

MAKERERE UNIVERSITY

MAKERERE UNIVERSITY BUSINESS SCHOOL

**ENTREPRENEURSHIP COMPETENCIES, PSYCHOLOGICAL CAPITAL,
SOCIAL CAPITAL AND SELF-EMPLOYMENT OF GRADUATES**

BY

KIRYOWA RICHARD

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Approval

This is to certify that this dissertation has been submitted in partial fulfillment of the requirements for the award of a degree of Masters in Human Resource Management with our approval as university supervisors.

Prof. John C, Munene..... Date

Assoc. Prof. Francis Kasekende..... Date

Dedication

I dedicate this work to my dear wife Peninah and children, my mother Mrs. Alice Ssenkubuge, my sisters and brothers, Pastor Fred Ssali for all their love and support in my academic journey. God richly bless them.

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I would like to express my sincere thanks to my supervisors Prof John C. Munene and Dr. Francis Kasekende for their commitment and guidance that has made this research work a success.

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ABSTRACT

The researcher set out to find the relationship between entrepreneurship competencies, psychological capital, social capital and self-employment of graduates. The study was guided by the following research objectives; to examine the relationship between entrepreneurship competencies and social capital, to examine the relationship between psychological capital and social capital, to examine the relationship between social capital and self-employment and to examine the relationship between entrepreneurship competencies and self-employment.

To obtain this, a cross sectional survey was used in the selection of 411 self-employed graduates from Mukono and Buikwe districts. The collected data was analysed using the Statistical Package for Social Scientists (SPSS).

The results showed that there was a positive significant relationship between, entrepreneurship competencies and social capital, psychological capital and social capital, social capital and self-employment. There was also a significant relationship between entrepreneurship competencies and self-employment. Results show that entrepreneurship competencies, psychological capital and social capital account for 71.6% of the self-employed graduates.

The study therefore recommended that graduates need to acquire more social capital and psychological capital in order for them to get into self-employment.

CHAPTER ONE

INTRODUCTION

1.0 Background

The economic world is rapidly changing and one needs not to under look the importance of establishing a lifetime employment with his/her own company. Advanced technology and the high numbers of graduates every year have increased the number of unemployment, layoffs are

too common and the only way one can deal with the possibility of losing the job is by being prepared for the eventuality.

According to (Kaulgud, 2003), as the opportunities for wage employment are diminishing and the employment market saturated, more and more people are turning towards self-employment. Government policies are emphasizing the generation of self-employment as a solution for the increasing backlog of unemployment.

For example, Moses Kamoga walked all over Kampala streets for four years, looking for a job. After he completed university, like most graduates, he was on the lookout for job openings which he later realized were not open for him.

Living off handouts from friends and relatives, he read every job advert in newspapers and had applied for each that he thought would suit him. After sitting several interviews but without an appointment letter in his hands he gave up and considered the unimaginable for an Information Technology graduate at his age. Pondering his next move, he asked, "Why not return to the village to till grandfather's vast land?"

Back to the village through the interaction with friends he got to know ginger was marketable though a hard crop to grow. Anyway, he took the risk and threw his heart and energy into ginger farming on half an acre. Six months later Kamoga could not believe his luck when he earned Shs3m. It was the first time he was getting this amount of money.

With the belief that the farm had earned him a better place in society than the city did, he was confident that with extra effort he could even do better so he went back to tilling the land, this time round to grow ginger on two acres of land. He was full of praise songs at harvest time.

Today, Kamoga is a rich man by village and small town standards, far better off than his classmates at university who took up formal jobs. He has acquired vast tracts of land in Kayunga, owns three trucks that ferry agricultural produce from the village to urban centers including

Kayunga, Mukono, Wakiso and Kampala, runs a fleet of six taxis and employs over 50 people on his farms. He has since expanded into pineapple growing, rearing local chicken, cattle and banana growing. Kamoga is a typical case of a self employed graduate who earns over Shs5m on average per month. (*The Daily Monitor* Newspaper, Wednesday February 29th/2012)

There is need for graduates to exploit resources that will help them become self employed.

1.1 Statement of Opportunity.

Having tried to look for employment and failed, Kamoga got an idea from his friends that ginger growing was profitable, so he acquired a loan from his friend which he used to cultivate ginger on his father's land, it was half an acre. The yields were overwhelming that he got exciting profits which motivated him to even grow more ginger on a bigger piece of land. This is how his farm went on growing into a bigger project. Kamoga had a combination of entrepreneurship competencies; psychological capital and social capital which helped him become self-employed.

1.2 Purpose of the study

The purpose of the study was to examine the relationship between entrepreneurship competencies, psychological capital, social capital and self-employment.

1.3 Objectives of the study

The objectives of the study were:

- i. To examine the relationship between entrepreneurship competencies and social capital.
- ii. To examine the relationship between psychological capital and social capital.

- iii. To examine the relationship between social capital and self-employment.
- iv. To examine the relationship between entrepreneurship competencies and self-employment.

1.4 Research Questions

To achieve the above objectives, the following research questions needed to be answered;

- i. What is the relationship between entrepreneurship competencies and social capital?
- ii. What is the relationship between psychological capital and social capital?
- iii. What is the relationship between social capital and self-employment?
- iv. What is the relationship between entrepreneurship competencies and self-employment?

1.5 Significance of the study

A study on the self-employment of graduates is of great significance to many young people who have been trained in various disciplines but failed to find placement in formal employment. Many people who are unemployed are not in this predicament by choice, so an analysis of the causes of unemployment in this category, as well as the factors that can lead to their self-employment is therefore of importance to them.

Social workers would also benefit from this study because there are psychological and social factors surrounding unemployment of graduates. Social workers would find this revealing in their efforts to understand unemployment to help youths to start development projects.

The research would also help government planners who cater for the allocation of national resources. The State being responsible for all its citizens, would highly benefit from knowing how the millions of unemployed graduates can be helped to get into self-employment and how the government can harness their efforts and benefit from their projects, say through taxation and employment of other people.

1.6.0 Scope of the study

1.6.1 Subject scope

The study focused on entrepreneurship competencies, psychological capital, social capital and self-employment of graduates

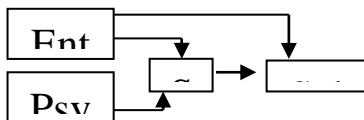
1.6.2 Geographical Scope

The study was carried out in Mukono and Buikwe districts. These districts were chosen because they tend to have a large number of self-employed graduates.

1.6.3 Time Scope

The study was carried out within a period of four months.

Figure 1: Conceptual Framework showing the relationship between variables



Source: Developed from literature review (Munene, 2009)

1.7 Description of the model

The conceptual framework above illustrates the relationship between the independent and the dependent variables. It also shows that an individual's entrepreneurship competences lead to social capital which leads to self-employment.

Besides an individual's psychological capital leads to social capital and that social capital leads to self employment. However, a person's entrepreneurial competences can also lead him/her to being self-employed.

1.8 Structure of the dissertation

This dissertation is composed of five chapters; the current chapter continues with the profile of self-employed graduates in Uganda. This is followed by chapter two on literature review, chapter three on methodology, chapter four carries the analysis of the data and chapter five gives the discussion and conclusion.

1.9 Profile of self-employed graduates in Uganda.

Vignette 1: Situations that lead graduates into self-employment

Recently there has been a surge in the number of graduates choosing to work for themselves as soon as they leave university. Rather than becoming employees they are choosing self-employment. Armed with their entrepreneurial skills they are turning their talents and passions into businesses. It seems graduates are plagued by gloomy thoughts of leaving higher education to compete for the restricted number of available jobs. The latest graduate unemployment figures from the Office for National Statistics shows that around 9% of recent graduates were out of work, while a significant 47% were forced to take 'non-graduate' jobs after leaving university. This is attributed to failure to be employed after graduation and having tried several times to seek employment but all in vain.

Barbra Adoso (*New Vision*, 13th/03/2015) was frustrated with her MBA, in that on several occasions she would do interviews, pass them but never got a job. She therefore decided to start her own business in the tour and travel industry. Barbra said she was forced to do a course she never wanted, but because she wanted to please her parents she had no option. However, after graduation she went and followed her heart's desire. She joined the tour and travel industry. Through the savings she had made at her first job, and her psychological capital and entrepreneurship competencies, she established the Ruhoga Gorilla Safari Lodge in Bwindi Impenetrable Park (*New Vision* 13th/03/2015). Barbra's story also shows that some graduates are into self employment because they never did courses of their choices but as a way of pleasing their parents

Namayanja Eve (*Daily Monitor* , Nov 5th/2014) who has a degree in Public Administration and a diploma in Education, for a little while taught in Kabowa Trinity School but earning very little money which was not enough to sustain her and her family. It was against such a background that she resorted to farming through which she raised capital to start up her own school in Iganga known as

Iganga Children's Centre Primary School. So Eve and many other graduates say that the jobs they had were paying very little compared to the effort put and the number of hours given to particular jobs which money was not enough for basic requirements. The only viable option was self-employment

Naluwooza Viola (*New Vision*, 24th/Oct/2014) resigned her job at a university because for some time she worked without being promoted even when she acquired more academic qualifications needed for the promotion, to avoid conflict, she went into self employment and she never regrets her decision. Viola's case is just a representation of many other graduates who have gone into self-employment because of not being promoted at their workplaces. Much as this is true of many graduates, there is yet another category of graduates who are dragged into self-employment just out of the influence of peers. This happens in such a way that they get motivated by their colleagues who are already self-employed. Just like the case of Kamoga, having seen and heard from his friends about ginger growing, he too got courage to become self-employed.

Vignette 2: Actions taken by graduates so as to get into self-employment.

Many universities encourage their students to adopt an entrepreneurial attitude to broaden their career opportunities. By making the most of the opportunities that your university has made available, you can build your entrepreneurial skills and widen your experience ready for the future. With this empowerment therefore some graduates had to seek advice from friends who have made it on how to go about it, and it

was basing on the advice given that they also went ahead. Having tried several places but with no job, Kamoga got to know that ginger growing was profitable, so he decided to go back to his home village and cultivate his father's land. Much as it wasn't easy he persevered and with self-efficacy he kept on till he got the best out of it. He now owns a big farm in Kayunga. It was after Kamoga made a radical decision of putting down his honors of being a graduate that he got his breakthrough. There are several self-employed graduates who took similar action like that of Kamoga. However, to the very passionate ones, bank loans do the trick of getting start-up capital to invest in a particular project which goes on progressing and as time goes by the projects grow bigger and bigger. Peter Mwebembezi (*New vision*, Fri 12th/09/2014) acquired a bank loan of shillings one million which he used to buy a computer and printer to start on his printer project on Nkurumah road. He further rented some space in a corridor where he started his business. It has now grown into a big company known as MPK Graphics Limited on Nasser Road and he has bought land near Green Hill Academy where he plans to build its headquarters. Mwebembezi's achievements started with the bank loan.

Twinomuburizi Joshua (*New vision*, Fri 19th/09/2014), at the time when majority of his class mates were wholly dependent on their parents, decided to start his business while pursuing a diploma. He started a business of making cards for the students. To manage this, he created a good relationship with his classmates. One of the students would help him with a computer whenever he needed to design the cards since at that time Joshua did not have one. Other students were his customers. This was promising since he had now made a step forward, though it lasted a short period. There was a strike that led to the closure of the university and therefore his customers were no longer there. He however had gained some experience and learnt how to handle customers.

Now that his cards' business had stalled owing to the strike, Joshua explored other alternatives. His openness to new experience and his determination to learn was instrumental. In the process, he met a

friend who introduced him to the idea of lawn mowing. While some of his friends and parents viewed it as degrading and unworthy idea, Joshua took an optimistic view. He sold his guitar in order to buy a lawn mower that his friend offered at shs 400,000. He did not have experience in working with a mower therefore he had to recruit someone to teach him. He learnt how to operate the mower and started offering the services himself; Joshua differentiated his services from those of other competitors. For instance, he could offer receipts, rake the compound after mowing and would always wear neat clothes making him gain an edge over the others in similar business. His new business was now giving him 600,000 a month, which was by far a more decent reward compared to what diploma holders would have earned at that period had they been in formal employment. Further still, the customers kept on asking him whether he offered other services and this provided him with an opportunity to expand to designing and gardening services.

After completing his diploma and bachelor degree, Joshua twice became a target worker; one as a sales person with Crane Bank and also a Barclays Bank though at different times. He used this time to gain some more business experience and also some money he needed. After those short occasions, he decided to quit and concentrate on his own business. He eventually registered his own business. As of now, Joshua is a proud person whom people recognize as promising. This explains why some graduates are determined to sell off some of their property and invested into some business with hope of getting returns over time. Others have gone ahead to turn their houses into offices or factories all with the hope that the project will work out while there are those who chose to move back to their home villages where there is vast land for agriculture, which land they utilized and has been productive to an extent that they don't regret their actions.

Vignette 3: Results of actions taken by graduates into self-employment.

Analysis of factors such as employment rates, earnings levels, job satisfaction, suggests that self-employment status is generally associated with enhanced labor market outcomes rather than a limited availability of regular paid positions. Self-employed graduates tend to report higher earnings and greater work satisfaction than paid workers. Out of the actions taken jobs have been created and income has been earned which has led to the improvement of the standard of living of such individuals. They have built houses and also taken their children to good schools to attain good education.

Similarly, graduates who moved into self-employment from paid positions in the last two to five years following graduation have shown improvements in these outcome measures. The fact that individuals are drawn towards self-employment as employment rates improve over their early post-graduation careers provides further evidence of this. These individuals have also ended up creating jobs for others, hence curbing unemployment. To the areas where these people live, infrastructure has been improved upon, and there is improved production of goods to those in agriculture where these goods have been put on market

Vignette 4: Lessons learnt from graduates who have gone into self-employment.

The ability to connect with others is important for people hoping to start a business since one can gain ideas and other forms of support that can help in business formation. There is power in networking; most of the graduates who have made it in self-employment managed this as a result of getting ideas

from friends who have gone through the same journey. This is social capital. Nobody is born with the knowledge you need to identify and exploit entrepreneurial opportunities. The question, then, is how to acquire the necessary knowledge and skills solely by working and learning from your mistakes, or by taking advantage of other people's knowledge and experience. Accumulation of knowledge, gained through openness to learning and experience can help a person develop viable business ideas.

We know from experience that the latter strategy is more efficient and produces better results. Of course, you also need to be gifted. It is like learning to play the violin: if you lack musical talent, even the best teacher cannot help you become a violinist. That said, without proper training, you will never progress beyond mediocrity. Moreover, you need to be courageous, willing to take risks, able to assert yourself, open-minded, creative and imaginative in order to set up your own business successfully and turn your ideas into reality. Personal characteristics such as hope, optimism and resilience are key factors that help a person to fight his way towards business ideas. There is always need for hard work and commitment in anything that one chooses to do if any good results are to be achieved. Much as things may seem not to work out at the start, when one does not give up, one will make it in life.

The ability to make things happen is the key to success. We all know the saying "There is nothing more powerful than an idea whose time has come". The best idea is worthless if you lack the knowledge and skills to make your business benefit from it.

Many self-employed people work longer hours than formal employees. Some enjoy their work so much that they want to put in long hours. Some set up their businesses in such a way that their physical presence is necessary for income generation. Whichever way one chooses to go, one can increase on one's income by creating some other income generating project apart from formal employment.



CHAPTER TWO

LITERATURE REVIEW

2.1.0 Introduction

The literature review highlights literature on four variables in the conceptual framework. These are entrepreneurship competence, psychological capital, social capital and self employment.

2.1.1 Variables

2.1 .2 Entrepreneurship Competences

Miller, (2004) defines entrepreneurial competencies as embodying risk taking, pro-activeness, and radical product innovations. Since entrepreneurship is a dynamic process of creating incremental wealth, it requires individuals who can assume the major risk in terms of equity, time and commitment of providing value for some product or service. This service or product may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources (Holt, 2002).The competence is what will drive the entrepreneur to combine various factors of production, process the raw material so as to produce a finished product and create utility in the product which is then marketed so as to earn profit (Kaulgud, 2003)

A competence is a relationship between the employee and his/her task environment (Munene, Bbosa & Ebonyu).When an individual maneuvers the environment in which he is and becomes successful, then he/she has a competence. (Woodruffe, 1990) defines competence as a work related concept which refers to areas of work at which the person is competent. Competencies therefore constitute a cluster of related knowledge, attitudes, and skills, which an individual acquires and uses together to produce outstanding performance.

A Competency is a measurable characteristic of a person that is related to success at work. It may be a behavioral skill, an attribute, or an attitude. Entrepreneurship competencies are a combination of knowledge, set of skills and cluster of appropriate motives that an individual possesses to perform a given task (Eksteen, 1996). He also identified the following as some of the entrepreneurship competences: self-confidence, task-result oriented, risk taker, leadership originality and future oriented.

Entrepreneurship competencies are defined as the underlying characteristics such as traits, motives, specific knowledge, social roles, skills and self-images that lead to the birth of a new venture, its survival and growth.

2.1.3 Psychological Capital

Psychological Capital is defined as "an individual's positive psychological state of development and is characterized by having confidence (self efficacy) to take on and put in the necessary effort to succeed at challenging tasks, making a positive attribution (optimism) about succeeding now and in the future, persevering toward goals and, when necessary, redirecting paths to goals (hope) in order to succeed, and when beset by problems and adversity, sustaining and bouncing back and even beyond (resilience) to attain success" (Luthans et al, 2007).

Self-efficacy is the degree to which individuals perceive themselves as having the ability to successfully perform a task (De Noble et al, 1999). Individuals with high self efficacy tend to set challenging goals; persist toward the achievement of their goals, even under difficult and stressful circumstances; and recover quickly from failure, in the face of adverse conditions (Bandura, 1997). Avey, Luthans and Jensen (2009) argue that hope consists of both individual determination to achieve their goal and ability to devise alternative pathway. They further say that hopeful individuals tend to take risks and look for alternative pathways when old ones are blocked. Optimism means having hope and a strong belief and confidence to deal with situations (Clever and Scheier, 2002). They further say that optimistic individuals relate negative events as external (not my fault), unstable (occurred this time only), and specific (this event only). They have a positive attitude towards life which increases their chances of succeeding in life. Resilient individuals have the ability to positively cope with and adapt during risk and adversity, (Masten, 2001). He further says that resilient individuals tend to be more effective in a variety of life

expectations, including adjustment and development, under a variety of life course threatening conditions.

From the catastrophe, after Kamoga realized that he had failed to get a job, it required a person with confidence in himself and the ability to achieve to resort to ginger growing. There is also need for one to have feelings of being successful and also having proper plans of achieving stated goals. This is what is seen in Kamoga, he believed he could make it even when in a field he had not pursued as his career. He became very creative and ventured into farming, started with half an acre and went on advancing to several acres. This implies that he had hope of achieving what he wanted and he finally achieved it.

Psychological Capital is defined as the positive developmental state of an individual as characterized by high self-efficacy, optimism, hope and resiliency.

2.1.4 Social Capital

Burt (1992), this refers to friends, colleagues, and more general contacts through whom individuals receive opportunities, Winter (2000) argued that, social capital can be defined as the networks of social relations which are characterized by norms of trust which lead to outcomes of mutual benefit. Putnam (2000) also defined social capital as connections among individuals, social networks and the norms of reciprocity and trustworthiness that arise from them. He further said that social capital helps to open up channels for information

It is the capital that is embedded in people who are socially connected. It is about being one another's keeper. He further suggests that bonding ties are important for 'getting by' while bridging ties are crucial for 'getting ahead'. In this respect he distinguishes between bonding social capital and bridging social capital. Bonding social capital refers to relations amongst relatively homogenous groups such as family members and close friends who more likely hold common core values while Bridging social capital refers to relations with distant friends,

associates and colleagues with diverse experiences, values and backgrounds. This is common in groups like Rotary clubs, Mothers Union and the like. It encompasses those social relationships that help people to get along with each other and act more effectively than they could as isolated individuals. For example, Kamoga's turning point was brought about as a result of social relationships from which he got to know that farming was a better alternative for him and that ginger was on high demand hence it had a ready market.

Adler (2000) views social capital as a set of horizontal associations between people and the associated norms that affect the productivity of the community and create externalities for the community as a whole.

Social Capital is the value that comes from social networks, or groupings of people, which allow individuals to achieve things they couldn't on their own.

2.1.5 Self employment

Self employment is the form of employment created by an individual for himself/herself (Kaulgud 2003). A self employed person identifies opportunities, selects a product either in the manufacturing, service or trading industry, and organizes required factors of production and by offering the production in the market earns profit. Self-employed people work for themselves instead of an employer, drawing income from a trade or business that they own (Hamilton, 2005).

Self employment can be looked at in two ways: there are those who are currently not employed, but would prefer to be self employed, and such individuals are referred to as truly latent entrepreneurs. The others are those who are employed but would seek self-employment with aims of increasing their income (Hamilton, 2005).

2.2.0 Relationship between variables

2.2.1 Entrepreneurship competencies and social capitals

Peterson and Berger (2001) show that entrepreneurial competencies help individual to develop new businesses that create revenue streams. However, these new businesses can only be created through networking and interacting with some other people whose ideas and experience will encourage the other individual move towards a desired goal. The knowledge-creation process within entrepreneurial competencies and the subsequent strategic use of this knowledge are tightly linked to social capital. Entrepreneurial competencies therefore, need to appreciate the dynamics of individual social capital to appreciate the nature of the knowledge created by the individual. Most profound contributions of entrepreneurial competencies may lie in its links with social capital (Zahra, 2002).

Without social capital, understanding the processes associated with a company's knowledge creation and exploitation within entrepreneurial competencies may deem void. Peter Mwebembezi (*New Vision* 12th/09/2014) was introduced to the world of printing by the director of a school he used to work for. He used to do the same computer work at school and through this he acquired skill and not only skill but also got different connections in the printing world. His ability to network with his boss built more networks through which he got better ideas on which he built his own printer.

2.2.2 Psychological capital and social capital

Optimist people value good events and keep themselves away from bad events (Luthans and Youssef, 2004). Individuals with greater levels of psychological capital are more likely to network since social capital encompasses those social relationships that help people get along with each other and act more effectively than they could as isolated individuals (Barbieri, 2000).

Much as one may have the psychological capital attributes that is self-efficacy, optimism, hope and resiliency these attributes may remain unexploited without the social capital which refers to the stocks of social trust, norms and networks that people can draw upon to solve common problems, (Luthans et al, 2004). Snyder (2002) revealed that high hope individuals take risks and look for alternative pathways when old ones are blocked. They are strategic in that if they realize that their current networks will not help them achieve their goals, they build other networks thereby expanding their social capital.

Kamoga had the psychological capital but did need to network with other people so as to acquire knowledge on how to grow ginger, how it is harvested, where to find its market, plus other forms of knowledge which finally led him to being self-employed. Another one is Peter Mwebembezi who much as he had the self-efficacy, optimism, hope and resilience, still needed people to give him ideas on business like where to get items to use and also the market. This implies that psychological capital alone without the social capital, the goal of being self employed may not be achieved.

2.2.3 Social capital and self-employment.

Without the basic resource requirements of labor, capital and raw material, few individuals can survive for long, and few individuals would be willing to risk getting into self employment without at least some access to these resources. The more an individual has access to resource networks, the more likely that individual will be able to engage into self-employment (Dyer, 1994). There are certain socialization experiences that would prepare someone to choose to turn to self employment. Although it doesn't appear to be a single sequence or pattern of

experiences that would lead to one's being self employed, research indicates that early family and childhood experiences, education and training and certain work experiences encourage one into self employment (Dunn and Holtz, 2000).

Social capital has been regarded as an important driver of self-employment. From the case it is noted that Kamoga was able to acquire new ideas which prompted him to embrace ginger growing as a result of networking with friends in the field. After Stanley Mpamize (*New Vision* 30th/01/2015) was fired from his government job, he linked up with relatives who were importing goods from Dubai and started selling their merchandise for a commission. With the savings he made he was able to start his own company called Skomp Enterprise dealing in domestic and storage pest control which later expanded into fumigation.

2.2.4 Entrepreneurship competencies and self-employment

Grousbeck (2002) noted that self-employers are those who perceive themselves as pursuing entrepreneurship competencies. Like they say "Chance Favors the Prepared Mind". Self-employment opportunities are seized by those who are prepared with entrepreneurship competencies. The intention to become self-employed is stronger for those with more positive attitudes to risk and independence. That is the higher the tolerance for risk, and the more positive the attitude to decision making autonomy, the stronger is the intention of being self- employed (Evan, 2002).

Entrepreneurship competencies characterize individuals who are successfully developing; it also characterizes individuals that are successfully innovating (for example creating new ventures). Many studies define entrepreneurs as individuals who are self-employed and that increases in entrepreneurship also result in growth in total employment (Stephan, 2010). Peter Mwebembezi (*New Vision* Friday 12th/09/2014) took a risk and made a decision to resign from

his teaching job, created new ventures in the printing business and, with his creativity and innovativeness; he was able to become self-employed.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This section presents the methods that were used in research as specified below:

3.1 Study design

The researcher used a cross sectional survey emphasizing a quantitative research approach to get factual information of the respondents. This helped him obtain data regarding

entrepreneurship competences, psychological capital, social capital and self-employment. The justification for the use of this research design was because a cross sectional study is fast and can study a large number of respondents at little cost or effort.

3.2 Study population

The study population comprised 950 self-employed graduates who had registered their projects with the Community-Based Services Offices of Mukono and Buikwe district headquarters. Of those 650 were from Mukono while 300 were from Buikwe. Mukono and Buikwe were chosen by the researcher because the researcher is a born of Buikwe and works in Mukono so getting cooperative respondents would be easy compared to a completely new place. Accessing the respondents was also easy. Convenient sampling was applied, (Paul C. Cozby, 2001)

3.3 Sample size

The sample size consisted of 411 self-employed graduates selected from Mukono and Buikwe districts. Krejcie and Morgan, (1970) table for determining sample size for any population of a defined size was used.

Table 3.1 Sample Size Determination

District	Target population	N-n Sample Size
Mukono	650	242
Buikwe	300	169
Total	950	411

3.4 Sampling procedure and Design.

In order to obtain a representative sample, the Simple Random sampling technique was used. The researcher made use of membership lists of different trading associations in the two districts in order to obtain a representative sample.

3.5 Source of data

Data was obtained through self-administered questionnaires, filled by the respondent who was self employed, reason being that the self-employed person would best express and explain the factors which led and kept him/her into self-employment. The measure of self employment confirms that the respondents dealt with were self employed.

3.6 Measurement of variables

Structured and self-administered questionnaires on a six point like scale were designed and given to the respondents. Entrepreneurship competences were measured using questionnaires developed by the supervisor and Lamunu (2011) with some moderations so as to fit my study.

Social capital was measured using 17 items derived from the (Schwartz and Munene, 2009) model of cultural and individual values The respondent compared himself or herself to a hypothetical individual on a six point scale ranging from very much like me (1), to not like me at all (6).

Psychological capital was measured using modified psychological scale by (Munene, 2008).

Self-employment of graduates was measured using questions developed from self-perceived self-employment and validation scale by Rothwell& Arnold (2007).

3.7 Validity and reliability

To establish validity, the instruments were given to a few experts to evaluate the relevance of each item in the instrument to the objectives and rated each item on the scale of very relevant (4), quite relevant(3), somewhat relevant (2), and not relevant(1). Validity was determined using content validity index (C.V.I). C.V.I= items rated by (3) or (4) by these experts divided by the total number of items in the questionnaire hence $(n3/4) \div N$, the tests ensure that measures tap the study concepts.

Cronbach's alpha value was used to determine the reliability of instruments. Cronbach's alpha reliability coefficient normally ranges between 0 and 1. The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. George and Mallery (2005) provides the following rules of thumb : > 0.9 is excellent, > 0.8 is good, > 0.7 is acceptable, > 0.6 is questionable, > 0.5 is poor and < 0.5 is unacceptable.

Table 3.2: Reliability analysis

Variable	N	Mean	Cronbach Alpha
Entrepreneurship Competencies	67	2.951	.982
Psychological Capital	18	2.938	.907
Social Capital	17	2.719	.933

Self-Employment	8	2.865	.919
-----------------	---	-------	------

N= Number of items.

In this study, the Cronbach alpha of all the variables was above 0.7; this means that the instruments used in data collection were all acceptable.

3.8 Data processing and analysis

The data collected was reviewed, edited and coded for analysis using statistical packages for social scientists (SPSS) version 17.0. The data was manipulated using descriptive, correlation and regression data analysis methods. The findings of the study are presented in the next chapter.

3.9.1 Ethical considerations

Anonymity and confidentiality was ensured by making the questionnaires anonymous. The information received was kept confidential. Privacy was ensured during data collection and all records were stored in a manner that would not expose the identity of study respondents.

3.9.2 Permission to conduct research

Authority to conduct research was obtained from Makerere University Business School

3.9.3 Limitations of the study

The researcher faced a number of challenges;

- i. Misunderstanding and misinterpretation of the questionnaire by some respondents affected the quality of some information.
- ii. Some of the respondents were passive as far as response is concerned.

- iii. The researcher had inadequate resources due to numerous costs involved in the research process.
- iv. The researcher had social problems which resulted in the death of his father, which greatly affected his progress.

CHAPTER FOUR

Data analysis and Presentation

4.1 Introduction

This chapter presents and discusses the findings of the study obtained from the respondents. The data was analyzed in relation to the topic of: Entrepreneurship competences, Psychological Capital, Social Capital and Self-Employment of graduates. This chapter therefore contains the presentation of results and their interpretations. The collected data was analyzed using the Statistical Package for Social Scientists (SPSS).

It begins with the presentation, analysis and interpretation of the demographic and general characteristics of the respondents, such as level of education and age using frequency analysis. The data presented was obtained using questionnaires and the findings are presented in the tables showing the descriptive, correlations and regression analysis.

This study intended to find out the relationship between entrepreneurship competencies, psychological capital, social capital and self-employment of graduates; guided by the following objectives.

- What is the relationship between entrepreneurship competencies and social capital?
- What is the relationship between psychological capital and social capital?
- What is the relationship between social capital and self-employment?
- What is the relationship between entrepreneurship competencies and self-employment?

4.2 Social-demographic characteristics.

This part of the chapter contains the background social-demographic characteristics of the respondents presented using cross tabulation.

Table 4.1: Qualification

Qualification	Frequency	Percentage
Post graduate Diploma	18	11.7
Masters	14	9.1
Bachelors	66	42.9
Others	56	36.1
Total	156	100

The table shows that of the total respondents, 66 have a bachelor's degree and this gives a percentage of 42.9% being self-employed as per the level of education.

Table 4.2: Age of the respondents

Age	Frequency	Percentage
21-30	66	43.1
31-40	58	37.9
41-50	22	14.4
51-60	7	4.6
Total	156	100

The table above shows that respondents between the ages of 21-30 are more into self-employment than the others. It is having a total of 66 which gives 43.1%. Those between the ages of 51-60 are least self-employed being just 7 which give a percentage of 4.6%.

4.3.0 Relationship between the variables

4.3.1 Bivariate correlation

This section discusses the relationships between variables using the bivariate correlation and hierarchical multiple regressions of all predictors of self-employment. Bivariate correlation and regression evaluate the degree of relationship between two quantitative variables.

Table 4.3: Bivariate Correlation analysis

	1	2	3	4
Entrepreneurial Competences (1)	1			
	156			
Psychological capital (2)	.843**			
	.000			
	156	156		
Social capital (3)	.825**	.817**		
	.000	.000		
	156	156	156	
Self-Employment (4)	.787**	.821**	.769**	
	.000	.000	.000	
	156	156	156	156
**. Correlation is significant at the 0.01 level (2-tailed).				

4.3.2 The relationship between entrepreneurship competencies and social capital

The first objective of the study was to establish the relationship between entrepreneurship competencies and social capital. According to table 4.3 above, there is a significant relationship between entrepreneurship competencies and social capital. ($r = 0.825$, $p \leq 0.01$). This indicates that

entrepreneurship competencies are highly related to social capital. This therefore means that graduates with more entrepreneurship competencies are more likely to build more social networks through which they can get new ideas which they can develop into new business that will create a revenue stream

4.3.3 The relationship between psychological capital and social capital.

The second objective of this study was to establish the relationship between psychological capital and social capital. According to table 4.3 above, there was a significant relationship between psychological capital and social capital ($r=0.817$, $p\leq 0.01$). The statistic shows that there is a high relationship between psychological capital and social capital. This means that graduates with more psychological capital are more likely they can access resource networks, and the more they are able to engage in self-employment activities.

4.3.4 The relationship between social capital and self-employment.

The third objective was to establish the relationship between social capital and self-employment. According to table 4.3 above, a significantly high relationship exists between social capital and self-employment ($r=0.769$, $p\leq 0.01$). This means that the greater The social capital the more chances of getting self-employment ideas which will in turn drive one into self-employment

4.3.5 The relationship between entrepreneurship competencies and self-employment

The fourth objective of the study was to establish the relationship between entrepreneurship competencies and self-employment. According to table 4.3 above, a significantly high relationship exists between entrepreneurship competencies and self-

employment. ($r=0.787$, $p\leq 0.01$). This means that the more entrepreneurship competencies a graduate has the higher the chances of getting self-employed.

4.3.6 Regression analysis

Regression analysis is used to identify the best combination of the predictors (independent variables) of the dependent variable. This also helps to show which independent variable is causing variations in the dependent variable.

Table 4.4 Regression analysis of Self-employment.

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	rsq	adjustedr	F	Sig	
	B	Std. Error	Beta							
1	(Constant)	.394	.176		2.243	.026	.716	.710	127.742	.000
	Entrepreneurial Competences	.272	.105	.231	2.584	.011				
	Psychological capital	.620	.118	.462	5.270	.000				
	Social capital	.233	.097	.201	2.410	.017				
a. Dependent Variable: Self Employment										

From table 4.4 above, results show that the independent variables, that is entrepreneurship competencies, psychological capital and social capital has a positive influence on self-employment. From the table it is shown that psychological capital has more influence with 46.2% followed by entrepreneurship competencies with 23.1% and then social capital with a percentage of 20.1%.

The results show that entrepreneurship competencies, psychological capital and social capital explain 71.6% (adjusted $r^2=0.710$) of the variance in self-employment.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter is composed of a discussion of the findings, conclusions, recommendations and areas for further research, basing on the research objectives.

5.1 Discussion

This section interprets and discusses the research findings in relation to the research objectives.

5.1.1 Relationship between entrepreneurship competencies and social capital.

A significant relationship was found between entrepreneurship competences and social capital (refer to findings in Chapter Four) This implies that graduates with more entrepreneurship competences are more likely to build more social networks through which they can develop new businesses that will create revenue stream. It is therefore important that graduates acquire entrepreneurship competences such as self- confidence, become result oriented, risk takers and get creativity, and then be in position to build social networks from which they will be able to acquire new ideas which will help them create own jobs, thus self-employment.

Zahra (2002) argued that the knowledge creation process within entrepreneurial competences and the subsequent strategic use of this knowledge are tightly linked to social capital, and that most profound contributions of entrepreneurship competences may lie in its link with social capital.

5.1.2 Relationship between psychological capital and social capital

A significant relationship was found between psychological capital and social capital, Reference can be made to Chapter Four. This implies therefore that graduates with greater levels of psychological capital are more likely to network since social capital encompasses those social relationships that help people get along with each other and act effectively than they would if they worked in isolation, as is argued by (Barbieri, 2000). It is the social capital that will help a graduate fully exploit his/her psychological capital and hence become self-employed. This can also be seen from the background story of Kamoga who had the psychological capital but needed

to network with other people from whom he acquired the knowledge of ginger growing and marketing.

5.1.3 Relationship between social capital and self-employment

Findings in chapter four indicate that there is a significant relationship between social capital and self-employment. The more an individual has access to resource networks, the more likely that individual will be able to engage in self-employment activities (Dyer, 1994). Findings agree with Dyer's view. This therefore implies that for graduates to be able to get into self-employment, they need to network as this will help them get fresh ideas and experiences. The greater the social capital the more chances of getting self-employment ideas which will in turn drive one into self-employment. Findings also affirm with the story of Stanley (*New Vision* 30th/Jan/2015) who was fired from his government job and when he linked up with some of his relatives who were importing goods from Dubai, started by selling their merchandise for a commission and later started his own company called Skomp Enterprises.

5.1.4 Relationship between entrepreneurship competences and self-employment

Findings in Chapter Four indicate that there is a significant relationship between entrepreneurship competences and self-employment. This implies that the more entrepreneurship competences a graduate has the higher the chances of this graduate to get into self-employment. Grousbeck (2002) argued that self-employed individuals are those who perceive themselves as pursuing entrepreneurship competences, the 'chance favors the prepared mind' mentality. Finding also agree with (Evan, 2002) who argued that the higher the tolerance for risk, and the

more the attitude to decision making autonomy, the stronger the intention of being self-employed.

5.2 Conclusion

In conclusion therefore, the results of the study revealed that there is a significant relationship between entrepreneurship competencies and social capital which implies that it is important for graduates to acquire more entrepreneurship competences which will facilitate them to network easily.

It is also shown that there is a significant relationship between social capital and self-employment. This therefore implies that graduates have to build more social networks which will help them get into self-employment. There is no way they can get self-employed without the social capital. Findings further show that there is a significant relationship between psychological capital and social capital. This implies that graduates with greater psychological capital are most likely to build better social networks and as a result this will enable them get ideas which will help them get into self-employment.

It is therefore noted that the three variables highly predict self-employment and that a graduate having entrepreneurship competencies, psychological capital and social capital is highly likely to be self-employed.

5.3 Recommendations

In reference to findings in the study, it is indicated that self-employment is significantly influenced by social capital. The study therefore recommends that graduates should endeavor to build more social networks through which they can get ideas which will help them get self-employed.

Graduates need to acquire good entrepreneurship competencies such as self confidence, innovativeness which will help them get into self-employment.

The study also recommends that graduates also need more psychological capital which will help them get into self-employment.

Young graduates should improve on their relationships since it is through such that get ideas and connections which may be very helpful in creating their own jobs.

5.4 Suggestions for further research

The study focused on graduates who are self-employed. Additional research should investigate groups of self-employed individuals who are not graduates.

This study looked at entrepreneurship competences, psychological capital and social capital as predictors of self-employment. Further study should be done to establish other predictors for self-employment.

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APPENDIX 1: RESEARCH QUESTIONNAIRE

As part of the academic requirement for the award of Masters Degree of Human Resource Management of Makerere University, Students are required to conduct field research and present their findings. In this regard, I am conducting research on Entrepreneurship competencies, Psychological capital, Social capital and Self-employment of graduates in Uganda.

The importance of this letter is to kindly request you to provide information regarding the study. All your views will be held confidentially and every part of your response will be used only for academic purposes.

1. Highest level of education attained by respondent (tick as appropriate)

- a. Post graduate Diploma
- b. Bachelors
- c. Masters
- d. Others

2. Age of Respondent (tick as appropriate)

- a) 51-60
- b) 41-50
- c) 31-40
- d) 21-30

Entrepreneurship Competencies.

Evaluate the following statements by putting a tick in the box with the appropriate alternative of your choice using the given scales (Without fail, Almost all the time, Most of the time, About half the time, Less than half the time, Less than a quarter the time). Kindly do not leave any item unanswered.

Without fail	Almost all the time	Most of the time	About half of the time	Less than half of the time	Less than a quarter of the time
1	2	3	4	5	6

		1	2	3	4	5	6
1.	I keep record of all the transactions made in the business						
2.	I demonstrates self-confidence by getting involved in the areas am good at						
3.	I'm always in position to organize and deliver business initiatives leading to growth in my business.						
4.	I maintain sufficient materials or merchandise and skills to perform my duties						
5.	Keep myself up to date with the knowledge and skills required to perform my duties						
6.	I possesses the skills to enable me perform at a high capacity						
7.	I provide mutual support and a mentoring environment to my employees						

8.	I have the capability of accessing monetary and financial resources								
9.	I'm trustworthy in my dealings with the customers								
10.	I am honest and treat my employees well								
11.	I maintain a close relationship with my employees and customers								
12.	I always invent new ways of doing business								
13.	I come early for work and leave very late after accomplishing all the task								
14.	I do not fear to take financial risks by acquiring bank loans.								
15.	I have a high desire to achieve success in my business by making funds available to make more profits and become productive								
16.	I have a strong desire to be independent and to take my own decision without consulting any one								
17.	I'm aware of the market forces and know where to market my goods at favorable prices								
18.	I'm creative in the way I do my business and like sharing ideas with my fellow entrepreneurs using.								
19.	I'm self-motivated and committed to my business								
20.	I keep my word at all times								
21.	I like depending on my own ideas and rarely consult others in business								
22.	I look after my employees by paying them their salaries and providing for them essential commodities								
23.	I pay the salaries of my employees promptly								
24.	I possess management skills and these have enabled my business to survive.								
25.	I allow good ideas to work for me and improve my business								
26.	I'm a persistent person who is able to take on challenges in my business								
27.	I have the ability to persevere in good and bad times of business								
28.	I should be able to conduct a market research related to the business								
29.	I'm should be growth oriented								
30.	I should be in a position of paying my workers well								
31.	I'm organized, I utilize my time as efficiently as possible								
32.	I believe in competing with other similar businesses								
33.	I have a positive attitude towards my work; I enjoy my work and have interest in it.								
34.	I have contacts with other entrepreneurs								
35.	I have good team management skills, I step aside and give others an opportunity to perform similar duties								
36.	I come with a unique idea and creatively transform an								

Competitive Aggressiveness							
66.	In order to attract more customers. I do something new for them. E.g. a discount.						
67.	I try to establish what my customers demand or need.						
68.	In my business, I engage in personal selling/marketing, to increase sales.						
69.	I Offer better prices to out compete my rivals.						
Achievement Orientation							
70.	I set goals for my business						
71.	I have a guiding mission for my business						
72.	I set myself specific short term objectives I intend to achieve						
73.	I review objectives and set fresh ones						
Risk taking							
74.	I prefer business in which I can control the situations as much as possible						
75.	I don't try something new without doing everything I can to ensure I succeed.						
76.	I weigh my chances of succeeding or failing before I decide something.						
77.	When I take a risk and fail, it will not hurt my career.						

PSYCHOLOGICAL CAPITAL

Optimism items, please confirm how you feel about your experience. Show how much you agree using a six point scale ranging from agrees completely, without any doubt to completely disagree without doubt. Please tick the number that is closest to how much you agree.

This is extremely true	This is very true	This is somehow true	This is very true	This is very untrue	This is extremely untrue
1	2	3	4	5	6

		1	2	3	4	5	6
P1	I always manage to solve difficult problems if I try hard enough						
P2	I am confident that I could deal efficiently with un expected events						
P3	I can solve most problems if I invest in the necessary efforts						
P4	I rather depend on myself rather than others						
P5	I rely on myself most of the time						
P6	I often do my own thing						
P7	My personal identity /independence from others is very important to me						
P8	It is important that I do whatever I do to the best of my abilities						
P9	Winning is everything to me						
P10	Competition is the law of nature						
P11	Thanks to my resource fullness, I can handle unforeseen situations						
P12	When another person does better than me, I get tense and aroused						

P13	If a friend got a prize or a job, I would feel proud						
P14	The wellbeing of my friends is very important for me						
P15	To me pleasure is spending time with others						
P16	I feel good when I cooperate with others						
P17	I am a very resilient person and can cope in very difficult change situations.						
P18	I like change situations because they provide so many opportunities						

SOCIAL CAPITAL

The following items describe a particular individual who has a number of characteristics. Show how far you are like or not like the individual on a six point scale ranging from very like him to very unlike him. Please tick the number that is closest to how much you think you are like the individual the items describe.

1	2	3	4	5	6
This is very much like me	This is like me	This is Somewhat like me	This is a little like me	This is not like me	This is not like me at all

		1	2	3	4	5	6
S1	It is important to me to be polite to others all the time. I believe I should show respect to my parents and to older people.						
S2	I think it is important not to ask for more than what you have. I believe that people should be satisfied with what they have.						
S3	I believe that people should do what they are told. I think people should follow rules all the times even when no one is watching.						
S4	My family's safety is extremely important to me. I would do anything to make sure my family is always safe						
S5	It is important to me to fit in and do things the way other people do. I think I should do what others expect of me.						
S6	I think it is important to do things the way I learned from my family. I want to follow their customs and traditions.						
S7	I always want to help the people who are close to me. It is important to me to care for the people I know and like.						
S8	Honesty is very important to me. I believe I must be honest in any situation and always tell the truth.						
S9	It is important to me that my friends can always trust me. I want to be loyal to them and always look out for their interests.						
S10	I think it is important that every person in the world should be treated equally. I want justice for everybody even for people I do not know.						
S11	Being very successful is important to me. I like to stand out and to impress other people.						
S12	I like to make my own decisions about what I do. It is important to me to be free to plan and to choose activities for myself.						
S13	I like people to know that I can do well. I'm ambitious and ready to work						

	hard and get ahead.						
S14	It is very important to me to show my abilities. I want people to admire what I do.						
S15	Thinking up new ideas and being creative is important for me. I like doing things in my original way.						
S16	It is important to me to listen to people who are different from me. Even when I disagree with them, I still want to understand them and to get along with them						
S17	I think it is important to get interested in things. I'm curious and try to understand everything.						

Self-employment

For questions in this section, put a tick in a box, which in your opinion represents your choice based on the following six categories.

Strongly agree	Agree	Somewhat agree	Somewhat Disagree	Disagree	Strongly Disagree
1	2	3	4	5	6

		1	2	3	4	5	6
E1.	I have skills in discovering, collecting, and analyzing information						
E2.	I have skills in calculating, examining, and interpreting data and financial records						
E3.	I can interact with other people and relating to them on a personal level.						
E4.	I effectively manage people in a group or organization.						
E5.	I am skilled at working on my own to build, grow, or repair things						
E6.	I am skilful in organizing and processing information and coordinate activities						
E7.	I have skills to persuasively or creatively promote a product or a service or to simply convey a message						
E8.	I have skills in expressing my creative ideas through innovating, imagining, composing, and designing						