Quest Journals
Journal of Research in Business and Management
Volume 9 ~ Issue 1 (2021) pp: 75-80
ISSN(Online):2347-3002
www.questjournals.org

Research Paper

Entrepreneurial Intention and Financial Stress Among Undergraduates: Self-Efficacy as a Mediator

James U. Ugwuanyi
Department of Marketing
Institute of Management and Technology (IMT) Enugu, Nigeria
Corresponding author James U. Ugwuanyi

Dennis O. Nebeife
Department of Business Administration and Management
Institute of Management and Technology (IMT) Enugu, Nigeria

ABSTRACT
The present study was aimed to investigate the mediatory effect of self-efficacy on the relationship between financial stress and entrepreneurial intention among Nigerian undergraduates. Three hundred and fifty students were randomly drawn from five institutions of higher learning in Nigeria. A cross-sectional design was adopted, and data was gathered using the Financial Stress Scale- College Version (FSS-CV), the Entrepreneurial Intention Questionnaire (EIQ) and the new general self-efficacy scale (NGSS). Following the result of the hierarchical multiple regression and mediation analysis. The findings revealed that high financial stress predicted high entrepreneurial intention. Self-efficacy partially mediated the relationship between financial stress and entrepreneurial intention. Findings, suggestions, limitations and conclusion are discussed.
KEYWORDS: *Entrepreneurial intention, Financial Stress, Self-efficacy, Undergraduates*

Received 03 Jan, 2021; Revised: 14 Jan, 2021; Accepted 16 Jan, 2021 © The author(s) 2021.
Published with open access at www.questjournals.org

I. BACKGROUND

Several studies have shown that entrepreneurship is a shared global phenomenon that has continued to increase in every aspect of human endeavor, impacting positively on the psychological and financial well-being of the entrepreneur's professional practices and career outcomes (Ace, 2006; Van Stel., Carree., & Thurik, 2005; Bosma & Levie, 2010; Akpor-Robaro, 2012; Brixiova, 2013; Klapper & Love, 2010). Thus, the importance of entrepreneurship cannot be overemphasized. Indeed, we live in a world in which the future is uncertain. Therefore, entrepreneurship holds great value for all as it serves as an incubator for innovative ideas needed in the 21st century.

Entrepreneurial intention relates to an individual's disposition to establish, gain, and sustain a business. According to Thompson (2009), entrepreneurial intention refers to a person's self-acknowledged intention to organize a new business venture consciously. Choo and Wong (2009) defined the concept as the exploration and assessment of information that is beneficial to achieve business creation. The underlying principle of entrepreneurship is the conscious intentions that precede a particular business's physical development because it determines the starting point of new business creation. Entrepreneurial activities are a function of entrepreneurial intentions. Consequently, intention denotes an individual's determination, which has an important impact on shaping a new business idea (Choo & Wong,2009).

There is a growing concern that students frequently experience a high level of financial stress, which could negatively affect students' well-being, academic engagement, and performance if not addressed. Students, especially in developing nations, are faced with challenges occasioned by punitive financial situations. This phenomenon is responsible for most of the unwanted behavioral engagement of the undergraduates relating to academic activities. In order words, financial stress is a factor to be considered when assessing a student's behavior and performance. Although there is no agreed definition of financial well-being, researchers have taken different dimensions in explaining financial well-being (e.g., Van Vuren, 2015; Van Praag et al., 2003; Joo, 2008; Allison, 2015)). For instance, Taft., Hosein., Mehrizi., & Roshan (2013) stated that financial well-

being represents a person's feeling of contentment with one's financial status. Perhaps, we may say that a student's financial well-being represents a student's ability to meet up with personal expenses and a reserve for future spending, control their finances, and feel financially secure within some expected period. Probably, within the duration of the study.

Student financial stress is conceptualized in this present study as student perception of not being able to sustain current and anticipated desired living standards and financial freedom in relation to achieving the academic goal. Accordingly, Robert, Golding, Towell, Reid, Woodford & Vetere (1999) noted that financial stress is a significant factor that makes students want to abandon school. Financial stress is influenced by psychological variables such as attitude, self-efficacy, beliefs, and cognitive appraisals. Robert et al. (1999) also noted that financial stress leads the student to seek casual jobs, which may negatively affect their academic commitment. Shim et al. (2009) noted that students' financial well-being has a significant influence on their well-being after graduation and overall life satisfaction. Nevertheless, attaining financial well-being could be impossible among the students. Conversely, Rediana., Setiyani., & Solichatum (2019) reported that most students sometimes feel worried about their finances. This situation is attributed to inadequate savings for immediate and personal needs, including poor economic planning implicated in improvident behavior. There is a link between students' inability to meet daily necessities, regulate financial will, and lower financial well-being (Sabri & Falahati, 2012).

It is imperative that we further extend knowledge, understanding how financial stress exerts its possible influence on entrepreneurial intention. Self-efficacy is a psychological variable that may help explain the pathway through which financial stress influences entrepreneurial intention. Self-efficacy is a psychological phenomenon that denotes a belief in one's ability to complete a certain task and achieve a goal (Bandura, 1986). Perhaps, self-efficacy involves conscious expectation and self-assurance that one can learn a skill, despite how difficult it is, and successfully achieve a positive outcome. For instance, a student with low self-efficacy over a given task would be less likely to engage in such a task, which means that students who believe that they cannot learn a skill dut to their ability will likely decide to stay on their own. At the same time, those with high self-efficacy would always want to try with more enthusiasm. There is a broad literature looking at how self-efficacy influences entrepreneurial intention (e.g., Azeez, 2019; Iro-Idoro, 2016, Ohanu & Ogbuanya, 2018; McGee., Peterson., Mueller., & Sequeira, 2009). Accordingly, Bandura (2012) stated that self-efficacy becomes an influential determinant of behavior because it directly or indirectly drives behavior through its role in setting a goal and outcome expectations.

Previous studies have implicated financial stress on academic failure ((Joo, Durband, & Grable, 2008; Ross, Cleland, & Macleod, 2006; Trombitas, 2012; Wharton, 2007) and harmful financial practices (Hayhoe, Leach, Turner, Bruin, & Lawrence, 2000). Whereas financial stress propels a student to engage in financial-seeking behavior (Britt et al., 2011; Grable & Joo, 2001). Perhaps, we predict that financial stress will influence entrepreneurial intention depending on self-efficacy.

The Present Study

Most students in Nigeria are faced with severe financial difficulty while carrying out their academic activities. This situation is implicated in difficulty engaging in academic activities and has been linked to many adverse outcomes from various life domains. Whereas there exist varying entrepreneurial skills available for students. Such as found in the relevant entrepreneurial skill acquisition centers aimed at improving students' financial position within the duration of their studies and beyond. Nevertheless, it was observed that most students engage and acquire skills to ameliorate the burden of financial stress while continuing with their academic responsibilities. Others are found not to be concerned with entrepreneurial activities. Based on this, the present study investigates whether financial stress will predict entrepreneurial intention and explore the mediating role of self-efficacy.

The study, therefore, hypothesizes that: (1) High financial stress would be associated with high entrepreneurial intention; (2) high financial stress would be associated with high self-efficacy; (3) low self-efficacy would be associated with low entrepreneurial intention, and (4) self-efficacy would mediate the relationship between financial stress and entrepreneurial intention.

Method

Three hundred and fifty undergraduates (160 females and 190 males) were randomly drawn from five institutions of higher learning in Nigeria (namely: Institute of Management and Technology, Enugu State University of Science and Technology, Enugu State College of Education Technical, Federal College of Education, Eha Amufu and University of Nigeria, Nsukka). The participants were aged between 18 and 30 years old, with a mean age of 22.18 years.

Measures

Financial stress was measured with the Financial Stress Scale – College Version (FSS-CV developed by Northern, O'Brien, & Goetz, 2010). The FSS-CV was designed to measure student's financial stress and consists of 22 items covering various financial domains that are considered associated with a student's financial status and stress level. The scale is in Likert form, and each of the items requires students to rate their personal experience on a 4-point scale. The FSS-CV displayed high internal consistency (Cronbach's alpha = .872).

Entrepreneurial Intention Questionnaire (EIQ; Linan and Chen, 2009) was used to ascertain a student's entrepreneurial intention. The Likert-type questionnaire measures readiness for entrepreneurship.

Self-efficacy was measured with the New General Self-Efficacy Scale (NGSS; Chen, Gully & Eden, 2001). The scale consists of an eight-item unidimensional scale designed to measure a person's level of confidence in one's general abilities. Typical items include: "I will be able to successfully overcome many challenges" and "I am confident that I can perform effectively on many different tasks". The participants responded by indicating the extent of their agreement with each of the statements in a 5-point Likert scale format ranging from "strongly disagree" (1) to strongly agree" (5). The total score (obtained by adding each respondent's score in all the eight items) ranged between 8 and 40, with a higher score suggesting higher self-efficacy. Cronbach's alpha reliability coefficient in the present study was .90.

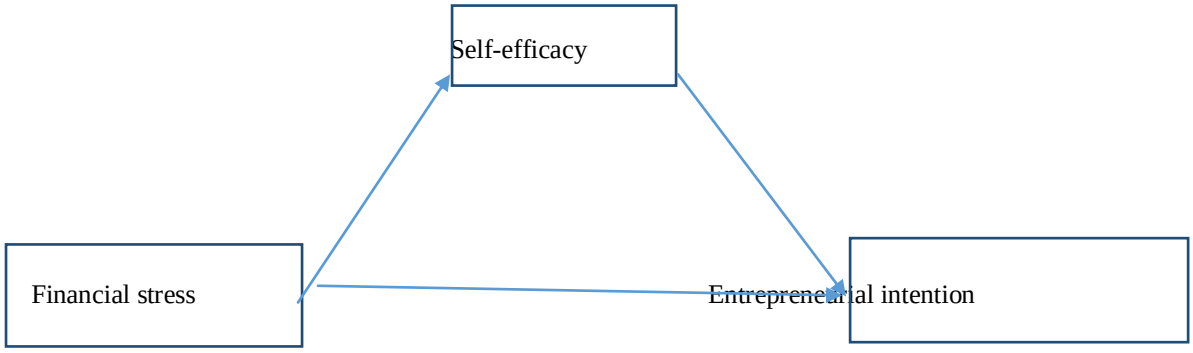

Figure 1. Model of mediating role of self-efficacy on the relationship between financial stress and entrepreneurial intention.

Procedure

With the aid of research assistants, copies of the questionnaires were distributed to the students after obtaining their informed consent and establishing rapport. A total of 400 questionnaires were distributed but unfortunately, 362 were returned, whereas, among the 362 returned questionnaires, 350 copies were appropriately filled. In contrast, 12 copies were discarded based on the wrong filling. The 350 correctly filled questionnaires were scored and appropriately keyed in the responses.

Design/analysis

A cross-sectional survey design was adopted for the study. Pearson correlations were used to test the correlation between variables. Hierarchical multiple regression was applied for hypothesis testing using SPSS, while Process Marco version 3.1 was used for the mediation analysis.

II. RESULTS

Table 1: Means, standard deviations, correlations among the study variables.

	Variable	M	SD	1	2	3	4	5
1	Age	22.17	3.02	1				
2	Gender			.02	1			
3	Financial stress	30.96	8.34	-.05	-.08	1		
4	Self-efficacy	32.12	5.96	.05	-.02	.31**	1	
5	Entrepreneurial intention	24.4	7.11	1.15(.003)	.07	-.25(.001)	-.21(.001)	1

** = p < .01, * = p < .05, Gender coding = 0 = female, 1 = male; Religious Com = Financial stress

Table 1 shows the relevant correlations. Age was significantly related to entrepreneurial intention. This indicated that older students are more likely to engage in entrepreneurial intention than younger counterparts. Gender and religious group affiliation were not significantly related to entrepreneurial intention. Financial stress was significantly related to entrepreneurial intention. This result shows that those with higher financial stress were more likely to engage in entrepreneurial intention than those with lower financial stress. Also, self-efficacy was positively related to entrepreneurial intention.

Table 2: Summary of hierarchical multiple regression for entrepreneurial intention.

Variable	Step1B	*T*	*P*	Step 2β	*t*	*p*	Step 3β	*t*	*p*
Demographic Variable									
Age	.14	2.51	.01	.13	2.43	.02	.14	2.65	.01
Gender	.04	.80	.43	.03	.47	.64	.02	.46	.65
Main Variables									
Financial stress				-.24	-4.66	.00	-.19	-3.60	.00
Self-efficacy							-.15	-2.87	.00
Adjusted R^2	.017			.073			.092		
ΔR^2	.023			.081			.021		
F	4.04		.02	10.10			9.79		.00
ΔF	4.04		.02	21.74			8.22		.00

Table 2. shows the result of hierarchical multiple regression. Demographic variables were included in the step 1 to serve as control variables. Financial stress as seen in step 2 of the equation contributed a significant 8.1% variance in entrepreneurial intention, ΔR2 = .081, ΔF (1,346) = 7.73, p = .001, and also negatively and significantly predicted entrepreneurial intention (β = − .24, p = .001), confirming our H^1. Self-efficacy entered in step 3 of the equation contributed 2.2% variance in entrepreneurial intention, ΔR2 = .021, ΔF (1, 345) = 8.01, p = .004, and it also negatively and significantly predicted entrepreneurial intention (β = − .154, p = .004), confirming our H^2. Following our prediction that the relationship between financial stress and entrepreneurial intention would be mediated by self-efficacy. We tested for mediation using the method described by Baron and Kenny (1986). The results from the simple mediation analysis as shown in Figure 2 indicated that financial stress was indirectly related to entrepreneurial intention through its relationship with Self-efficacy. First, as can be seen above, financial stress (a = .224, p = .001, CI = .160 to .289) and self-efficacy (b = − .150, p = .01, CI = − .261 to −.040) were related to entrepreneurial intention. A 95% bias-corrected confidence interval based on 5000 bootstrap samples indicated that the indirect effect (ab = − .034) does not include zero (CI = − .062 to −.008).

III. DISCUSSION

The present study aimed to examine whether self-efficacy mediates financial stress on entrepreneurial intention among undergraduates. The findings revealed that high financial stress predicted high entrepreneurial intention. Self-efficacy partially mediated the relationship between financial stress and entrepreneurial intention. Therefore, the study suggests that self-efficacy is one of the pathways through which financial stress is associated with students' entrepreneurially conscious behaviors. Accordingly, the result of Ciuchta & Finch (2019) also suggests that self-efficacy is mediated between entrepreneurial experience and entrepreneurial intention.

This study helps to fill a gap in the literature concerning the relationship between financial stress and entrepreneurial intention. Undergraduates, who showed a high level of financial stress, are more likely to think of engaging in entrepreneurial activities. This supports the conclusions of Britt et al. (2011), Grable and Joo (2001), who reported similar findings among undergraduates from a different educational background. Thus, as students strive to survive financial difficulties while also trying to adhere to academic requirements, they become more likely to engage in entrepreneurial activities.

This finding suggests that self-efficacy is a probable explanatory association through which we can understand how financial stress triggers entrepreneurial behaviors among undergraduates. In other words, in predicting a student's level of entrepreneurial intention based on the level of financial situation, one also needs to appraise the extent to which the student believes in his or her ability to face and successfully learn a skill a business.

The study suggests that to further help control academic disengagements and failures occasioned by financial stress undergraduates, efforts toward enhancing beliefs in one's ability to undertake entrepreneurial activities would be important. This is especially important given that Nigeria is one of the world's developing countries where financial difficulties seem to create some difficulties in achieving academic goals. Nigerian undergraduates could also benefit from the mandatory entrepreneurship course stipulated by the academic governing bodies to equip the students with skills that will help them survive the hard economic realities within their period in school and after.

This study was not done without some limitations. We, therefore, acknowledged that, firstly, the study was based on a cross-sectional design. In other words, the causal inference was not allowed. Adopting a longitudinal approach would help in reaching more definitive conclusions about causality. The participants were drawn from the same cultural background. Whereas, Nigeria is a multicultural Nation. Thus, this limits the generalizability of our findings. Future work could widen data collection to incorporate participants from other cultures and backgrounds. Future research should consider other variables to build more robust models in understanding entrepreneurial intention among undergraduates.

The present study explored the mediating role of self-efficacy on the predictive influence of financial stress on entrepreneurial intention among undergraduates. Based on our findings, we conclude that self-efficacy could probably explain the pathway through which financial stress exerts its reducing influence on entrepreneurial intention.

ACKNOWLEDGMENT

This research work was sponsored by the Tertiary Education Trust Fund (TETFUND).

Disclosure statement

The authors reported no potential conflict of interest.

REFERENCES

[1]. Ács, Z. J. (2006). How is entrepreneurship good for economic growth? Innovations,1, 97–107.
[2]. Akpor-Robaro, M. (2012). The impact of globalization on entrepreneurship development in developing economies: A theoretical analysis of the Nigerian experience in the manufacturing industry. Management Science and Engineering, 6(2), 1-10.
[3]. Allison, K. E. (2015). Employee financial wellness survey. United States of America, USA: PwC.
[4]. Azeez, Dare. (2019). Entrepreneurial Intention Among Polytechnic Students in Nigeria: the role of Self-efficacy and Social Networks. International Journal of Entrepreneurial Knowledge. 7. 20-30.
[5]. Bandura, A. (1977). Self-efficacy: toward a unifying theory of behavioral change. Psychological Review, 84(2), 191.
[6]. Bandura, A. (1982). Self-efficacy mechanism in human agency. American Psychologist, 37(2), 122.
[7]. Bandura, A. (1986). Social foundations of thought and action: A social cognitive theory. Englewood Cliffs, NJ: Prentice-Hall.
[8]. Bosma, N., & Levie, J. (2010). GEM executive report 2009. Babson Park, MA: Babson College, Universidad del Desarrollo, and Global Entrepreneurship Research Consortium.
[9]. Brixiova, Z. (2013). Modeling productive entrepreneurship in developing countries. Small Business Economics, 41, 183-194.
[10]. Britt, S. L., Grable, J. E., Cumbie, J., Cupples, S., Henegar, J., Schindler, K., & Archuleta, K. (2011). Student financial counseling: An analysis of a clinical and non-clinical sample. Journal of Personal Finance, 10(2), 95-121.
[11]. Brüggen, E.C. (2017). Financial well-being: A conceptualization and research agenda. Journal of Business Research.
[12]. Chen, G, Gully, S. M, & Eden, D. (2001). Validation of a new general self-efficacy scale. Organizational Research Methods, 4(1), 62-83
[13]. Choo and Wong. (2009). Entrepreneurial intention: Triggers and barriers to new venture creation in Singapore. Singapore Management Review., 28(2).
[14]. Desai, S. (2009). Measuring entrepreneurship in developing countries, UNU- WIDER, Research Paper. 10, 1-12.
[15]. Desai, M., Gompers, P. & Lerner, J. (2003). Institutions, capital constraints, and entrepreneurial firm dynamics: Evidence from Europe. NBER Working Paper Series, 10165, 1-49.
[16]. Djankov, S., La Porta R., Silanes F.L., & Shleifer, A. (2002). The regulation of entry. Quarterly Journal of Economics. (1), 1-37.
[17]. Djankov, S., Ganser T., McLiesh, C., Ramalho R., & Shleifer, A. (2010). The effect of corporate taxes on investment and entrepreurship. American Economic Journal: Macroeconomics, 2, 31-64.
[18]. Dreher, A., & Gassebner M. (2013). Greasing the wheels? The impact of regulations and corruption on firm entry. Public Choice, 155, 413-432.
[19]. Grable, J. E. & Joo, S. (2001). A further examination of financial help-seeking behavior. Financial Counseling and Planning, 12(1), 55-65.
[20]. Gries, T., & Naudé, W. (2010). Entrepreneurship and structural economic transformation. Small Business Economics, 34, 13-29.
[21]. Hayhoe, C. R., Leach, L. J., Turner, P. R., Bruin, M. J., & Lawrence, R. C. (2000). Differences in spending habits and credit use of college students. Journal of Consumer Affairs, 34(1), 113-133.
[22]. Im, K.S., Pesaran, M.H., & Shin, Y. (2003). Testing for unit roots in heterogeneous panels. Journal of Econometrics, 115, 53-24.
[23]. Iro-Idoro, Charlotte. (2016). Self-Efficacy as Correlates of Entrepreneurial Intention of Tertiary Institution Students in Ogun State, Nigeria. International Journal of Engineering and Innovative Technology. 5. 1 - 6.
[24]. Joo, S. (2008). Personal financial wellness. In J. J. Xiao (Ed.), Handbook of consumer finance research (pp. 21-33). New York, NY: Springer
[25]. Joo, S., Durband, D. B., & Grable, J. (2008). The academic impact of financial stress on college students. Journal of College Student Retention, 10(3), 287-305.
[26]. Klapper, L., & Rajan R. (2006). Entry regulation as a barrier to entrepreneurship. Journal of Financial Economics, 82(3), 591-629.
[27]. Klapper, L., & Love, I. (2010). The impact of the financial crisis on new firm registration. Policy Research Working Paper, 5444, 1-33.

[28]. Linan, F.; Chen, Y. (2009). Development and Cross-Cultural Application of a Specific Instrument to Measure Entrepreneurial Intentions. Entrepreneurship Theory and Practice Vol. 33 (3): 593-617.
[29]. McGee, J. E., Peterson, M., Mueller, S. L., & Sequeira, J. M. (2009). Entrepreneurial self-efficacy: refining the measure. Entrepreneurship Theory & Practice, 33, 965–988.
[30]. Michael P. Ciuchta, Deborah Finch. (2019). The mediating role of self-efficacy on entrepreneurial intentions: Exploring boundary conditions, Journal of Business Venturing Insights. Vol 11.
[31]. Northern, J. J., O'Brien, W. H., & Goetz, P. W. (2010). The development, evaluation, and validation of afinancial stress scale for undergraduate students. Journal of College Student Development, 51(1), 79-92.
[32]. Ohanu, I.B., & Ogbuanya, T. C.(2018). Determinant factors of entrepreneurship intentions of electronic technology education students in Nigerian universities. J Glob Entrepr Res 8, 36 (2018). https://doi.org/10.1186/s40497-018-0127-1
[33]. Rediana Setiyani and Ipit Solichatun, (2019), "Financial Well-being of College Students: An Empirical Study on Mediation Effect of Financial Behavior" in International Conference on Economics, Education, Business and Accounting, KnE Social Sciences, pages 451–474.
[34]. Roberts, R., Golding, J., Towell, T., & Weinreb, I. (1999). The effects of economic circumstances on British students' mental and physical health. Journal of American College Health, 48(3), 103-109.
[35]. Ross, S., Cleland, J., & Macleod, M. J. (2006). Stress, debt and undergraduate medical student performance. Medical Education, 40(6), 584-589.
[36]. Shim, S., Xiao, J., Barber, B., & Lyons, A. (2009). Pathway to life success: A model of financial well-being for young adults. Journal of Applied Developmental Psychology, 30(6), 708-723.
[37]. Taft, M.K., Hosein, Z.Z., Mehrizi, S.M.T. & Roshan, A. (2013). The relation between financial literacy, financial well-being and financial concerns. International journal of business and management, 8(11), 63-75.
[38]. Thompson, E.R. (2009). 'Individual entrepreneurial intent: construct clarification and development of an internationally reliable metric.' Entrepreneurship Theory and Practice, 33 (3): 669–94.
[39]. Trombitas, K. (2012). Financial stress: An everyday reality for college students. Lincoln, NE: Inceptia. Retrieved from https://www.inceptia.org/PDF/Inceptia_FinancialStress
[40]. Wharton, B. I. (2007). First-year student financial behavior and academic success. Unpublished doctoral dissertation. Columbus, OH: The Ohio State University.
[41]. Van Stel, A., Carree, M., & Thurik, R.(2005). The effect of entrepreneurial activity on national economic growth. Small Business Economics, 24, 311–321.
[42]. Van Praag, B., Frijters, P., & Ferrer-i-Carbonell, A. (2003). The anatomy of subjective well-being. Journal of Economic Behavior and Organization, 51(1), 29-49.
[43]. Van Vuren, F. (2015). The impact of personal financial well-being on total employee cost. Masters Dissertation. Potchefstroom: North-West University.