

## **Some Perspectives of African American Undergraduate Entrepreneurship Students (2019)**

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### **Abstract**

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*Entrepreneurship education encourages and prepares those who want to become entrepreneurs or entrepreneurial thinkers to be successful. Though 13.1 percent of the eighteen and older U.S. population were African Americans in 2012, they only owned 9.4 of business firms in the U.S. Therefore, it is imperative to understand the career expectations and concerns of African American entrepreneurship students. This study investigated African-American undergraduate entrepreneurship students' perceptions regarding (1) the level of importance of the factors that positively influenced their decisions to pursue an undergraduate degree in entrepreneurship, (2) the financial sources that support their undergraduate education, (3) the level of importance of the supportive elements that they expect will be important in their initial job assignments, and (4) their highest career expectations. Our findings would contribute to the efforts of the business schools and professional organizations in recruiting, retaining, and educating minority entrepreneurship students.*

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**Keywords:** Entrepreneurship, African American

### **1. Introduction**

Small Business Administration (SBA) reported that America's small businesses made up 99.7 percent of U.S. employer firms, employed 49.2 percent of the private workforce and generated 42.9 percent of private-sector payroll (SBA, 2012). It is obvious that entrepreneurs are the main driving force of America's economy.

Thirteen percent (13%) of the eighteen and older U.S. population were African Americans in 2012 (U. S. Census Bureau, 2018). However, they only owned nine percent (9%, 2.6 millions) of business firms in the U.S. Moreover, only four percent (4%) of African-American owned firms were employers (U.S. Census Bureau, 2015).

In 2012, 39 percent of business owners had a bachelor's or higher degree and 33 percent had some college education and 16 percent of business owners were under age 35 (SBA, 2014). Surveys by the Department of Labor indicated that close to 70 percent of the teenagers wanted to become entrepreneurs (Department of Labor, 2009). Entrepreneurship education molds and inspires future entrepreneurs to lead and succeed.

The purpose of this research is to investigate minority entrepreneurship students' perceptions regarding (1) the level of importance of the factors that positively influenced their decisions to pursue an undergraduate degree in entrepreneurship, (2) the level of importance of the supportive elements that they expect will be important in their initial job assignments, and (3) their highest career expectations. The findings will augment continuing efforts at business schools and professional organizations to recruit, retain, and educate entrepreneurship students.

## 2. Method

Questionnaires were distributed to entrepreneurship majors in a bachelor's degree program at two universities in the Southern region in April 2019. The questionnaires primarily utilized numerical ranking with 4 denoting very important, 3 denoting important, 2 denoting unimportant, and 1 denoting extremely unimportant. A total of 47 usable responses were collected. Results of the survey may apply to minority entrepreneurship students in the Southern region and may be generalized to other parts of the country only with caution.

## 3. Findings

To determine whether there are significant differences among the survey respondent's rankings on the primary reasons for pursuing an undergraduate major in entrepreneurship, the primary reasons were sorted in ascending order based on the mean of ranks (Table 1), and stepwise F tests for equality of means were conducted. At first, we compared the means of ranks between interest in entrepreneurship ( $X_1$ ) and long-term earnings potential ( $X_2$ ), i.e., we tested the hypotheses

$$H_0: \mu_1 = \mu_2$$

$$H_1: \mu_1 \neq \mu_2$$

Since there was no significant difference, we included private business owner potential ( $X_3$ ) in the hypotheses, i.e., we tested

$$H_0: \mu_1 = \mu_2 = \mu_3$$

$$H_1: \text{not all } \mu_i \text{ are equal}$$

We rejected the null hypothesis ( $F=3.24$ ,  $P=0.04$ ) at five percent level of significance and classified the first two factors as Group 1.

To identify the second group, we started by testing

$$H_0: \mu_3 = \mu_4$$

$$H_1: \mu_3 \neq \mu_4$$

We continued to add a factor to the hypotheses until the null hypothesis was rejected. When the following hypotheses were tested

$$H_0: \mu_3 = \mu_4 = \mu_5 = \mu_6$$

$$H_1: \text{not all } \mu_i \text{ are equal}$$

We rejected the null hypothesis ( $F=7.06$ ,  $P=0.0002$ ) and classified private business owner potential ( $X_3$ ), professional prestige ( $X_4$ ), and employment opportunity ( $X_5$ ) as Group 2.

To identify the remaining groups, we repeated the same process used to identify the first two groups. The 6th factor is classified as Group 3, and the 7th and 8th factors are classified as Group 4. The results are given in Table 1.

Table 1 reveals (1) that interest in entrepreneurship and long-term earnings potential are the most important factors in selecting a major followed by private business owner potential, professional prestige, and employment opportunity, (2) many entrepreneurship students are interested in corporate entrepreneurship, and (3) parents and career counselors in high school do not have much influences in students' selection of a major field of study. Data from the Department of Education released in 2014 classified 42 percent of African-American college students as first-generation students. It is not a surprise that parental guidance are limited. Astin et al (1987) studied undergraduate students' selection of major fields of study from 1966 through 1985 and found that the fields which have shown increases in popularity are fields with highest job opportunities. After twenty-two years, their findings are still applicable to African-American entrepreneurship students.

Table 2 displays the financial sources for obtaining education in entrepreneurship. It shows that a whopping 87% of the students have to work either full time or part time to financially support their college education. This finding is an indication of the economic status of most African American undergraduate students. It is also indicative of the fact that HBCUs must try different methods to persuade their students to study more and work less. Minority students must know that as an investment, studying has one of the best returns. According to U.S. Bureau of Labor Statistics (BLJ), median weekly earnings in 2018 for a high school graduate were \$730, and \$1,198 for a person with a bachelor degree (BLJ, 2019). Multiplying those weekly figures by 52, and the annual earnings for a high school graduate were \$37,960, compared with \$62,296 for a college graduate. Table 2 also shows that 70% of survey participants applied for guaranteed loans, supportive grants, and/or other forms of financial aid in order to obtain their undergraduate entrepreneurship education. Clearly there is a strong need of continuing federal, state, and local financial support of minority undergraduate students.

Table 3 lists the supportive elements that respondents expect will be important in their initial job assignments. The stepwise F tests were used again to test the equality of the means of ranks. More than seventy nine percent (79%) of them rated knowledge and skill obtained from college education, and in-house training very important in their future initial job assignments. Table 3 also reveals that the respondents expect their initial success in a job assignment will include assistance from their supervisors. Twenty one percent (21%) of respondents do not expect assistance from peers. This finding may indicate that due to competition, some may hesitate to seek assistance from peers. It may also indicate that they need to improve their interpersonal skills. Indeed, to provide students with the job related knowledge and skills to become successful as entry-level professionals is one of our missions. The environment in which business professionals operate has changed dramatically due to, among other factors, the rapid development of information technology, globalization, competition among business professionals, and economic cycles. Therefore, it is imperative for entrepreneurship educators to continuously revise and enrich entrepreneurship curricula and course content to meet the needs of the business world.

Table 4 displays the highest career expectations of those responding. It clearly shows significant lack of interest in academia. Business schools are facing a shortage of qualified faculty (Gardiner, 2011), especially in the field of accounting (Boyle et al, 2015). As a result, AACSB International requires, among other things, only forty percent business faculty to be Scholarly Academics for business accreditation (AACSB International, 2018). Qualified business faculty salary growth has outpaced inflation – an obvious consequence of supply-and-demand imbalance.

Professors are role models who can positively influence the career choices of their students, and thus should constantly encourage African American entrepreneurship students who show significant potential to become entrepreneurship educators. The strong job market for business faculty and heightened salaries may attract more minority students into the academia.

Of the respondents, 28 percent have a career goal to reach the position of CEO or another key administrative position in a corporation. To those who intend to climb the corporate ladder we have the following suggestions:

1. Improve communication and interpersonal skills. According to a 2013 CNBC telephone survey of 500 top executives, about 45 percent of them said there's a job skills gap and the gap was in soft skills, including communication and interpersonal skills (CNBC, 2014). It is obvious that those who do not possess strong soft skills have little chance of promotion.

2. Be ready for sharp competition. Promotions will not come naturally. One has to outperform peers in order to be promoted. In addition to being well schooled in their field, entrepreneurship students must have an in depth understanding of key business functions.
3. Join a high-growth company. In a high-growth firm, positions open up more regularly.
4. Change employer when blocked. Every time one of your peers is promoted and you are not, you should honestly consider why. If the reasons pose a threat to your career, you should probably leave. Changing employers is one of the best ways to move ahead in one's career.

#### 4. Summary and Conclusions

Our analyses of data collected indicate that 87 percent of the African American entrepreneurship students have to work to financially support their college education. Though there is a strong need for continuing federal, state, and local financial support of minority undergraduate students in pursuing careers in entrepreneurship, we feel that, in addition to guaranteed loans and grants, internship programs should also play an important role in the financial support effort. Internship programs will not only offer a viable financial support alternative, but also provide real-world experiences while students are still in school.

Students expect to be able to depend on the knowledge and skills obtained from college to function effectively in their initial job assignments. Moreover, 28 percent entrepreneurship students are interested in corporate entrepreneurship rather than private ownership. In a rapidly and dramatically changing business world, it is imperative for entrepreneurship educators to continuously revise and enrich entrepreneurship curricula and course content to meet the needs of employers. Aspiring entrepreneurship students would do well to ponder and practice the suggestions offered in this writing.

None of the respondents were interested in academia. Entrepreneurship educators must exercise their role-model status to positively influence the career choices of their students. We hope entrepreneurship educators' influences accompanied by the efforts of professional organizations, strong job market, and lucrative salaries will attract more African American students into the academia.

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**Table 1: Primary Factors in Selecting an Undergraduate Major in Entrepreneurship**

Factors (X <sub>i</sub> )	Frequency of Rank				Total	Mean of Rank	F-Value	Group Rank
	4	3	2	1				
Interest in Entrepreneurship (X <sub>1</sub> )	44 (94%)	3 (6%)			47 (100%)	3.94	H <sub>0</sub> : μ <sub>1</sub> = μ <sub>2</sub> , F=0.54 P=0.47	Group 1
Long-Term Earnings Potential (X <sub>2</sub> )	42 (89%)	5 (11%)			47 (100%)	3.89	H <sub>0</sub> : μ <sub>i</sub> = μ, i=1,...,3 F=3.24 P=0.04	
Private Business Owner Potential (X <sub>3</sub> )	37 (79%)	8 (17%)	2 (4%)		47 (100%)	3.74	H <sub>0</sub> : μ <sub>i</sub> = μ, i=3,...,5 F=1.35 P=0.26	Group 2
Professional Prestige (X <sub>4</sub> )	33 (70%)	10 (21%)	4 (9%)		47 (100%)	3.62	H <sub>0</sub> : μ <sub>i</sub> = μ, i=3,...,6 F=7.06 P=0.00	
Employment Opportunity (X <sub>5</sub> )	27 (57%)	19 (40%)	1 (2%)		47 (100%)	3.55		
Initial Salary Position (X <sub>6</sub> )	17 (36%)	22 (47%)	8 (17%)		47 (100%)	3.19	H <sub>0</sub> : μ <sub>6</sub> = μ <sub>7</sub> , F=6.15 P=0.01	Group 3
Parental Influence (X <sub>7</sub> )	12 (26%)	16 (34%)	15 (32%)	4 (9%)	47 (100%)	2.77	H <sub>0</sub> : μ <sub>7</sub> = μ <sub>8</sub> , F=2.52 P=0.12	Group 4
Career Counseling in High School (X <sub>8</sub> )	5 (11%)	19 (40%)	16 (34%)	7 (15%)	47 (100%)	2.47		

**Table 2: Financial Sources for Obtaining Education in Entrepreneurship**

Financial Sources	Frequency	Percent*
A Job	41	87%
Guaranteed Loans, Supportive Grants and/or Other Financial Aids	33	70%
Scholarships	20	43%
Parents	20	43%
Internship and/or Work-Study Programs	17	36%
Tuition Rebate Programs	7	15%
* Total is over 100% because a student may depend on more than one financial source.		

**Table 3: Important Supportive Elements in Initial Job Assignment**

Factors	Frequency of Rank				Total	Mean of Rank	F-Value	Group Rank
	4	3	2	1				
Knowledge & Skills Obtained from College Education (Y <sub>1</sub> )	31 (79%)	8 (21%)			39 (100%)	3.79	H <sub>0</sub> : μ <sub>1</sub> = μ <sub>2</sub> , F=0.20 P=0.66	1
In-House Training (Y <sub>3</sub> )	32 (82%)	4 (10%)	3 (8%)		39 (100%)	3.74	H <sub>0</sub> : μ <sub>i</sub> = μ, i=1,...,3 F=5.02 P=0.01	
Assistance from Supervisor (Y <sub>2</sub> )	19 (49%)	18 (46%)	2 (5%)		39 (100%)	3.44	H <sub>0</sub> : μ <sub>3</sub> = μ <sub>4</sub> , F=4.96 P=0.03	2
Assistance from Peers (Y <sub>4</sub> )	12 (31%)	19 (49%)	8 (21%)		39 (100%)	3.10		3

**Table 4: Highest Career Expectations of Entrepreneurship Students**

Highest Career Expectations	Frequency	Percent
CEO via growing a private business into a publicly traded company	19	49%
CEO via climbing the corporate ladder	7	18%
A Key Corporate Executive Position	4	10%
Owner of Private Business	9	23%
A Key Academic Executive Position	0	0%
A Middle Management position	0	0%
School Principal	0	0%
College Professor	0	0%
School Teacher	0	0%
Total	39	100%