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Challenges Faced by Student Entrepreneurs in Managing Income and Savings in Higher Institutions: Evidence of Ondo State, Nigeria

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Abstract:

Purpose: *The study "Investigating the Societal and Economic Implications of Student Entrepreneurship in Ondo State, Nigeria".*
Design/Methodology/Approach: *It focuses on describing the socioeconomic characteristics of the respondents, determining their savings and income levels, examining their savings and investment patterns, identifying sources of capital for investment, and determining factors that affect their income, savings, and investment patterns. Data was collected using a multi-stage random sampling technique from 120 respondents and analyzed using descriptive statistics and multiple regression.*
Findings: *The study found that the mean age of the respondents was 23 years, with an average income of ₦25,563.64, average savings of ₦13,636.36, and average investment of ₦34,136.36. It also identified that age, skills acquired, and income level were significant factors responsible for 30% of the observed variation in savings, while household size, skills acquired, savings level, access to loans, and money owed were responsible for 46% of the observed variations in investment.*
Practical Implications: *The study recommends that student entrepreneurs form cooperative societies to pool resources, access credit, and increase their income, savings, and investment levels.*
Originality/Value: *It is recommended that entrepreneurs should be encouraged to acquire more skills and undergo continuous on-the-job training to enhance their knowledge and boost their income.*

Keywords: *Student entrepreneurs, income management, savings behavior, higher institutions, financial literacy, entrepreneurship challenges.*

JEL codes: *E21, I22, M13, O15, R20.*

Paper type: *Research article.*

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1. Introduction

Entrepreneurship is widely acknowledged as a pivotal driver of economic growth and development within any nation. It significantly contributes to economic advancement by creating employment opportunities and fostering the growth of micro, small, and medium enterprises in Nigeria (Adeoye, 2015). The substantial GDP growth rate exhibited by Nigeria, ranging from 6 to 8 percent over the past decade, underscores its status as one of the world's fastest-growing economies.

Consequently, this suggests that properly established businesses have the potential to yield exceptional returns, positioning Nigeria as one of the countries with the highest returns on investment globally, across various sectors such as financial markets, real estate, and entrepreneurship (Popoola, 2014). The intrinsic linkage between entrepreneurship and economic growth is grounded in its role as a catalyst for innovation and change, driving enhancements in productivity and economic competitiveness (UNCTAD, 2004).

Entrepreneurship embodies diverse endeavors, including self-employment, business establishment, and business expansion, and is recognized as a pivotal driver of economic advancement, offering a sustainable solution to extreme poverty and hunger attributed to unemployment (Ihugba *et al.*, 2013). Particularly in developing economies such as Nigeria, the endeavors of small-scale entrepreneurs have been identified as primary catalysts for economic growth and development (CBN, 2005).

In light of the significant youth unemployment rate and the modest pace of economic growth, policymakers and researchers have directed their focus towards formulating policies to promote entrepreneurship and facilitate new venture creation in Nigeria (Giacomin *et al.*, 2011). This emphasis extends beyond mere job creation, as it aims to improve the livelihoods and economic autonomy of young individuals (Chigunta, 2002).

Given its potential to alleviate poverty and drive economic development, Nigeria is tasked with leveraging its youthful population by advocating entrepreneurship and extending support for youth-driven initiatives (C.I.A). The Nigerian government has enacted various programs and initiatives to foster youth entrepreneurship and self-employment, including the integration of entrepreneurship education into the academic curriculum (Awogbenle and Iwuamadi, 2010).

These multifaceted efforts have engendered heightened entrepreneurial participation among students. Moreover, the factors of income, saving, and investment hold pivotal roles in shaping the growth and performance of student entrepreneurs. In-depth knowledge of these elements offers valuable insights into the performance of student-driven enterprises.

The income, saving, and investment habits are crucial factors that influence the progress and success of student entrepreneurs. Increasing income, savings, and investment practices are essential for sustainable development in Nigeria (Shitu, 2012). Additionally, the income, saving, and investment behaviors of entrepreneurs have a profound impact on their long-term growth and performance. This research delved into the income, savings, and investment patterns among student entrepreneurs, offering valuable insights into the factors that contribute to the success of student enterprises.

2. Research Methodology

The research employed a multi-stage random sampling technique to select 120 respondents. Initially, one university was chosen from each of the four categories (Federal, State, Private, and Polytechnic). The second stage involved the random selection of 30 respondents from each category, totaling 120 respondents.

However, 110 completed questionnaires were returned and used for the analysis. The primary data was collected using a well-structured questionnaire that focused on the socio-economic characteristics of student entrepreneurs, including age, sex, household size, parent employment type, parent involvement in business, and the type of business involvement while at school. The data also covered levels of income, savings, investment patterns, sources of capital for investment, and factors affecting income, savings, and investment. Descriptive statistics and empirical analyses were utilized to achieve the objectives of the study.

3. Results and Discussion

Socio-economic Characteristics of the Respondents: This study considers the socio-economic characteristics of student entrepreneurs, including their age, gender, household size, parent occupation, parent involvement in business, and the experience and skills they have acquired.

Age: The mean age of the entrepreneurs was 23 years. The majority (60%) of the student entrepreneurs were within the age range of 21-25 years, while about 23% of them were within the age range of 16-20 years. Almost 14% of the student entrepreneurs were within the range of 26-30 years, and about 4% were above 30 years of age. This suggests that most student entrepreneurs are in their most active stage, which may have encouraged them to venture into entrepreneurship (Table 1).

Gender Distribution: More than half (about 55%) of the entrepreneurs were male, while the percentage of female entrepreneurs was almost 45%. This result is contrary to expectations, as one might have imagined more females being involved in business. The higher number of male entrepreneurs could imply that they feel they have more responsibilities than females, and starting early is important to them (Table 2).

Household Size: The average household size was 5 members. About 54% of the respondents came from households with 5-7 members, 40% had less than 4 members in their household, and a little above 6% had more than 7 members. These results show that most of the respondents came from moderate family sizes, and their interest in entrepreneurship could stem from a desire to do better than their progenitors (Table 3).

Level of Study: The distribution of respondents according to their level of study indicates that about 32% were at the 300 level, followed by 30% at the 400 level, while both 200 level and 500 level students constituted about 16% respectively, and about 7% were at the 100 level. This result is not surprising, as first-year students may be less experienced in combining business with academics, while higher-level students, especially those in their third and fourth years, may be preparing for their future, having gained a better understanding of what it takes to balance business and studies (Table 4).

Experience: The majority (78%) of the respondents had less than 2 years of experience in entrepreneurship, about 16% had between 3-4 years, and almost 6% had more than 4 years of experience. This suggests that most of the respondents started their business when they got to school or campus (Table 5).

Training Received: About 46% of the respondents had formal training related to their business, 39% did not have any training, and almost 16% had informal training. This indicates that more than half of the respondents received the necessary training to become better entrepreneurs (Table 6).

Parental Occupation: About 57% of the respondents' parents were self-employed, 37% were in paid employment, and a little above 5% were retired. This suggests that the respondents' interest in entrepreneurship may have been influenced by their parents' occupation, especially if their parents were self-employed (Table 7).

Types of Businesses Engaged in: About 42% of the respondents claimed to be engaged in providing services on campus, with tailoring and makeover being the most prominent. Almost 31% were involved in the supply of goods, about 23% were online marketers, and about 5% were content writers. This reflects the current business landscape in the country (table 8).

Challenges Encountered: Respondents were asked about the various challenges encountered in their enterprises, and multiple choices were allowed (Table 9).

Income Frenquency: Table 10 displays the frequency of income earned by the respondents. Approximately 47% claimed to earn daily, 38% earn weekly, and almost 15% earn monthly. The frequency of earning is related to the type of business the respondents are involved in. The majority of respondents (about 86%) engage in

businesses that earn money on a daily and weekly basis, as evidenced by the highest percentage of respondents earning daily.

Type and frequency of saving: In Tables 11 and 12, the frequency of saving among the respondents is shown (Table 12) and according to forms of savimgs (Table 11). Around 43% save monthly, 35% save weekly, almost 21% save daily, and about 2% save yearly. This indicates that the respondents value the importance of saving, which can help them take advantage of future business plans.

Investment frequency: Table 13 reveals the avenues through which the respondents save. Approximately 63% save through commercial banks, 18% via piggy banks, 12% through cooperative societies, and 7% through Esusu's. The preference for saving with commercial banks can be associated with the literacy and urban lifestyle of the respondents, as well as the accessibility and reliability of commercial banks.

Forms of investment: In Table 14, the frequency of investment in various businesses by the respondents is depicted. About 44% invest monthly, almost 41% invest weekly, 14% invest annually, and about 2% invest biannually, with none of the respondents investing daily. This reflects the respondents' commitment to achieving sustainable growth and increased income in their businesses through investment. The respondents were also asked about their typical investment choices. Table 14 also shows that 48% invest in additional goods for their businesses, 36% invest in purchasing raw materials, 33% invest in machines and implementation, 31% invest in introducing new services, and 28% invest in improving their goods and advertising. This reveals the diverse investment strategies employed by the respondents to ensure the survival and growth of their businesses.

Income level: In Table 15, the income levels of the respondents are presented. Around 42% earned less than ₦15,000 per month, while almost 31% earned between ₦16,000 and ₦30,000. This underscores that the majority (87%) of the respondents earned less than ₦45,000 monthly, potentially due to low capital investment. Higher income could encourage them to further their business activities.

Level of savings: Results from Table 16 indicate that the majority of respondents (about 58%) save less than ₦10,000 monthly, reflecting their lower income levels.

Pattern of investment: Similarly, Table 17 demonstrates that over half of the respondents invested less than N25,000, which correlates with their previous low income and savings levels.

Source of capital for investment: Table 18 shows the sources of capital for investment made by the respondents. Approximately 49% use their savings, 28% rely on monthly stipends from their parents, 16% receive capital from gifts, and 6% use borrowed capital. This underscores the limited access to loans for the respondents and their reliance on personal savings for business investment.

Regression results on factors affecting the income: The regression results in Table 19 reveal important insights into the factors influencing the income of the respondents. It was found that independent variables explained 28 percent of the variations in income, with a significant overall effect ($p<0.01$). All tested factors were positive, indicating a positive correlation with the income level of the respondents. For example, age and study level were positively associated with income, suggesting that as age and educational attainment increase, so does income.

Additionally, skill acquired and savings level were identified as significant ($p<0.10$) factors positively contributing to changes in income. This highlights the importance of skills in increasing income and emphasizes the positive impact of savings on the income level of the respondents.

Regression results on factors affecting the savings: Furthermore, the results indicated that age, income level, and skill acquired were statistically significant factors ($p<0.10$, $p<0.05$, $p<0.01$) influencing the savings of the respondents (Table 20). The positive relationship between age and savings suggests that savings increase with age, aligning with the life cycle theory. Similarly, income was found to be positively related to savings, indicating that an increase in income leads to an increase in savings. This underscores the positive impact of income on savings habits.

Regression results affecting the investments: Moreover, the positive relationship between skills acquired and saving pattern emphasizes the role of skills in driving income and subsequently, savings. Moving on to the regression results in Table 21, it is evident that the independent variables explained about 47 percent of the variations in the savings of the respondents, with a significant overall effect ($p<0.01$).

Savings level, skill acquired, household size, type of business, access to loans, and money owed were identified as factors that significantly ($p<0.05$ and $p<0.01$) affected the investment of the respondents. Notably, access to loans and money owed were found to have a negative relationship with investment, while household size, type of business, savings level, and skills acquired were positively related to investment. These findings underscore the intricate interplay of various factors in influencing the investment decisions of the respondents.

Table 1. *Age Distribution of Respondents*

Age (Years)	**Frequency**	**Percentage**
Less than 20	22	22.70
21 – 25	66	60.00
26 – 30	15	13.60
Above 30	4	3.70
Total	**110**	**100.0**

Table 2. *Gender Distribution of the respondents*

Gender	Frequency	Percentage
Male	60	54.50
Female	50	45.50
Total	**110**	**100.00**

Table 3. *Household Size Distribution of the respondents*

House hold size	Frequency	Percentage
Less than 4	44	40.00
5-7	59	53.60
Above 7	7	6.40
Total	**110**	**100.00**

Table 4. *Distribution Respondents according Level of Study*

Level	Frequency	Percentage
100	8	7.20
200	17	15.50
300	35	31.80
400	33	30.00
500	17	15.50
Total	**110**	**100.00**

Table 5. *Distribution Respondents according to their Year of Experience.*

Total	**110**	**100.00**
Less than 2	86	78.20
3-4	18	16.35
Above 4	6	5.45

Table 6. *Distribution of Respondents according to Types of Training Received*

Training Type	Frequency	Percentage
None	43	39.10
Informal	17	15.50
Formal	50	45.50
Total	**110**	**100.00**

Table 7. *Distribution Respondents according to Parent's Occupation*

Parents' Occupation	Frequency	Percentage
Self employed	63	57.30
Paid Employment	41	37.30
Retired	6	5.40
Total	**110**	**100.00**

Table 8. *Distribution of Respondent according to Business Types*

Type of Business	Frequency	Percentage
Supply of goods	34	30.90
Provision of services	46	41.80
Online – marketing	25	22.70
Content – writing	5	4.50
Total	**110**	**100.00**

Table 9. *Distribution of Respondents according to challenges faced*

Challenges	Frequency	Percentage
Lack of time to do it well	60	54.5
Indebtedness on buyers' part	40	36.4
Low income from business	40	36.4
Low investment capital	35	31.8
Delay from suppliers	8	7.3

Table 10. *Distribution of Respondents according to how frequently they earn*

Income frequency	Frequency	Percentage
Daily	52	47.30
Weekly	42	38.20
Monthly	16	14.50
Total	**110**	**100.00**

Table 11. *Distribution of Respondents according to frequency of saving*

Saving frequency	Frequency	Percentage
Daily	23	20.90
Weekly	38	34.50
Monthly	47	42.70
Yearly	2	1.80
Total	**110**	**100.00**

Table 12. *The distribution of Respondents according to forms of saving*

Form of savings	Frequency	Percentage
Banks	69	62.70
Esusu	8	7.30
Cooperative society	13	11.80
Piggy bank	20	18.20
Total	**110**	**100.00**

Table 13. *Distribution of Respondents according to the investment frequency.*

Investment frequency	Frequency	Percentage
Daily	0	000.0
Weekly	45	40.90
Monthly	48	43.60

Biannually	2	1.80
Annually	15	13.60
Total	**110**	**100.00**

Table 14. *Distribution of Respondents according to the forms of investment*

Forms of Investment	**Frequency**	**Percentage**
Purchase of machines and implements	36	32.7
Training	25	22.7
Raw materials	40	36.4
Additional goods	53	48.2
Introducing new services	34	30.9
Improvement of Goods/ advertisement	31	28.2

**Multiple Responses*

Table 15. *Distribution of Respondent according to Income Level*

Income (₦) per month	**Frequency**	**Percentage**
Less than 15,000	46	41.80
15,000-30,000	34	30.90
31,000-45,000	16	14.50
Above 45,000	14	12.70
Total	**110**	**100.00**

Table 16. *Distribution of Respondent according to Level of Savings*

Savings (₦) per month	**Frequency**	**Percent**
Less than 10,000	64	58.20
11,000-20,000	34	30.90
21,000-30,000	6	5.50
Above 30,000	6	5.50
Total	**100**	**100.00**

Table 17. *The distribution of Respondents according to their Pattern of investment*

Amount of investment (₦)	**Frequency**	**Percentage**
Less than 25,000	71	64.50
26,000-50,000	21	19.10
51,000-75,000	14	12.70
Above 75,000	4	3.60
Total	**110**	**100.00**

Table 18. *Distribution of Respondents according to Source of Capital for Investment*

Sources of capital for investment	**Frequency**	**Percentage**
Personal savings	54	49.00
Pocket money	31	28.20
Money lender/ borrowing	7	6.40
Gift from family and friends	18	16.40

Total	**110**	**100.00**

Table 19. *Regression result on the factors affecting the income of respondents*

Variable	Coefficient	Standard error	t value
Constant	-.0855381	.5820645	-0.15
Age	.0616566	.1420795	0.43
Gender	.0687573	.1842725	0.37
Household size	.1765199	.1535506	1.15
Level of study	.034908	.0876919	0.40
Skills acquired	.2866803	.20035	1.43*
Savings level	.5088284	.1335112	3.81***
Investment level	.0611605	.1368967	0.45
R^2 = 0.2815			
F = 4.95			

, ** & * are 10%, 5% and 1.0% level of significance.*
$t_{0.10}$ = 1.282; $t_{0.05}$ = 1.645; $t_{0.01}$ = 2.326

Table 20. *Regression result on the factors affecting the savings of the respondents*

Variable	Coefficient	Standard error	t value
Constant	.1190626	.450149	0.26
Age	.2482727	.1085137	2.29**
Gender	-.0879113	.1447306	-0.61
Household size	.0454729	.1194395	0.38
Level	0189143	.0677207	0.28
Skills acquired	.2094428	.1510141	1.39*
income level	.3446952	.0702051	4.91***
Amount owned	-.0368854	.0843653	-0.44
R^2 =0.3			
F = 6.11			

, ** and * are 10%, 5% and 1.0% level of significance.*
$t_{0.10}$ = 1.282; $t_{0.05}$ = 1.645; $t_{0.01}$ = 2.326

Table 21. *Regression result on the factors affecting the investment of the respondents*

Variable	Coefficient	Standard error	t value
Constant	.5797341	.5607506	1.03
Age	.1375245	.101119	1.36
Gender	-.0738429	.132521	-0.56
Household size	.1844515	.1091902	1.69**
Level	-.0534738	.0631474	-0.85
Level of skills acquired	.4566879	.1388833	3.29***
Type of business	.1393296	.0814319	1.71**
Savings level	.464978	.0908052	5.12***
Income level	.0411737	.0711724	0.58
Access to loan	-.5586742	.20025	-2.79***

Money owed	-.1759133	.0998683	-1.76**
R^2 = 0.47			
F = 8.81			

, ** and * are 10%, 5% and 1.0% level of significance.*
$t_{0.10}$ = 1.282; $t_{0.05}$ = 1.645; $t_{0.01}$ = 2.326
Source: *In all Tables above author's Compilation-Field Survey.*

4. Conclusion and Recommendation

The study's conclusion highlights the importance of savings and investment for the success and growth of student entrepreneurs. It was found that nearly half of the respondents utilized their savings as a source of capital, emphasizing the significance of saving and investing in the success of their enterprises, regardless of their income level.

However, the majority of student entrepreneurs have limited access to loans and exhibit low investment levels due to their low income and consequently low savings. The study also revealed that the acquisition of skills has a positive impact on the income, savings, and investment of student entrepreneurs.

Therefore, it is recommended that entrepreneurs should be encouraged to acquire more skills and undergo continuous on-the-job training to enhance their knowledge and boost their income. The government could play a pivotal role in this by implementing policies or schemes to provide entrepreneurs with the necessary skills.

Additionally, since a large number of respondents lack access to loans, it is suggested that banks within campuses be required to offer soft loans to student entrepreneurs. Encouraging the formation of cooperatives among respondents could also provide mutual assistance.

Furthermore, it is important for student entrepreneurs to ensure that their business activities do not adversely affect their studies, as academics remain their primary focus. Therefore, it is recommended that they strike a balance that allows them to pursue their entrepreneurial ventures without compromising their educational commitments.

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