

## ENTREPRENEURSHIP FINANCE OPPORTUNITIES FOR BUSINESSS EDUCATION GRADUATES IN EBONYI STATE

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### Abstract

*This paper assessed the entrepreneurship finance opportunities for business education graduates in Ebonyi State, Nigeria. Two research questions were raised and two hypotheses were formulated for the study. The researchers adopted survey research design for the study. The population of the study comprised of 145 business education graduates drawn from the ministry of commerce and industry, Ebonyi State. The entire population was studied without sampling because of its manageable size. A structured questionnaire titled: entrepreneurship finance opportunities for business education graduates, which consist of 20 items in two sections was used to elicit information from the respondents. The questionnaire was face validated by three experts from business education and Test and measurement Department. Cronbach alpha was used to determine the internal consistency and a coefficient of 0.77 and 0.82 respectively was obtained. Research questions were answered using mean and standard deviation while the hypotheses was tested using t-test statistics at 0.05 level of significance. The findings revealed internal and external sources finance of entrepreneurship business education graduates which are as follows: owners capital, retained profit, selling of assets, personal savings, depreciation savings, working capital, reducing stock, contribution from partner, debt factoring, invoice discounting are internal sources of finance opportunities available for business education graduates while debenture, trade credit, customers advance payment, loan from the bank, hire purchase, bank overdraft, leasing, share issue, government grant, venture capital are external sources of entrepreneurship finances for business education graduates. The finding also revealed that there is no significant difference between the responses of the male and female business education graduates' entrepreneurs regarding the internal and external sources of financing entrepreneurship business. It was recommended among others that: business education graduates who seek to become entrepreneurs must weigh both internal and external sources of business finances, to enable them make informed decisions about suitable form to use and when to use it and how best to use it.*

**Keywords:** Entrepreneurship, Entrepreneur, Business education, Graduates, Sources of finance

### Introduction

The introduction of entrepreneurship education into the national educational curricula by the Federal Government in 2005 is multi-dimensional development learning strategy in basic and tertiary education.

This partly reform the education and learning at all levels especially in universities which aimed at providing postgraduates students opportunities for entrepreneurial learning, create and increase the awareness of entrepreneurship, develop appropriate

mindsets and behaviour favourable to enterprise development (Akpomi & Ikpesu, 2020).

Entrepreneurship plays vital function in the growth and expansion of any country's economy; it is viewed as the engine of economic growth and a driving workforce of decentralization. Conceptually, entrepreneurship is acting upon previously unnoticed profit opportunities to produce a new output. Entrepreneurs bear the risk associated with economic development because they undertake new ideas and commit resources into new business venture, from which substantial rewards are expected, both immediately and in the foreseeable future (Nwachukwu 2022). Entrepreneurship provides the action needed for industrial boom and economic growth that is why most policy interventions, mainly in a developing country like Nigeria often focus at encouraging entrepreneurship development through the context of small and medium scale enterprises (Ebiringa, 2021). Farayibi et, al (2015) expressed that the actions of entrepreneurs had undoubtedly contributed immensely in the growth and development of the country. This contribution can be perceptible when we aim at the impact of variables such as gross domestic product, employment creation, poverty eradication and per capita income. Davis (2020) in his submission opined that entrepreneurs are constantly on the outlook for opportunities, encourage efficient capital and skill resource mobilization, which leads to innovation of products and services and encourage development of the nation most especially when the identified opportunities are financed. Nwangwu (2017) submitted that entrepreneurship as an integral part of business education plays vital role which include: creation of

employment, poverty alleviation, discovering of business opportunities and equipping of skills needed for business finances

Pretorius and shaw (2024) opined that access to funds for entrepreneurship business of a business education graduate could be from internal or external, which constitutes the key determinant of a business set up, development and rendition for entrepreneurial ventures. Eniola and Entebang (2015) opined that internal funding involves entrepreneurs getting their own capital, mainly from savings, reserved profits, depreciation and sale of assets, which form a critical part of the survival and entrepreneurship improvement. The above authors express further that more profitable entrepreneurs make use of external sources of funding like individual investors, financial banks, venture capital and crowd-funding to become successful in their entrepreneurial pursuits. Thus, merchant, deposit money bank, micro finance bank and development banks respectively constituting formal sources of external financing which can take the form of debt or equity. Rajan (2016) opined that as the business starts to grow, funding from external sources become imminent and their availability decisively determine the growth path of entrepreneur. However, despite the identified sources of financing entrepreneurship business, graduates of business education who are into entrepreneurship business are still not aware of the way out to finance their businesses. It is on this background that the study assesses the sources of financing available for business education graduates entrepreneurial business.

### Statement of the problem

The major determinant of entrepreneurship business success or failure is finance. Onyia (2021) stressed that the crucial problem identified with entrepreneurship in Nigeria and mostly in Ebonyi State is low level of financing entrepreneurial ventures which has hampered the level at which the entrepreneurs have contributed towards the nation's employment and GDP rate. Also, preceding this is the scarcity of funding due to lack of loan, collateral security available to entrepreneurs in the region, Daniel *et. al* (2024), expressed that inability to identify and access finance from the available existing sources is a challenge but the most crucial challenge facing Nigerian entrepreneurs is the inability to identify different financial sources within their business environment (Somoye 2023). Onyia and Asoche (2021) submitted that many graduates who do not have white-collar job but have business ideas are still wasting on the streets, engaging in some sorts of criminal activities, do claim that they do so to raise fund to start business. A lot of entrepreneurial courses are thought in the universities, most especially in business education programme to enable the students become self-reliant after graduating from the university. But the fact remains that people look out for place to source finance for businesses but lack the awareness of the various sources of business finance available within their immediate environment. Majority look at bank loan as the only viable source of business finance but may not access bank loan due to the demand for collateral and possible high rate of interest. Thus, this paper seeks to find out the various sources of business finance available for business education graduates for entrepreneurial development.

### Purpose of the study

The main purpose of this study was to find out the various sources of entrepreneurship finance for business education graduates in Ebonyi state. Specifically, the study determined;

- a) the internal finance opportunities available for entrepreneurial business of business education graduates in Ebonyi State, Nigeria
- b) the external finance opportunities available for entrepreneurial business of business education graduates in Ebonyi State, Nigeria

### Researcher questions

The following research questions guided the study

- a. What are the internal finance opportunities available for entrepreneurial business of business education graduates in Ebonyi State, Nigeria?
- b. What are the external finances opportunities available for entrepreneurial business of business education graduates in Ebonyi State, Nigeria?

### Hypotheses

The following null hypotheses were tested at 0.05 level of significance

- H0<sub>1</sub>: There is no significant different between the male and female business education graduates' regarding the internal finance opportunities available to finance their entrepreneur business in Ebonyi State, Nigeria?
- H0<sub>2</sub>: There is no significant different between the male and female business education graduates' regarding the external finances opportunities available for entrepreneurial business in Ebonyi State, Nigeria?

## Methodology

The study was carried out in Abakalikki metropolis of Ebonyi State, Nigeria, using the descriptive survey research design. The design was considered appropriate for the study because it is a valuable tool for assessing opinions. The population for the study consists of 145 business education graduates drawn from the ministry of commerce and industry, Ebonyi State. There is no sampling because of the manageable size of the population. A self-structure 20 items questionnaire on internal and external sources of entrepreneurship finance opportunities for business education graduates business (IESBFAFEGB)" was the instrument used for data collection. The questionnaire was drafted on a four-point rating scale of strongly agree (SA), agree (A), disagree (D) and strongly disagree (1) with a corresponding value of 4,3,2, and 1 respectively. The instrument was face and content validated by three expert in Business education and Test and Measurement Department. The reliability of the instrument was

ascertained using Cornbach Alpha at a reliability coefficient of 0.77 and 0.82 respectively. 145 copies of the instrument were administered directly by the researchers with the help of 3 research assistants and retrieved immediately after completion. The data collected were analyzed using mean and standard deviation. The standard deviation shows the homogeneity in the responses of the respondents. The decision rule was that any mean value of 2.50 and above was considered as agreed while mean value below 2.50 were disagreed. Data for the hypotheses were analyzed using t-test statistics at 0.05 level of significance. The hypotheses were accepted when the z-calculated value is less than the z-critical value at significant level of 0.05 and was rejected where the calculated value is higher than the significant level of 0.05.

## Results

### Data presentation and Analysis

**Research question 1:** what are the internal finance opportunities available for business education graduates entrepreneurial business.

**Table 1:** Means and standard deviation scores of business education graduates funding alternatives available to run entrepreneurial business.

| S/N | Item Statement            | X    | S.D  | Remark |
|-----|---------------------------|------|------|--------|
| 1   | Owner capital             | 3.40 | 1.08 | Agree  |
| 2   | Retained profit           | 3.30 | 0.90 | Agree  |
| 3   | Selling of assets         | 2.70 | 1.00 | Agree  |
| 4   | Personal savings          | 2.70 | 1.10 | Agree  |
| 5   | Depreciation savings      | 3.20 | 0.75 | Agree  |
| 6   | Working capital           | 2.90 | 0.94 | Agree  |
| 7   | Reducing stock            | 3.50 | 0.50 | Agree  |
| 8   | Contribution from partner | 3.29 | 0.59 | Agree  |
| 9   | Debt factoring            | 3.29 | 0.59 | Agree  |
| 10  | Invoice discounting       | 2.93 | 0.96 | Agree  |

The result in table 1 reveals that the mean values of the respondents on the 10 items ranged from 2.70 to 3.50 which are all greater than the bench mark of 2.50 on 4-point rating scale. This

indicate that the responses agreed that the identified 10 items are internal sources of finances opportunities available for business education

graduates. All the 10 items were rated higher by the respondents.

to run entrepreneurial business of business education graduates in Ebonyi State, Nigeria?

**Research question 2:** What are the external finances opportunities available

**Table 2:** Participant responses on the external sources of business finance available for business education graduates entrepreneurial business

| S/N | Item Statement            | X    | S.D  | Remark |
|-----|---------------------------|------|------|--------|
| 1   | Debenture                 | 3.40 | 0.92 | Agree  |
| 2   | Trade credit              | 3.40 | 0.66 | Agree  |
| 3   | Customers advance payment | 3.60 | 0.49 | Agree  |
| 4   | Loan from the bank        | 3.40 | 0.49 | Agree  |
| 5   | Hire purchase             | 4.00 | 0.01 | Agree  |
| 6   | Bank overdraft            | 3.00 | 1.10 | Agree  |
| 7   | Leasing                   | 2.50 | 0.92 | Agree  |
| 8   | Share issue               | 3.64 | 6.61 | Agree  |
| 9   | Government grant          | 3.07 | 0.80 | Agree  |
| 10  | Venture capital           | 3.57 | 0.49 | Agree  |

The result in table 2 reveals that the mean values of the respondents on the 10 items ranged from 2.50 to 3.64 which are all greater than the bench mark of 2.50 on 4-point rating scale. This indicate that the responses agreed that the identified 10 items are external sources of funding business education graduates entrepreneurial business

### Testing the null hypotheses

**H0<sub>1</sub>:** There is no significant different between the male and female business education graduates' responses regarding internal sources of financing opportunities available for business education graduates entrepreneurial business.

**Table 3:** t-test result of the mean responses of male and female business education graduates' responses regarding internal sources of finance available for business education graduates entrepreneurial business.

| Group  | N  | Mean | Sd   | q    | Df  | z-cal | z crit | Decision |
|--------|----|------|------|------|-----|-------|--------|----------|
| Male   | 91 | 3.21 | 0.70 | 0.05 | 143 | 0.21  | 0.47   | NS       |
| Female | 54 | 3.31 | 0.57 |      |     |       |        |          |

The result in table 3 shows that the z- calculated value of 0.21 is less than the t-critical value of 0.47 at 0.05 significant level. This indicates that there is no significant different between the male and female business education graduates' responses regarding internal sources of finance available for business education graduates.

**H0<sub>2</sub>:** There is no significant different between the male and female business education graduates' responses regarding external entrepreneurship finance opportunities for business education graduates

**Table 4:** t-test result of the mean responses of male and female business education graduates' responses regarding external sources of business finance opportunities for business education graduates

| Group  | N  | Mean | Sd   | q    | Df  | z-cal | z crit | Decision |
|--------|----|------|------|------|-----|-------|--------|----------|
| Male   | 91 | 3.25 | 0.94 | 0.05 | 143 | 0.22  | 0.829  | NS       |
| Female | 54 | 3.20 | 0.6  |      |     |       |        |          |

The result in table 4 shows that z-cal value of 0.22 is less than the crit z value of 0.892 significant level. This indicates that there is no significant different between the male and female business education graduates' responses regarding external entrepreneurship finance opportunities for business education graduates.

#### Discussion on the Findings:

The findings of the study from research question one affirmed the agreement of the respondents that owner capital, retained profit, selling of assets, personal savings, depreciation savings, working capital, reducing stock, contribution from partner, debt factoring, invoice discounting are internal sources of entrepreneurship business finance opportunities for business education graduates. The findings aligned with Ozoani (2021), who pointed that entrepreneur funds their establishments through internal source like: retained profit, selling of assets, owner capital, personal savings, depreciation savings. In the same vein, Martins et al, (2024), expressed that working capital, reducing stock, contribution from partner, debt factoring, retained profit, etc are internally sources of funding available for entrepreneurs to sustain their ventures without external borrowings.

The result of testing of null hypothesis is revealed that there is no significant difference in the mean response of male and female business education graduates on the internal sources of funding entrepreneurship

business of business education graduates since the calculated z -value is less than the critical z -value at 0.05 level of significance and 143 degree freedom.

The findings of the study from research question two affirmed the agreement of the respondents that debenture, trade credit, customers advance payment, loan from the bank, hire purchase, bank overdraft, leasing, share issue, government grant, venture capital are external sources of entrepreneurship business finance opportunities for business education graduates. The findings aligned with Ezechi (2020), who said that for entrepreneurs to break- even and cover their business gaps, they must breakout from the limitation of poor business funding beyond their business environment. This include getting loan from commercial bank, overdraft, hire purchase from suppliers, seeking grants from the government, friends and relatives. This study is also in agreement with Ozoani (2021) who highlighted that financing a business through external source, gives access to larger funds than internal source. Furthermore, he lauded that most of the external sources of business finance such as grant from the government, grant from friends and relative may not be paid back. The findings also concurred with Ndechi (2020) who opined that entrepreneurs need to have good external sources of finance to enable them navigate through the huddles of poor business funding, he agreed that personal savings, trade credit, customers advance payment, loan from

the bank, hire purchase, bank overdraft, leasing, venture capital are all available sources of finance business education graduates. The result of the analysis of hypothesis 2 shows that there is no significant difference between the mean responses of male and female business education graduates regarding the external sources of funding entrepreneurship business.

## Conclusion

Without adequate funding the best business dream will fiddle away and innovations will have still-birth. Finance is the grease that nurture innovation to fruition. It is an essential ingredient to entrepreneurs' business success. This paper has therefore identified various sources of finance available for business education graduate, which will make it possible for them to access funds in many ways and not to over rely on bank loan.

## Recommendations

1. Business education graduates who seek to become entrepreneurs must weigh both internal and of business finance available, to enable them make informed decisions about suitable form to use and when to use it.
2. Business education graduate (entrepreneurs) should not over rely on bank loan as the only viable source of business finance available

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