do not want to start their career in life from the humble beginning and as well thinking of engaging in entrepreneurial activities

due to risks that associated with it. Similarly, the idea of “getting rich quick syndrome” is also affecting the risk-taking behavior of students towards entrepreneurship.

Conclusion and Recommendations

The risk-taking behavior is central to entrepreneurship. There is a general believe that the extent of risk which an individual can undertake to a large extent would determine the proportion of his success in the business. It implies that those who can take risk would make it better than those who are willing to take smaller risk all things being equal. Also, Nigerian students need to understand that government alone cannot provide them with the required number of jobs; therefore some of them must engage in entrepreneurial activities to create jobs and reduce the rate of unemployment in the country. However, to reduce the rate of unemployment among graduates in Nigeria, graduates must be willing to take the risk to establish their businesses. Risk-taking habit of students must change. Hence, they must develop the positive attitude towards risk-taking. Again, since there is a link between entrepreneurship and risk-taking behavior, there is need to re-orientate students to the effect that taking risk would do them no harm but it would help them to overcome several challenges of life and make them self-reliant.

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