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DOI: 10.1177/0972150915610667

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# Barriers to Business Start-up among Tanzanian University Graduates: Evidence from the University of Dar-es-salaam

Global Business Review  
17(1) 16–37  
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SAGE Publications  
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DOI: 10.1177/0972150915610667  
<http://gbr.sagepub.com>  


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## Abstract

This article assesses barriers to business start-ups among university graduates by drawing evidence from the University of Dar-es-salaam. A cross-sectional research design was used with a sample comprising 308 graduates and 10 key informants. Data was collected using a structured questionnaire and key informant interview checklist and were analysed using the Structural Equation Modeling (SEM) whereby confirmatory factor analysis was performed using Analysis of Moment Structures (AMOS) and the Statistical Package for Social Sciences (SPSS) software. Pearson's chi-square was used to test whether graduates who had not studied entrepreneurship and those who had studied entrepreneurship reported different start-up barriers. It was found that inappropriate teaching methods, lack of business experience, deficiencies in the university programmes, commitments on extended families and bureaucratic tendencies had greater contribution to hindering business start-ups. It was concluded that entrepreneurship study influenced the way graduates perceived the barriers; it was observed that graduates who studied entrepreneurship reported different start-up barriers from those reported by their counterparts. The results were statistically significant at  $p\text{-value} < 0.05$ . Higher learning institutions should adopt competent based curricula in order to impart necessary business skills to students and use the business apprenticeship approach while students are still on studies.

## Keywords

Entrepreneurship, business start-up barriers, university graduates, confirmatory factor analysis, Tanzania

## Introduction

Graduate entrepreneurship around the world is increasingly being viewed as a vital source of competitiveness and the engine for economic growth and development (Nabi & Holden, 2008; Smith &

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Beasley, 2011). It is extremely important in developing countries such as Tanzania whose economy is largely dependent on public sector employment and is lacking the critical mass of new start-ups. Nabi and Holden (2008) further articulate that higher education (HE) today is producing an ever-increasing number of graduates, and this is why the government policy in many countries seek to promote business start-up as a viable career option. For example, studies conducted in the UK, South Africa, Malaysia, the European Union and Tanzania have all shown that encouraging graduates to pursue entrepreneurship is a top government agenda in these countries, and is in line with regional economic growth targets (Anuar, Nasir, Rahman & Sadek, 2013; Ebewo & Shambare, 2012; European Commission, 2008; Fatoki & Chindoga, 2011; Fielden, Davidson & Makin, 2000; Makgosa & Ongori, 2012; Mwasalwiba, Dahles & Wakkee, 2012; Nabi & Holden, 2008; Sandhu, Sidique & Riaz, 2011; Shambare, 2013).

The entrepreneurship education agenda in universities therefore is viewed as a catalyst for stimulating entrepreneurial intentions (EIs; Global Entrepreneurship Monitor, 2011; Pr e, 2009; van der Walt & van der Walt, 2008). Lekoko (2011) asserts that the HE system plays a critical role in developing entrepreneurs, where universities have the potential to promote entrepreneurial capacities, shape enterprising minds and, more importantly, stimulate EIs. To sum up, there is a strong global drive towards encouraging a greater proportion of students to consider and pursue venture creation as an alternative graduate career path (Kubegeya, 2010; Lee, Chang & Lim, 2005; Lekoko, 2011; Nabi & Holden, 2008). For instance, Pradhan and Nath (2012) emphasize that in India needs to develop entrepreneurs out of the young generation and lead them to choose self-employment as a career option. This is because business start-up plays a central role in job creation; many countries in the world, especially those within the sub-Saharan African region, depend on entrepreneurial activities such as small business creation to tackle unemployment (Tayari, 2010).

Unemployment is a serious developmental problem in Tanzania, especially among graduates. Unemployment in the country is accelerated by the imbalance between the supply and demand for labour in the labour market, increasing pressures of urban employment with the outflow of rural surplus labour to non-agricultural sectors and the increased number of new entrants in the labour market. For example, Mcha (2012) estimates new entrants into the labour market each year from colleges and universities countrywide to be 800,000–1,000,000, whereas United Republic of Tanzania (URT) (2010) estimates annual new job vacancies from both public and private sectors to be 630,000, with the private sector being the main contributor. Consequently, from 2001 until 2011, Tanzanian unemployment rate averaged at 11.9 per cent, reaching an all-time high of 12.9 per cent in December 2001, and a record low of 10.7 per cent in October 2011 (URT, 2011). Deloitte (2013) reports that Tanzania's unemployment rate stood at 11.7 per cent in 2012. According to Rweyemamu (2013), unemployment rate in Tanzania is higher than that in Uganda, which in 2012 stood at 4.6 per cent, but lower than Kenya's (40 per cent), Burundi's (35 per cent) and Rwanda's (30 per cent). Regardless of this, unemployment in Tanzania remains a constant threat to socio-economic development, as it is higher than the tolerable rate of 4–6 per cent (Prachowny, 2002).

Despite the challenges brought by unemployment, very few graduates in many countries are willing to engage in entrepreneurship (Katundu & Gabagambi, 2014; Kubegeya, 2010; Mwasalwiba et al., 2012; Olomi & Sabokwigina, 2010). The emerging trend of university graduates' lack of interest and inability to engage in entrepreneurial activities is fast becoming a global problem (Global Entrepreneurship Monitor, 2011; Makgosa & Ongori, 2012); it is most severely experienced in developing countries where both poverty and unemployment are very high (Shambare, 2013). Regarding graduates lacking interest in entrepreneurship, van der Walt and van der Walt (2008) caution that, even though there is a strong correlation between tertiary education and the propensity to engage in entrepreneurship activities,

acquiring university education does not necessarily convert an individual into an entrepreneur. A significant number of graduates prefer the guaranteed income of formal employment, as opposed to the risks associated with entrepreneurship (Ebewo & Shambare, 2012; Makgosa & Ongori, 2012).

Low numbers of business start-ups have also been reported among Tanzanian university graduates. Mwasalwiba et al. (2012) report falling rates of graduates' business start-up in Tanzania, despite efforts in teaching entrepreneurship at universities. Kubegeya (2010) further argues that the idea of being an employer as one completes college or university education is still alien to the majority of Tanzanian university students. After three or four hard years on campus, many can only dream of seeking opportunities with already established firms within various towns and cities in the country. Shambare (2013) argues further that graduates still show very little interest in becoming entrepreneurs, even in the face of policies and programmes aimed at promoting entrepreneurship. In view of this disparity, it is important to understand what drives students and graduates to explore business start-up, what constraints are likely to be encountered during the early stages of graduate business start-up and what support systems can be put in place to increase the likelihood of their conversion into established businesses with growth potential. This article assesses barriers to business start-up among university graduates in Tanzania, taking the university of Dar-es-salaam as a case in point. It further seeks to establish whether graduates who studied entrepreneurship during their undergraduate studies have different perceptions on barriers to business start-up, compared with those who did not study entrepreneurship. The following research question was investigated: 'What barriers mostly discourage Tanzanian university graduates from engaging in entrepreneurial activities?' In order to respond to this question effectively, a comparative analysis between graduates who had studied entrepreneurship and those who had not studied entrepreneurship was performed first to determine whether the reported barriers differed between the two cohorts. Disaggregating graduates into these two cohorts provides useful means to assess whether graduates in the two clusters require different types of support and assistance. It helps the responsible authorities in planning which support should be given to which group and when.

To address the research question, this article is structured into six main sections. The first section introduces the article with some background on global graduate entrepreneurship. The second section presents a review of barriers to business start-up, under the assumption that the success or failure of any person to start and own businesses is often reliant on overcoming a series of potential barriers. The theory of planned behaviour (TPB) which informs this study is discussed in section three and the methodology is discussed in section four. This section details sampling procedures, data collection tools and methods, as well as data analysis techniques. The fifth section presents and discusses key findings pertaining to business start-up barriers among university graduates in Tanzania, while conclusions and recommendations are discussed in the sixth section. It is expected that, by identifying business start-up barriers as experienced by university graduates in Tanzania, this article will inform policymakers (at both local and central government levels) on how to formulate actionable strategies, and universities in designing appropriate curriculum that could better respond to the obstacles.

## Literature Review

The success or failure of university graduates to start and own businesses is often dependent on overcoming a series of potential barriers, for instance, securing sufficient financial backing, adequate and appropriate guidance and training (Anuar et al., 2013; Ebewo & Shambare, 2012; EC, 2008; Fielden et al., 2000; Kusi, 2010; Kwong, Brooksbank & Jones-Evans, 2007; Lee et al., 2005; Lekoko, 2011; Makgosa & Ongori, 2012; Nabi & Holden, 2008; Shambare, 2013; Smith & Beasley, 2011; Yaghoubi,

2010). Literature has shown that resources, especially financial resources, are the universal need of entrepreneurs to start a venture. Lack of financial resources is the biggest hurdle in establishing a new firm (Atieno, 2009, Pretorius & Shaw, 2004). At the initial stage, entrepreneurs need financial assistance from internal as well as external sources in order to survive and prosper.

Lack of funds is a major barrier in making intention for entrepreneurship (Fatoki, 2011). In developing countries, having personal and family savings is not a trend and there are also great difficulties in acquiring financial assistance (Lingelbach, de la Vina & Asel, 2005). As cultural and social factors are important predictors for individuals in shaping their lives, they are also equal influencers in promoting EIs and culture (Kreiser, Marini & Weaver, 2001). The social and cultural differences between different nations are important sources of determining entrepreneurial activities and development. A sociocultural environment where entrepreneurship is valued and failure is regarded as an imperative feature of learning and development, rather than a cause of stigma, will produce some fertile results for developing entrepreneurship (Thomas & Mueller, 2000).

Smith and Beasley (2011), for instance, investigated factors which influenced seven graduates in the creative and digital industries to start their own businesses in Barnsley, South Yorkshire, UK—an area with lack of employing establishments and locally registered businesses. They used questionnaires and semi-structured interviews to identify the constraining and enabling factors graduates may encounter when attempting to start a business, and they also explored the impact of support provided. The perceived constraining factors were lack of general business knowledge, contradictory advisory support from external agencies, lack of sector-specific mentors and the lack of finance and experience of familial entrepreneurship. Likewise, lack of awareness about government facilities and support, female role in the society and lack of social networking can become sources of unfavourable intention (Chigunta, 2002; Maas & Herrington, 2006; Mian & Qureshi, 2010; Sandhu et al., 2011).

A study by Shambare (2013) assessed barriers to student entrepreneurship in South Africa. He surveyed 235 university students and collected their views using self-administered questionnaires, and studied them using cluster analysis. He found the following entrepreneurship barriers: inappropriate syllabi and content. According to the author, for the course content in any education setting to be useful, it should be in line with the economic realities of the country. At a micro-level or individual level, the syllabus must be comprehensive enough to prepare individual students to acquire practical entrepreneurial skills and knowledge. Ideally, a business management student, upon graduation, should be sufficiently qualified to draft a decent business plan. The reality is that university graduates are not only ill-prepared for business but also often not even qualified enough for the labour market. Clearly, this indicates inappropriate educational content in the area of entrepreneurial education. Another barrier, according to Shambare (2013), is inappropriate teaching methods. Universities appear to drag their feet in proactively developing student-driven businesses. He further argues that students' lack of exposure to entrepreneurial concepts and realities within the South African context can be defined in two distinct ways. First, as a result of widespread poverty, students often come from very poor backgrounds and are generally not exposed to the wider world around them. In addition, because of the apartheid legacy, black students' EIs are 50 per cent lower than those of other ethnic groups. Second, as a result of apartheid and the Bantu education system, universities today are enrolling ill-prepared students. This, coupled with under-funded and under-resourced universities, means that many universities cannot afford to provide the appropriate training to increase students' exposure.

Lack of willingness to take risk and fear of failure are important barriers as well. In Pakistan, 27.73 per cent of the working-age population has clarified that the fear of failure stops them from thinking about being their own boss, which is better, compared to many other countries (Mian & Qureshi, 2010). Mwasalwiba et al. (2012) studied graduate entrepreneurship in Tanzania, contextual enablers and

hindrances. The authors employed story-telling interviews as a strategy of data collection. They found that the lack of start-up capital, inhibitive banking and taxation, issues of trust, poor technology, corruption and cheap imports from countries such as China discourage graduate entrepreneurs' business ventures.

Entrepreneurial education, relevant business skills, knowledge and training can significantly improve EI (Schröder, 2005). Similarly, Charney and Libecap (2000) found that entrepreneurial education and training have a significant role in boosting risk taking ability, introducing a new firm and the intention of being self-employed. Confidence about managerial competency and skills make it easier to develop the intention of having one's own business (Peterman & Kennedy, 2003). Mian and Qureshi (2010) have revealed that lower human skills development, professional management and educational support are the key elements of a weak entrepreneurial culture in Pakistan.

Baena (2012) observed that developing countries like Pakistan face some serious variation in inflation, interest rate, exchange rate, import, aggregate demand and investment. All of these unfavourable economic situations result in a negative impact and latent entrepreneurship. Likewise, Ali, Tajddini, Rehman, Ali and Ahmed (2010) found that political instability has a negative correlation with EI. Mollentz (2002) also asserted that market issues and demand for products have a positive impact on the growth and progress of new ventures.

It can be argued that the barriers to entrepreneurship are in many forms and defining a situation as a barrier is context specific. There are slight similarities and differences in some of the findings obtained from these studies. The differences may be attributed to differences in study designs and the general context in which each study was conducted. For example, Mwasalwiba et al. (2012) not only studied Tanzanian graduate entrepreneurs but also emphasized on the lack of start-up capital as the main impediment to starting a business firm in Tanzania. By studying only graduates who had ventured into entrepreneurship, the scholars ignored views from those who never established firms.

The reviewed studies on graduate entrepreneurship seem to converge on the notion that the lack of finance or start-up capital is the main barrier to business start-up. This study sought to establish that is indeed the case in Tanzania, as the Tanzanian context or environment varies significantly from that of other countries, such as South Africa, Malaysia, Pakistan or the UK, and because there have been few studies on graduate entrepreneurship in Tanzania. Bearing in mind that the only study conducted in Tanzania (Mwasalwiba et al., 2012) exclusively investigated graduate entrepreneurs, there was a need to critically study what discourages Tanzanian graduates from engaging in entrepreneurship—both graduates who were trained in entrepreneurship and those who never got an entrepreneurship training perspective. This will help establish whether graduates from different training backgrounds perceive similar obstacles to business start-up or otherwise. This will further help to bring to light possible areas for policy interventions, including the type of training required and university-led business support, which need to be enhanced. From the reviewed studies, the following seven hypotheses can be formulated:

1. *There is a significant relationship between teaching methods and interest in business start-up among Tanzanian university graduates.*
2. *There is a significant relationship between government support and interest in business start-up among Tanzanian university graduates.*
3. *There is a significant relationship between business experience and interest in business start-up among Tanzanian university graduates.*
4. *There is a significant relationship between start-up capital and interest in business start-up among Tanzanian university graduates.*

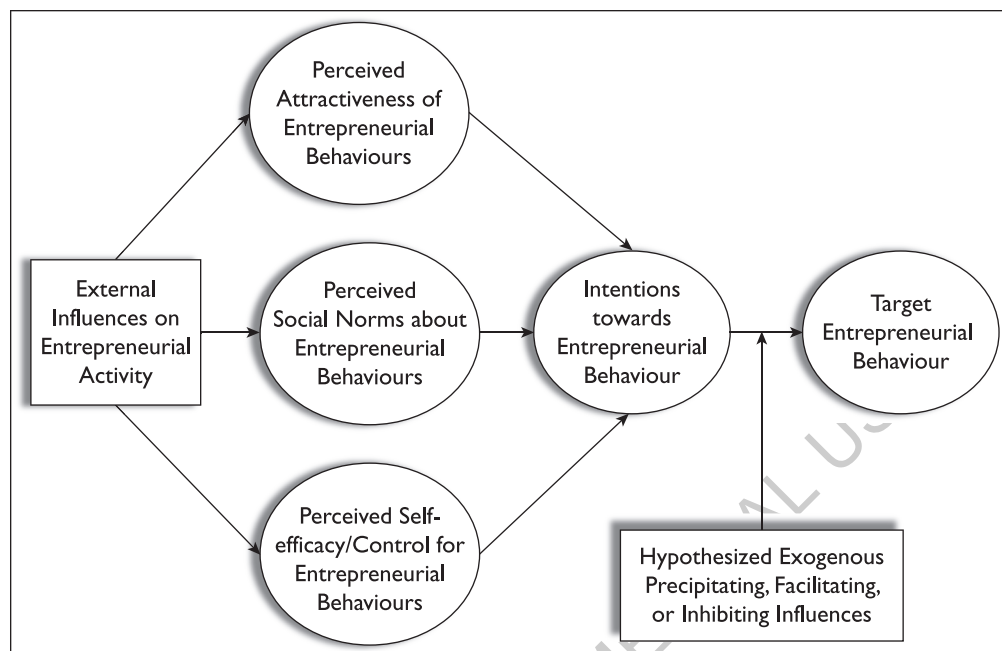
5. *There is a significant relationship between university programmes and interest in business start-up among Tanzanian university graduates.*
6. *There is a significant relationship between fear of failure and interest in business start-up among Tanzanian university graduates.*
7. *There is a significant relationship between social networking and interest in business start-up among Tanzanian university graduates.*

## **Using the Theory of Planned Behaviour to Assess Business Start-up**

This article is informed by the TPB, which has been frequently used in studying EI or in the intention of starting a business (Carr & Sequeira, 2007; Sahinidis & Vassiliou, 2013). The theory was propounded by Ajzen in 1988 and improved in 1991 (Ajzen, 1988, 1991). In his theory, Ajzen (1988) holds that attitudes towards behaviour are evaluated within the context of subjective norms and perceived behavioural control (PBC). With respect to PBC, individuals assess their ability regarding the difficulty/ease in performing a given behaviour. This assessment is reflective of past experience, and it is based on perceptions about resource availability and anticipated obstacles (Carr & Sequeira, 2007). This theory assumes that human social behaviour is reasoned, controlled or planned, in the sense that it takes into account the likely consequences of the considered behaviour (Ajzen & Fishbein, 2000; Fayolle, Gailly & Lassas-Clerc, 2006).

The underlying assumption of the theory is that behaviour is under volitional control, and therefore, the latter can predict the former (Ajzen, 2005; Krueger, Reilly & Carsrud, 2000). Ajzen (1991) proposed that the antecedents of intention, namely, personal attraction to the behaviour, subjective norms and PBC explain much of the variance in EI, which in turn explains a significant amount of behavioural variance. Personal attraction (PA) to entrepreneurship refers to the degree a person desires to follow an entrepreneur's career, or, in this article, to the desirability of creating a new business (Fini, Grimaldi, Marzocchi & Sobrero, 2009). Perceived behavioural control is the perception of how easy it is for a person to become an entrepreneur (Liñán & Chen, 2009), or to create new value (Fini et al., 2009), a concept similar to self-efficacy and to perceived feasibility (Krueger et al., 2000). The third antecedent of intention, the social norms and valuations (SNV), is a basic element of the TPB, aiming to assess the impact of the social surroundings of an individual on his/her intention of starting a business, though several researchers did not use it (Sahinidis & Vassiliou, 2013).

The TPB is relevant in explaining barriers to business start-up because it remains open to the influence of exogenous factors that may play a role in the development of beliefs and attitudes (Fayolle et al., 2006). It explains the relationship between behavioural intentions and the actual behaviour of an individual. According to previous studies (Ahmad & Xavier, 2012; Aldrich, 2000; Chowdhury, 2007; Sandhu et al., 2011; Shambare, 2013; Taormina & Lao, 2007; Yaghoubi, 2010), entrepreneurship is a function of external factors and internal psychological factors. The psychological factors and external factors reported by the researchers are: aversion to risk, fear of failure, aversion to stress and hard work, lack of social networking, lack of resources, inadequate financial support, bureaucracy, inconsistency of government policies, lack of entrepreneurial education at the tertiary level, inadequacy of entrepreneurial training, political instability, corruption, inadequate infrastructural facilities, lack of education and training and inadequate financial help. According to Fayolle et al. (2006), Krueger and Carsrud (1993) were the first to apply the TPB to the field of entrepreneurship by trying to make the Ajzen (1991) model compatible with other theoretical frameworks, especially that of Shapero and Sokol (1982). Their final model is presented in Figure 1.



**Figure 1.** Assessing Barriers to Business Start-up Intentions Using the Theory of Planned Behaviour

Sources: Krueger and Carsrud (1993) and Fayolle et al. (2006).

## Methodology

This study involved graduates from the university of Dar-es-salaam. The university of Dar-es-salaam was selected for this study because of its long-standing training in entrepreneurship, compared with other universities in the country, where entrepreneurship training is still at a stage of infancy. A cross-sectional design was employed in gathering information, where a self-administered questionnaire and key informant interviews were applied in collecting data. A cross-sectional design was preferred because of many reasons: One, as the design is an observational one, it was helpful in observing various variables; this means that the respondents' information was recorded without manipulating the study environment. Two, it was appropriate in comparing different study groups (e.g., those who had studied entrepreneurship and those who had not) at a single point in time (a snapshot). Three, the design allowed for a comparison between many different variables at the same time. For example, status of entrepreneurship study, fear of failure, lack of social networking, risks associated with entrepreneurship, lack of business experience, limited start-up capital, lack of government support and inappropriate teaching methods in relation to business start-up. Four, limited resources such as finance and time were available to pursue the research. This design was preferred as it supported a variety of analytical techniques, including quantitative and non-quantitative analyses. Questionnaire and key informant interviews were administered differently with the questionnaire preceding the key informant interviews because the former was the main method of data collection and involved a large sample, compared to the latter.

The University of Dar-es-salaam Business School (UDBS), former Faculty of Commerce and Management (FCM), and the College of Arts and Social Sciences (CASS), former Faculty of Arts and Social Sciences (FASS), were purposively selected. The UDBS was included in this study



because it was among schools where entrepreneurship courses had been mainstreamed into the degree curricula, whereas in the CASS, the entrepreneurship courses had not been mainstreamed into degree curricula. The UDBS graduates formed the experimental group, while the CASS graduates were the control group. For this purpose, it was necessary to assess whether or not perceived barriers to business start-up differed among the two cohorts.

The sample involved respondents who had graduated from the academic year 2000/2001 to 2010/2011. The sample size was of 308 graduates, out of whom 119 were selected from the UDBS graduates and 189 were selected from the CASS graduates. Among the respondents, 27 per cent were females, while 73 per cent were males. Most respondents (54.5 per cent) were married, while 42.5 per cent were single and 2.3 per cent were widowed. A sample size is normally determined by three things: the confidence level, the margin of error and the skewness level (Dodhia, 2007; Naing, Winn & Rusli, 2006). It was calculated using the Raosoft sample size calculator (RSSC), which among other things, determines confidence level, margin of error and skewness level. The sample size was considered adequate at 95 per cent confidence interval, 5.5 per cent margin of error and 50 per cent skewness level. It is important to note as well that this sample size represents a 64.2 per cent response rate, because the initial sample size was 400, but unfortunately, 92 respondents did not complete and return the questionnaire. In addition, 10 key informants were interviewed. In selecting the key informants, the first few experts working in the field of entrepreneurship were consulted to recommend the most informative, experienced and analytical individuals. Then, informants who had been recommended by more than one expert were selected which increased the likelihood that the informants would be useful for the study. In this regard, the key informants who had good knowledge about Tanzanian entrepreneurship development, education and unemployment issues were chosen. Out of the selected key informants, six were entrepreneurs and four were entrepreneurship experts (see Table A1). Information gathered through these interviews was used to triangulate the information obtained through the questionnaire. The interviews were conducted face-to-face, where each interview took about 1 hour and were also recorded on tape.

Systematic random sampling (SRS) was used to get the required sample size. First, a list of graduates was obtained from the UDBS and CASS. Then, the sampling interval or the  $k$ th element was determined in each list using the formula  $k = (\text{population size}/\text{sample size})$ . From the UDBS list, the  $k$ th element was obtained by dividing 2436 by 119, which is approximately equal to 20, and from the CASS it was obtained by dividing 6889 by 189, which produced 36. Thereafter, the first element from each list was randomly chosen from within the first to the  $k$ th element, that is, from UDBS, the first element was chosen among the first 19 elements and, from CASS, it was picked from among the first 35 elements. This was made possible by writing the serial numbers of the graduates (1–19 for UDBS and 1–35 for CASS) on a separate piece of paper and then folded. The folded papers were then mixed up, and then one was picked from each cluster. The remaining 306 (118 UDBS and 188 CASS) were picked systematically after each 20th and 36th elements, respectively.

The graduates' contacts were obtained from the university alumni department. Sampled graduates whose contacts were missing in the alumni list were eliminated from the sample and the SRS was repeated. Fortunately, only 23 sampled graduates (nine from CASS and 14 from UDBS) had their contacts missing. The graduates were called on the telephone before being physically contacted, in order to ascertain their availability. Only the graduates who were living within the country were involved in the study. The SRS was repeated in order to replace the sampled graduates who were not alive or were not living in the country at the time of this study. Luckily, none of them was deceased, but seven of them (two from CASS and five from UDBS) were not living in the country.

The gathered quantitative data were analyzed using the structural equation modelling (SEM), whereby confirmatory factor analysis was performed using analysis of moment structures (AMOS) and the Statistical

Package for Social Sciences (SPSS) software. Confirmatory factor analysis involves the specification and estimation of hypothesized model of factor structure being measured by latent variables to account for covariances among a set of observed variables (Sabharwal & Soch, 2011). In order to consistently identify and measure barriers to entrepreneurship as experienced by university graduates, the authors drew insights from past research (Ahmad & Xavier, 2012; Ebewo & Shambare, 2012; Global Entrepreneurship Monitor, 2011; Makgosa & Ongori, 2012; Sandhu et al., 2011; Shambare, 2013; Yaghoubi, 2010). Out of these studies, Shambare (2013) barrier to entrepreneurship model was considered to be the most relevant in explaining the Tanzanian context under the study. For that reason, specified barriers described in the study were incorporated with those from Ahmad and Xavier (2012), Sandhu et al. (2011) and Yaghoubi (2010); from this, a set of theoretical entrepreneurship barriers was developed (into a questionnaire for this study) and subsequently tested. The questionnaire consisted of three sections, namely, sections A, B and C. Of great importance to this article is section B, which presented questions on barriers to business start-up. This section had 13 questions measuring the identified barriers (inappropriate teaching methods, lack of business experience, limited start-up capital, deficiencies in the university programmes, fear of failure, lack of government support and lack of social networking). The section also provided an opportunity of listing any other important factor(s) that the respondents felt were not captured by the questionnaire. In this regard, barriers such as bureaucratic tendencies, commitments to extended families, market constraints, risks associated with entrepreneurship and insufficient information on entrepreneurial opportunities were included in the model and tested. The instrument was tested for internal consistency using Cronbach's alpha ( $\alpha$ ) coefficient. A Cronbach's alpha of 0.670 was obtained, indicating an acceptable reliability measure for the questionnaire. It was also prudent to test both content and face validity. The former was assured by means of a comprehensive literature review; the latter through consultative discussions with practicing entrepreneurs and academics (Shambare, 2013).

Pearson's chi-square was used to test whether graduates who had not studied entrepreneurship and those who had studied entrepreneurship reported different start-up barriers. Qualitative data were analyzed using ethnographic content analysis (ECA). The ECA was used to supplement the quantitative analysis, which was the main method. First, qualitative information from key informant interviews was transcribed. From these transcriptions key themes, concepts or phrases related to barriers to business start-up were identified. Abbreviated codes such as few letters, words or symbols, were assigned to key themes such as experience, capital, government support and start-up information. This helped to organize the data into common themes that emerged in response to dealing with specific items. These themes were later organized into coherent categories, which summarize barriers to business start-up among graduates. Qualitative information was then integrated with the quantitative information to provide a meaningful conclusion.

However, the study had some limitations. First, the findings are based on self-reported responses of the respondent. Hence, there may be respondent's bias, which might affect the reliability of the results. Second, the study did not consider cultural variations of graduates as they were scattered all over the country, and hence, culture might have some influence on the way they had perceived entrepreneurship. Third, is the time lag effect. The sample consisted of graduates who had graduated in 2011 as well as those who had graduated 10 years previously. The time lag might have affected the way graduates perceived entrepreneurship barriers. Besides, over the years after graduation, one might have gained entrepreneurial skills. The impacts of self-reported responses and the time lag effect were minimized through triangulation of data, whereby key informant interviews were used to verify data collected from respondents. To control the influence of culture, forced-choice items were applied. This technique generated questions that were equal in desirability to control responses in one direction or another. Regardless of these limitations, this study is still important, because identifying business start-up barriers will inform policymakers about formulating actionable strategies and designing appropriate policies to respond to the obstacles.

## Analysis

The study found that 49.7 per cent of all interviewed graduates had at one time tried to establish firms. Out of them, 22.7 per cent of the firms were flourishing and 27 per cent were not. It is important to note as well that 22 per cent of those who had studied entrepreneurship had reported to have set up their own businesses and perceived that they were successful, compared with only 14.4 per cent of those who had not studied entrepreneurship.

It was further found that graduates who had not studied entrepreneurship had ranked commitment to extended families (77.8 per cent), limited start-up capital (75.3 per cent), risks associated with entrepreneurship (65.3 per cent), insufficient information on entrepreneurial opportunities (61.7 per cent) and deficiencies in the university programmes (61.3 per cent) as the five most inhibiting factors to business start-up. However, graduates who had studied entrepreneurship ranked lack of social networking (49.6 per cent), lack of business experience (44.5 per cent), market constraints (43.0 per cent), lack of government support (42.3 per cent) and bureaucratic tendencies (40.2 per cent) as the most restraining factors (Table 1). Besides, the results had a Pearson's chi-square of 63.231 at  $p$ -value  $<0.05$ , which suggests that there was statistically significant association between the status of entrepreneurship study and the reported start-up barriers, that is, graduates in the two cohorts reported different start-up barriers.

**Table 1.** Business Start-up Barriers as per the Status of Entrepreneurship Study

Start-up Barriers	Status of Entrepreneurship Study					
	Had Not Studied Entrepreneurship		Had Studied Entrepreneurship		Row Total	
	Count	Row $n$ %	Count	Row $n$ %	Count	Row $n$ %
Commitments to extended families	161	60.3	106	39.7	267	100.0
Insufficient information on entrepreneurial opportunities	163	61.7	101	38.3	264	100.0
Deficiencies in the university programmes	155	61.3	98	38.7	253	100.0
Bureaucratic tendencies	150	59.8	101	40.2	251	100.0
Fear of failure	150	60.0	100	40.0	250	100.0
Lack of social networking	68	50.4	67	49.6	135	100.0
Risks associated with entrepreneurship	81	65.3	43	34.7	124	100.0
Lack of business experience	50	55.5	40	44.5	90	100.0
Market constraints	49	57.0	37	43.0	86	100.0
Limited start-up capital	64	75.3	21	24.7	85	100.0
Lack of government support	41	57.7	30	42.3	71	100.0
Inappropriate teaching methods	40	60.6	26	39.4	66	100.0
No barriers at all	10	71.4	4	28.6	14	100.0
Pearson chi-square						63.231
Df						12
$p$ -value						0.000

**Source:** Authors' own findings.

**Notes:** (1) The survey question leading to this analysis allowed multiple responses; hence, the total number of observations (count) exceeds the sample size.

(2) Barriers are arranged according to the total number of counts in each row.

These findings may be attributed to differences in the type of training the graduates in the two clusters had. The majority of those who had studied entrepreneurship were practicing entrepreneurs; they had accumulated experience, which might have helped them view the barriers differently, compared with those who had not studied the discipline. However, the contribution of each factor was tested, and is presented and discussed in detail in the following subsection.

In order to best assess barriers that mostly discourage Tanzanian university graduates from engaging in entrepreneurial activities, the goodness of fit for the model was first assessed and the following model fit statistics were produced: First, the root mean square error of approximation (RMSEA) was recorded at 0.041 and  $p$  of Close Fit at 0.659. Other statistics included the normed fit index (NFI; 0.983), the relative fit index (RFI; 0.980) and the incremental fit index (IFI; 0.987). Furthermore, the model had the Tucker Lewis index (TLI) of 0.974; the comparative fit index (CFI) of 0.965; as well as chi-square minimum discrepancy (CMIN) of 381.154 and the CMIN/degrees of freedom (DF) recorded at 0.958. All of these model fit measures were within the acceptable range, indicating a good fit.

It was also found that out of the seven hypothesized factors, six (inappropriate teaching methods, lack of business experience, limited start-up capital, deficiencies in the university programmes, lack of government support and lack of social networking) had the greatest contribution in inhibiting business start-up. Their factor loadings ranged from  $-26.533$  to  $-153.768$ . The results were statistically significant at  $p$ -value  $<0.05$ . Hence, the hypotheses related to these six variables are unconfirmed. Other factors that were not hypothesized but were found to be statistically significant at  $p$ -values  $<0.05$  and having a bigger contribution in restraining business start-up among graduates included: commitment to extended families ( $-135.505$ ), bureaucratic tendencies with loadings of  $-132.134$ , insufficient information on entrepreneurial

**Table 2.** Regression Weights: (group number 1: default model)

		Estimate	S.E.	C.R.	$p$ -Value
No barriers at all	← Business start-up	1.000			
Inappropriate teaching methods	← Business start-up	-153.768	47.443	-2.506	0.000
Lack of business experience	← Business start-up	-147.725	10.805	-2.715	0.000
Deficiencies in the university programmes	← Business start-up	-135.548	51.384	-2.638	0.008
Commitments on extended families	← Business start-up	-135.505	51.368	-2.638	0.008
Bureaucratic tendencies	← Business start-up	-132.134	50.108	-2.637	0.008
Lack of social networking	← Business start-up	-84.605	15.470	-1.725	0.004
Limited start-up capital	← Business start-up	-63.323	10.696	-2.311	0.003
Insufficient information on entrepreneurial opportunities	← Business start-up	-42.023	18.501	-2.271	0.002
Lack of government support	← Business start-up	-26.533	15.082	-1.759	0.007
Market constraints	← Business start-up	-6.521	13.186	-0.607	0.588
Risks associated with entrepreneurship	← Business start-up	-5.326	9.833	-0.542	0.009
Fear of failure	← Business start-up	-1.243	10.864	-0.114	0.909

**Source:** Authors' own findings.

**Notes:** (1) Goodness of fit indices: RMSEA = 0.041 and PCLOSE = 0.659; NFI = 0.983; RFI = 0.980; IFI = 0.987; TLI = 0.974; CFI = 0.965; CMIN = 381.154 and CMIN/DF = 0.958.

(2) Factors are arranged according to their number of estimate.

opportunities (-42.023) as well as fear of risks associated with entrepreneurship (-5.326). Market constraints and the fear of failure had  $p$ -values  $>0.05$ . Therefore, they were not statistically significant, implying they are not suitable in explaining business start-up among Tanzanian graduates. As a result, the null hypothesis related to the fear of failure factor is confirmed. The barriers presented in Table 2 are discussed in detail in the subsequent subsections (5.1–5.10).

### *Inappropriate Teaching Methods*

Inappropriate teaching methods were the most inhibiting factor with an estimate/loading of -153.768 and a critical ratio for regression weight (C.R.) of -2.506. The results were statistically significant at  $p$ -value  $<0.05$ . This result suggests that, for every single attempt of applying inappropriate teaching methods, business start-up among graduates in Tanzania is decreased by 154 units. It is well known that both teaching methods and the syllabus content are important components for the learning process to take place. Even if universities have good course contents, if the teaching methods are not improved, the students will end up not getting the intended level of knowledge. Scholars such as Shambare (2013) argue that teaching methods determine students' level of engagement.

### *Lack of Business Experience*

Experience is the key entry and success factor for entrepreneurship. Lack of business experience was the second key contributor for predicting business start-up with a factor loading of -147.725 and a C.R. of -2.715. The results were statistically significant at  $p$ -value  $<0.05$ . The negative coefficient represents the negative association between lack of business experience and the intention of establishing a business firm; that is, when lack of business experience increases by one unit, the chances of a graduate establishing a firm drops by 148 units. This is because the probability of establishing a firm is higher for those with previous entrepreneurship experience than for those without. Interviewee 3 had the opinion that assisting parents or relatives in their businesses helped him gain a lot to improve his business idea, an opportunity sorely missed by those without such experiences. Limited business experience was also cited by Rider, Thompson, Kacperczyk and Tag (2013) as being among major hindrances of starting a firm. It should also be noted that female graduates face extra challenges compared with the ones faced by both male and female graduates. According to Das (2001), apart from the lack of related experience, women face more obstacles than men in their ambitions to become entrepreneurs. These include being accepted as a woman in business (for a long time the role of women has traditionally been seen by both men and women in various societies of developing countries, including Tanzania, as one of wife and mother), lack of a role model, lack of professional interaction, difficulties in gaining the confidence of their clients and suppliers and the lack of adequate training. How do the government and universities boost the experience of university graduates remains a central puzzle to be solved.

### *Deficiencies in the University Programmes*

Another important factor was deficiencies in the university programmes with a factor loading recorded at -135.548 and a C.R. at -2.638. The results were statistically significant at  $p$ -value  $<0.05$ . This result implies that for every single increase in the deficiencies in university programmes, business start-up decreases by 136 units. The syllabuses are not comprehensive enough to prepare individual students to

acquire practical entrepreneurial skills and knowledge. For example, in an ideal situation, it is expected that a business management student, upon graduation, should be sufficiently equipped with skills to draft a decent business plan. The reality though is that university graduates in Tanzania are not only ill-prepared for business start-up but also are often not even qualified enough for the labour market. The major challenge is the lack of education system in Tanzania to impart creativity among students. This is because it is too theoretical. Graduates themselves had the opinion that entrepreneurship ought to be taught practically. Students ought to learn about how people enter and grow in businesses. To do this, the education system must be field based. The current system does not provide that opportunity. According to interviewee 1: 'There is no favourable environment for a young graduate to engage in entrepreneurship because our education system for long time has been bookish; it does not impart creativity among students ...'. On the same issue, interviewee 9 had the views that: 'Education in Tanzania ought to be competency based. Universities must start teaching students how people enter and grow in businesses, and education must be field and practical based; at the moment this is not the case ...'. Furthermore, interviewee 7 highlighted that there are two types of competencies that ought to be taught concurrently at the university, namely, domain-specific competence and domain-general skills.

It is argued that these two types of competence are provided in the syllabus, but the universities mostly focus on domain-specific competence because the lecturers in most of the universities are not adequately motivated, and the time set for students to undertake practical field assignments is very limited, let alone time for apprenticeship, which is not considered all together. Consequently, most university graduates nowadays have strong domain-specific competence, but lack domain-general skills such as critical thinking skills, self-confidence, self-evaluation, foreign language skills (such as English); rhetoric as well as written and oral exposition skills.

### *Commitments to Extended Families*

It was also found that commitments to extended families contribute in predicting business start-up among graduates with a factor loading of  $-135.505$  and a C.R. of  $-2.638$ . The results were statistically significant at  $p$ -value  $<0.05$ , implying that when extended families increase by one unit, the business start-up decreases by 136 units. In the Tanzanian context, the extended family consists of two or more nuclear families in which the resources of its members are pooled for consumption. Satisfying an extended family's requirements is a costly responsibility; in most cases, individuals end up consuming the whole earned income; with limited savings one can barely establish a firm. It is important to note that security against economic loss resulting from sickness, accidents, death, old age, poverty and unemployment is highly valued by most societies. The findings support those of Dana (2007) who found that kinship relations in Africa are an obstacle to organizational efficiency and capital accumulation. This applies more so to new graduates who are just entering the labour market with low incomes and multiple obligations. Regarding commitments to extended families, interviewee 10 said, '...sometimes request from relatives surpass my monthly salary ...'.

In many societies, extended families perform various important functions. Often, the extended family network is the first line of defence in times of misfortune. It is a source of financial, emotional and physical security against various difficulties. The strong family network system or kinship network is not only common to African societies but has also played a role in other societies in Asia and Latin America. The major difference between the extended family system in Africa and other parts of the world is that in Africa, the extended family network is one of the main coping mechanisms because there is a lack of an institutionalized social security system. The social security, provident funds, old age pensions, life and unemployment insurance, accident and medical insurance as well as welfare programmes instituted

by the government and the private sector are not well developed in most African countries (including Tanzania) to safeguard the welfare of all citizens. As a result, this function is, to a larger extent, supplied by the institution of the extended family. In Asia for example, extended families have been used as networks to support entrepreneurial activities (see Jack, 2005; Ramu, 2013). The extended family system of Tanzanians of Indian origin also seem to support this argument. The nature of the Tanzanian families is similar to that of Arab families, which restrict entrepreneurial spirit. According to Ahmed and Julian (2012), Arab families are, in general, patriarchal and extended, and what characterizes the Arab family is a pyramid relative to age and gender. The author's further claim that all this affects the making and accepting of decisions, and also places a burden on the dependants who are affected by these decisions. Although the extended family feature can facilitate entrepreneurship by supplying finances for initial capital, it can also divert resources to cover current expenses, and discourage risk taking, innovations or the delegation of authority. Furthermore, family attachment burdens a person to abandon his individuality and sense of individual accomplishment for the sake of shared benefit and conformity with the group (Barakat, 1984), as cited in Ahmed and Julian (2012).

### *Bureaucratic Tendencies*

The bureaucratic tendencies also received a considerable attention with a factor estimate of  $-132.134$  and a C.R. of  $-2.637$  and were statistically significant at  $p$ -value  $<0.05$ . The result implies that for each increase in bureaucratic tendencies by one unit, the likelihood of a graduate to establish a business drops by 132 units. This is because there are so many issues to be resolved before one establishes a firm. A prospective entrepreneur, for example, has to acquire land or business premises, register his/her business and get the permits. All these activities take longer and do require resources in terms of time and cash. Worse enough, many of the laws and regulations affecting businesses in Tanzania (including licensing procedures) were designed for relatively large businesses, and are therefore beyond the reach of most micro and small enterprises (MSEs), which can be created by most graduates. Corruption and bureaucratic tendencies make matters worse, especially for women, who do not have the same opportunities as men to meet and negotiate with predominantly male-dominated public officials. These findings on bureaucratic tendencies support that of the University of Dar es Salaam Entrepreneurship Centre [UDEC] (2002) and Mfaume and Leonard (2004). Referring to bureaucratic tendencies, interviewee 5 remarked:

...yes, we want to start our businesses but where do we start? How do we start? It is amazing after all efforts done by the government in making business environment attractive to business people, getting your business started in Tanzania is still complex even for people who are working in Ministries; it takes more time and resources. For a newly graduated individual it is even more tiresome. For example, applying for clearance of the proposed company name at the Business Registration and Licensing Authority (BRELA) is supposed to be one business day but experience shows it takes more than that. Applying for company incorporation and obtain the certificate of incorporation is supposed to take four business days but it goes beyond that. At the same time you are required to pay TZS 236,200 (about 150 US\$); how many jobless graduates can pay? Some do not have even TZS 1000 to pay for job application mailing stamp or buy a newspaper ....

### *Lack of Social Networking*

Lack of social networking was among the important predictors of business start-up, with an estimate of  $-84.605$  and a C.R. value of  $-1.725$ . The results were statistically significant at  $p$ -value  $<0.05$ , suggesting

that knowing an entrepreneur personally was a significant predictor of entrepreneurial participation. In an ideal situation, social networks are the starting point of gaining business networks. However, the Tanzanian situation is different; in most cases, university graduates do share information related to new job vacancies, and not entrepreneurial opportunities. The reason for this is that most graduates often come from very poor backgrounds, and at the time of graduation most of them do not have enough resources to facilitate their transition into entrepreneurship. Even the few graduates who have entrepreneurial ambitions, require enough resources such as start-up capital (which in most cases is not readily available) to be able to fulfil their ambitions. Therefore, paid employment is seen as a good starting point, and the right option for gaining start-up capital by graduates. The findings support that of Oke (2013).

### *Limited Start-up Capital*

Limited start-up capital was reported as one of the most serious barriers to business start-up in the country today, with a regression estimate of  $-63.323$  and a C.R. of  $-2.311$ . The results were statistically significant at  $p$ -value  $<0.05$ . Since the beginning of trade liberalization in Tanzania in the 1990s, the financial sector has made a tremendous improvement in terms of the number of financial institutions and their reach. Most graduates interviewed reported several sources of initial capital in the country, which include microfinancing institutions, such as SACCOS, PRIDE, FINCA, BRAC and others. Compared to the earlier years, there are many banks in Tanzania competing for customers today. They include commercial banks such as CRDB Bank PLC, National Microfinance Bank, National Bank of Commerce, Exim Bank, Access Bank, Bank of Africa, Kenya Commercial Bank, Barclays, to name just a few. Others include community banks such as Mwanga Community Bank, Mbinga Community Bank and Dar-es-salaam Community Bank. According to interviewees 6 and 8, what is seriously lacking in the financial sector today is an institutionalized government support that will ensure that graduates access credits without many difficulties. One of the difficulties that the government ought to eliminate is the problem of lack of collateral, which in most cases is laid down as a lending condition by financial institutions. The findings support that of Anuar et al. (2013).

### *Insufficient Information on Entrepreneurial Opportunities*

The insufficient information on entrepreneurial opportunities and the available institutions was perceived by graduates in Tanzania as being one of the serious obstructions to starting a firm in the country. This barrier had a factor loading of  $-42.023$  and the C.R. was recorded at  $-2.271$ . The results were statistically significant at  $p$ -value  $<0.05$ . The negative coefficient signifies that insufficient information on entrepreneurial opportunities negatively impacts the ambitions to start a business. Graduates who are potential entrepreneurs require enough information about the role, services and mission of the institutions that give support to enterprise creation, which in most cases do not happen in Tanzania. This article argues that 'information is power'; those with access to information are more likely to engage in entrepreneurial ventures than those without. When asked about this, interviewee 2 had this to say:

Most of us have good intentions; we want to establish our own businesses but there is nowhere we can get information about acquiring initial capital, taxation, business premises renting, registering a business, and many



more. A one stop centre for such information in each region is required. Newly graduated individuals have little cash and cannot travel to Dar-es-Salaam to get such information. Even those who graduated from Universities and Colleges located in Dar-es-Salaam only few can afford to pay for a daily bus fare in search for information. TAESA coordinates information on formal employment; we need a similar agency on self-employment, probably with branches in major towns and cities of Tanzania...

These findings support that of Schoof (2006) who observed that lack of career information and business possibilities is in most cases a barricade to business creation.

### *Lack of Government Support*

Most graduates involved in the study believe that the government system is not so helpful because of lack of political will. This factor was tested, producing an estimate of  $-42.023$  and a C.R. of  $-2.271$ . The results were statistically significant at  $p$ -value  $<0.05$ . This means that the lack of support from policymakers in the country is an inhibiting factor towards establishing firms. This article establishes that there is no motivating political will to support graduates in Tanzania, regardless of the many policies purported to support them. This is because the process of entry into entrepreneurship is not well known and not coordinated. For instance, the government has not regulated the lending policies of the financial institutions so that the poor, including new graduates, can easily acquire their loans. There is no think tank to address the issue of mindset within the government. It is clear that the government has a vital role to play in facilitating and encouraging entrepreneurial development among graduates, and not just setting up policies that are not enforced. As business development is not a single stage process, government incentive programmes need to recognize young graduates who wish to become entrepreneurs in the future. For example, the government can help entrepreneurs establish networks of relevant contacts and gain insight into how funds are accessed. There is a need for the relevant government ministry to have a permanent and well-placed desk to deal with graduates who aspire to become entrepreneurs. In so doing, the government will prepare fresh graduates psychologically and culturally, and to take entrepreneurship as a topical option in employment today. The findings are in line with that of Schoof (2006).

### *Risks Associated with Entrepreneurship*

Another important determinant of business start-up was the fear of risks associated with entrepreneurship, which recorded a factor loading of  $-5.326$  and a C.R. of  $-0.542$ . The results were statistically significant at  $p$ -value  $<0.05$ , suggesting that when fear of risks associated with entrepreneurship increase by one unit, the likelihood of a graduate establishing a firm decreases by 5 units. This factor was also alluded to by many key informants as a limiting factor to business start-up in Tanzania. This article establishes that many graduates fear to venture into entrepreneurship because of the associated risks, and instead they are attracted to formal employment which pays less, but is less risky. At present, it is easier to get a job than start a profitable firm in Tanzania. This article argues that as the number of wage employments get fewer and fewer, graduates would be forced into entrepreneurship. Regarding risks associated with self-employment, interviewee 4 commented: '...as employment opportunities get fewer and fewer we will see many graduates engaging themselves in entrepreneurial activities, because if one does not get employment what shall he/she be doing?'

## **Theoretical Implications of the Findings, Conclusion and Recommendations**

### *Theoretical Implications of the Findings*

The TPB is relevant in explaining barriers to business start-up because it remains open to the influence of exogenous factors that may play a role in the development of beliefs and attitudes. It explains the relationship between behavioural intentions and actual behaviour of an individual. According to the TPB, entrepreneurship is a function of external factors as well as internal psychological factors. The psychological factors and the external factors reported in this study are inappropriate teaching methods, lack of business experience, deficiencies in the university programmes, commitment to extended families and bureaucratic tendencies in the government system. Other exogenous factors include: lack of social networking, limited start-up capital, insufficient information on entrepreneurial opportunities and lack of government support as well as fear of risks associated with entrepreneurship.

The findings offer important theoretical explanation, that is, the graduates' entrepreneurial entry decisions in Tanzania can be predicted because the factors affecting the intentions (barriers) can be predicted. Due to the influence of education on the attitudes and entrepreneurial aspirations of graduates, it is important for the government and the university policymakers to understand how to develop and nurture potential entrepreneurs even while they are still students.

### *Conclusion and Recommendations*

The article concludes that the smaller number of business start-ups among university graduates in Tanzania cannot be attributed to the limited start-up capital only; several interplaying factors are responsible for it. The most inhibiting factors are: inappropriate teaching methods, lack of business experience, deficiencies in the university programmes, commitments to extended families and bureaucratic tendencies in the government system. Other contributing hurdles include: lack of social networking, limited start-up capital, insufficient information on entrepreneurial opportunities, lack of government support as well as fear of risks associated with entrepreneurship. Market constraints and the fear of failure were not important predictors of business start-up. The study further concludes that studying entrepreneurship as a discipline influenced the way graduates perceived the barriers; it was observed that graduates who studied entrepreneurship had reported different start-up barriers from the ones reported by their counterparts who had not studied the subject. Unless all these barriers are adequately and holistically addressed by the responsible authorities, very few graduates will continue opting for entrepreneurship. To achieve this, universities and the government must ensure that graduates get the support they require to put their business plans and ideas into action. In that regard, the following recommendations are put forward.

To promote entrepreneurship in higher learning, universities should employ teaching methods that allow both practical application of the learnt material as well as holistic development of the skill-sets required. In the context of entrepreneurship, this relates to teaching both theoretical and practical aspects of businesses. Efficient teaching methods go beyond reciting formulae from textbooks; they empower students to develop free and creative thinking in the application of knowledge and theory in the real world.

Concerning insufficient information on entrepreneurial opportunities, the government has a role to play. The government should establish a one-stop information centre which will provide all information related to business start-up to prospective entrepreneurs, including new university graduates. The government may do two things to facilitate this: One; it can expand the current Tanzania Employment Services Agency (TAESA) to include a department within TAESA, which will be dealing with offering

information on how to start and grow into businesses. Two, the government may wish to establish a new and independent information bureau which will be mandated to collect, store and disseminate information to prospective entrepreneurs. The bureau can also be mandated to train and offer entrepreneurial advice to new graduates who wish to become entrepreneurs in the future. Establishment of branch offices in various regions of Tanzania, or having career development and information exchange offices or desks in each higher learning institution can also help in this respect.

To solve the lack of business experience impediments, universities and other higher learning institutions in the country should adopt apprenticeship and field attachment approach. Students may be sorted into two groups, one group to include students who wish to become employees and another group of students who aspire to be entrepreneurs. The first group may be subjected to class lectures and fewer fields practical while the potential entrepreneurs' group must be subjected to more field practical and less lectures. To gain enough experience, it is recommended that a student should be attached to a practicing entrepreneur, stay and work at the firm for not less than one year. Other approaches include invitation of guest speakers. Universities should emphasize in bringing in successful entrepreneurs who will speak to students on how they started their businesses, explain to students how an individual enters and grows in businesses. By speaking with successful entrepreneurs and asking them to elaborate on their failures, as well as their successes, university students shall gain self-efficacy as well as business experience and slowly eliminate fear. Students should also ask them to recall their mindset early in their careers and why they had made the various decisions that had eventually resulted in their success. In most cases, they will find that although entrepreneurs made numerous mistakes along the way, they learned from each misstep and quickly adapted to the ramifications of their decisions. The government should seriously consider the introduction of a graduate internship scheme similar to that of medical students to ensure greater opportunities for graduates to get business experience and build on their skills, as well as assisting them to secure long-term employment.

Regarding deficiencies in the university programmes, this article recommends that, higher learning institutions in Tanzania need to revise their syllabus, particularly the ones on entrepreneurship and the other related courses. Education needs to be competency based. Institutions must teach students to think and be innovative and creative. To achieve this, two things may be done: all universities ought to have a common vision on the type of nation they want to build and the type of graduates that will fit into the country's agenda. As a country we need to have a single agenda or philosophy on education, which should be to produce graduates, who are self-confident, entrepreneurially motivated, are critical thinkers and development seekers. The Tanzania Commission for Universities (TCU) can help in this aspect by providing guidance and coordination. Moreover, students ought to be involved in setting educational objectives, particularly when designing syllabuses for entrepreneurship and other related subjects.

The government should address the challenge of limited start-up capital among graduates. The government's role is to stimulate that funding ecosystem and provide comprehensive support within this very complex space. One way for the government to help is by putting in place appropriate regulatory frameworks that can enable innovative funding mechanisms, such as 'crowd-funding', to flourish. It has been proposed that the government should establish a 'special fund' that will offer soft loans to prospective graduates with limited conditions. A bureau similar to the current Higher Education Students' Loans Board is recommended. Crowd-funding is a way of attracting small amounts of funding or donations directly from multiple investors using fund raising strategies such as evening dinners. Beyond facilitating the funding itself, governments have an important role to play in helping entrepreneurs establish networks of relevant contacts and gain insight into how funds can be accessed funds.

### **Acknowledgements**

The authors are grateful to the anonymous referees of the journal for their extremely useful suggestions to improve the quality of the article. Usual disclaimers apply.

This article also benefits from the inputs received during the Sokoine University of Agriculture's post-graduate referred seminar presentation. We are thankful to all the panellists who gave us inputs.

## Appendix

**Table A1.** Profile of Interview Graduate Entrepreneurs

Code	Gender	Highest Education Level	Entrepreneurial Status and Location
Interviewee 1	Male	PhD (Sociology)	Entrepreneur, Dar-es-salaam
Interviewee 2	Female	Bachelor of Arts (Political Science)	Entrepreneur, Dar-es-salaam
Interviewee 3	Male	Bachelor of Commerce (B.Com.)	Entrepreneur, Moshi
Interviewee 4	Male	PhD (Commerce)	Entrepreneur, Dar-es-salaam
Interviewee 5	Male	Bachelor of Arts (Sociology)	Entrepreneurship Expert, Dar-es-salaam
Interviewee 6	Female	Master of Arts (Development Studies)	Entrepreneur, Dodoma
Interviewee 7	Male	PhD (Commerce—Entrepreneurship)	Entrepreneurship Expert, Dar-es-salaam
Interviewee 8	Male	Master of Business Administration (MBA)	Entrepreneurship Expert, Morogoro
Interviewee 9	Male	PhD (Commerce)	Entrepreneurship Expert, Dar-es-salaam
Interviewee 10	Female	Bachelor of Commerce (B.Com.)	Entrepreneur, Dar-es-salaam

**Source:** Authors' own.

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