

PERCEIVED ENTREPRENEURIAL COMPETENCIES OF UNDERGRADUATES AND SELF-EMPLOYMENT CREATION AFTER GRADUATION: IMPLICATIONS FOR YOUTH POLICY IN GHANA

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Unemployment among the youth between the ages of 18 to 35 years is a major developmental challenge as it accounts for over 45% of the unemployed in Ghana. Entrepreneurial development has been identified by the Ghana National Youth Policy as one of the panaceas to youth unemployment in Ghana. The higher educational institutions are responding to youth unemployment through the development of entrepreneurial spirit and competencies in the curricula for prospective graduate. The study used a content-validated questionnaire to survey 160 undergraduate students who had undergone various courses in entrepreneurship and agribusiness in the University of Cape Coast, Ghana. This was to identify the relationship between the perceived improvement in the level of entrepreneurial competencies and willingness of students to start own business after graduation. The SPSS and STATA softwares were respectively used to generate descriptive statistics and binary logistic regression to describe the variables and relationships. The Cronbach's alpha coefficient of 0.89 on the likert-type scale measured indicated that the questionnaire was reliable. The results from the study showed that majority of the respondents (62%) were willing to start the own businesses after graduation. Generally, the perceived overall entrepreneurial competencies of students were high. Specifically, students possessed high entrepreneurial competencies in areas such as self confidence, self discipline, the desire to start business, responsibility, problem solving ability and perseverance. Results from the logistic regression showed that, of the 20 entrepreneurial competency areas studied, only four namely the desire to start own business, .generosity, good people judgment and knowledge on agribusiness were the significant predictors of the willingness of students to start own business after graduation. The study recommends among others, the development of business incubators and apprenticeship schemes for graduates to reduce youth unemployment since the desire to start own business is high. Moreover, the high risk involved in starting own businesses in Ghana should be minimized through the enforcement of laws governing business operations and provision of technical and financial supports to graduates.

Keywords: Entrepreneurship, Entrepreneurial Competencies, Youth Policy in Ghana,

INTRODUCTION

Unemployment is one of the most serious problems affecting social progress of many nations as it dissipates the contribution of manpower resources to productivity, income generation and wellbeing of citizens. Many unemployed people are not employable because they do not have the requisite skills that can attract an employer. Morley (2001) found that hiring college graduates is

sometimes risky for most employers. Therefore those who seek to recruit fresh graduates put in place measures to retrain them to bring them up to standard. Companies are unwilling to employ fresh university graduates because they often not prepared for the workforce (Brown, Helsketh and Williams, 2003). Thakur, Chittoor and Perumal (2009) found in India that higher percentage of population receiving higher education in entrepreneurship lead to higher entrepreneurial activity. Research studies suggest that a good entrepreneurial environment leads to sustainable economic progress and the necessity to shift from a managed economy to entrepreneurial economy (Keilbach, Jagannadha and Audretsch, 2009). In United States for instance in 2002, there were about 22.9 million small business entrepreneurial endeavors representing 99.7 percent of all employers and 97 percent of all U.S exporters (Small Business Administration, 2006).

The recognition of small business entrepreneurial significance couple with wide spread dissatisfaction in traditional business programme has spurred tremendous growth in entrepreneurship courses at all level of education (Duggy and Tarabishy, 2006). Ghana is endowed with enormous human and material resources. However, these resources have not been optimally utilized due to inadequate formal education and training of the manpower in entrepreneurship which contribute to the unemployment in Ghana. Institutions of higher learning such as the universities and some polytechnics in Ghana have incorporated entrepreneurship course in the curriculum to help train students in the establishment of own business after graduation. However, the crucial roles played by higher educational institutions in generation of human capacities in leadership, management and technical expertise are often questioned. Ghanaian employees often complain about the quality of graduates, owing to the falling standards of education in the last few years.

Objectives of the Study

In Ghana, almost all attention is turned towards the government to provide non existing jobs for everybody leading to high unemployment. The graduates from higher institution who have received training in entrepreneurship are expected to start their own businesses. The main objective of the study was to investigate how undergraduates perceived entrepreneurial competencies influence their willingness to start their own business after graduation.

Literature Review

The literature review covers three main areas that drives the study: Youth policy in Ghana and entrepreneurship, different schools of thoughts on entrepreneurship and main entrepreneurial competencies of entrepreneurs.

Youth Policy in Ghana and Entrepreneurship

The youth of every country constitute the true wealth and future of that nation. They serve as a major source of human capital and key agents for development. Therefore, addressing the hopes and aspirations of the youth are not out of place in nation building. Over the years, there has been no clear cut youth policy in Ghana that empowers the youth for socio-cultural, economic, and political development. In August 2010 government, supported by academia, development partners, media and the Ministry of Youth and Sports developed a National Youth Policy to

empower the youth of Ghana with the theme: **“Towards an empowered youth, impacting positively on national development”**. The policy defines “youth” as “persons who are within the age bracket of fifteen and thirty-five years (Ministry of Youth and Sports, 2010). The policy identifies entrepreneurial development as one of the instruments that can propel and accelerates socio-economic development. On the contrary, its development is limited to a small section of the youth. In view of this, government of Ghana realizes the need to mainstream entrepreneurial development into school curricula to give it the necessary impetus. The youth policy emphasized on integration of entrepreneurial skills into youth development activities, facilitation of access of credit to the youth, creation of corps of young entrepreneurs to serve as role model, and celebration of successful young entrepreneurs as a means to realize entrepreneurial development among the youth in Ghana (Ministry of Youth and Sports, 2010).

Schools of Thought on Entrepreneurship

Entrepreneurship has become a focal point of public policy. Governments at all levels and in many countries have made it a priority and creates conducive environment to pave way for individuals to start own businesses (OECD, 2006). There is a growing recognition that entrepreneurship is critical to economic prosperity (Baumol et al., 2007). Godin, Clemens and Veldhuis (2008) reviewed three main schools of thought that epitomize entrepreneurship. These are (1) **The German tradition**, (2) **The Chicago tradition**, and (3) **The Austrian tradition**.

The German tradition is based almost entirely on the work of Joseph Schumpeter. Schumpeter (1942) viewed entrepreneurship as the process of combining resources in new and different ways to bring ideas to the market. An entrepreneur is described as an innovator i.e. an individual who disturbs the current situation by replacing existing firms or ideas with new firms, products, or processes. This kind of entrepreneurial action causes economic change. He also sees entrepreneurship as a process whereby people bring innovations (goods, services, processes, and so on) to consumers. The entrepreneurial act of bringing new innovations to the market causes economic change. The Chicago tradition is based on the work of Frank Knight. In contrast to the German tradition, the Chicago tradition concept of entrepreneurship postulates that there are some people who have unique characteristics that make them entrepreneurs. Entrepreneurship, therefore, is defined by the actions taken by these individuals with certain personal attributes to bring new products and services to the market in the face of uncertain outcomes. The reward for having skills and bearing the risk of failure is profit. The Austrian tradition is based on the work of Israel Kirzner. Kirzner views entrepreneurship as process whereby people become alert to opportunities previously unnoticed by others and use these opportunities to bring ideas to the market, in the face of uncertain outcomes. Hence, all people have an entrepreneurial element in their decision making, which he describes as “knowing where to look for knowledge.” Because no one has perfect information, there are always opportunities to act entrepreneurially by acquiring information and making better decisions. it is possible for an entrepreneur to make a profit by persuading someone to advance the necessary funds.

Common features of the three key schools of thought on entrepreneurship are enterprise, innovation, process, risk-taking, spectrum of entrepreneurial action, and economic change in entrepreneurship. The combination of these features has been identified by Godin *et al* (2008) as the first step towards developing a reasonable consensus and ultimately a unified conceptual framework of entrepreneurship. However, this research is based on the Chicago school of thought that view entrepreneurs as people who have unique characteristics and initiate useful

changes or innovations with the primary aim of profit (unlike scientist and inventors) whilst bearing the risk.

Entrepreneurial Competencies

Competencies are a mix of knowledge, skills and attitudes. (Lans, Hulsink, Baert and Mulder, 2008) and define broader personal characteristics necessary for superior behaviour and also as an outcome of a proper application of knowledge (Brown 1993). Le- LaBrasseur, Blanco and Dodge (2002) noted that, when considering competences ‘the emphasis is on behaviour and performance. Acs *et al.* (2005) and Tamásy (2006) have also shown that entrepreneurial attitudes have a strong impact on the decision of an individual to start a firm. Base on the Chicago school of thought, entrepreneurs are known to possess certain qualities that make them successful in the quest to start a new business or run a business. Some of these qualities include: risk bearing, desire, generosity, good people judgment and perseverance. LeBrasseur *et al.* (2002) identified the top five competences required during the survival stage of a small firm as perseverance, effective communication, good judgment, individual productivity, and creative thinking. Gautam (2007) reported the work of Entrepreneurship Development Institute of India (EDI) and identified thirteen entrepreneurial competencies or characteristics that successful entrepreneurs are likely to have. These are watching for opportunities, persistence, initiation, work planning, information seeker, commitment to work, quality conscious, efficiency lover, self confidence, persuasion, efficient monitoring, concern for employees and assertiveness. According to McClelland (1961) successful entrepreneurs are characterized by qualities such as unusual creativeness, strong need for achievement and high enriched propensity.

Critical reviews of literature on competencies of entrepreneurs identify twenty competency areas that were used in this research. They are self confidence, believe in value of money, self-discipline, desire to start own business, responsibility, problem solving ability, honesty, perseverance, persuasiveness, patience, people judgment, generosity, balanced ego development, energy, market awareness, initiative and aggressiveness, agribusiness knowledge, value appropriate control system, low support needs and risk bearing

MATERIALS AND METHODS

Ghana is a lower middle income with GDP of 39.2 billion USD in 2012. Agriculture employs 60 % of workforce and accounts for 37 % of GDP. Export products are gold, cocoa, timber, bauxite manganese and electricity. Oil was found in 2007. The study population were prospective graduates from B.Sc. Agriculture at University of Cape Coast, Ghana. The University of Cape Coast is one of the seven main public universities in Ghana. The university was established in 1962 with the core mandate of training skilled manpower for the Ghanaian education sector. Due to the increased demand for human resources for the other sectors of the economy, the University has developed programmes in the humanities, social sciences, agriculture, physical science, biological science among others to serve the various sectors of the Ghanaian economy. The University run both undergraduate and graduates programmes in all the areas mentioned above in full time and part time bases. From an initial enrollment of 155 students in 1963, the University of Cape Coast has student population of over 35,922 as at 2012. The School of Agriculture has a B.Sc. Agriculture with entrepreneurship programme. The entrepreneurship course is conducted after three years of classroom instruction on campus, and

designed to immerse students in valuable agribusiness, experienced-based learning activities that mirror the total setting surrounding agribusiness under supervision by lecturers and other stakeholders. The main aim of the course is to improve student capacity in identifying business opportunities and starting up successful agribusiness enterprises.

A survey of 160 undergraduate students out of the total of 490 agricultural students in the B.Sc. Agriculture with entrepreneurship programme was undertaken. A combination of proportionate stratified random sampling and purposive sampling were used to select third and fourth (final) year students. This was to ensure that students selected had gone through adequate courses in agriculture (animal, crop, soil sciences and agricultural engineering) and related courses (entrepreneurship, agricultural Economics and Extension, Marketing, field trips and internship programmes). The pre-test of the questionnaire instrument to determine its reliability yielded a Cronbach alpha 0.89. With the help of statistical product and services solutions version 16, and STATA, frequencies, percentages, means, standard deviations and regression (binary logistic) were used for data analysis.

The Logit Model specification

The odds of an event occurring (i.e a student willing to start his own business after graduation) is the probability that the event occurred divided by the probability that the event did not occur (i.e a student is **not willing** to start his own business after graduation) (Acquah, 2013).

where $\ln\left(\frac{P}{1-P}\right)$ is the logit transform. This value is the log of the odds of the outcome (since $\text{odds} = P/(1-P)$). β_0 and β_j are parameters to be estimated and X_j is a vector of explanatory variables with index j .

$$\frac{P}{1-P} = e^{(\beta_0 + \sum \beta_j X_j)}$$

Furthermore, where P is the probability that $Y=1$ and $1-P$ is the probability that $Y=0$. and e is the exponential constant. The **dependent variable** was undergraduates willingness to be self-employed after graduation or start own business. This was measured as dummy with 1 and 0 indicating willing and not willing to be self-employed respectively. **The Independent Variable** was 'Perceived Entrepreneurial Competencies' of respondents. There were 20 Likert-type items used to measure the Perceived Entrepreneurial competencies of respondents ranging from 1 to 5, with 1 indicating very weak perceived competency and 5 indicating excellent perceived competency in an area.

RESULTS AND DISCUSSION

Background characteristics of students

Majority (92%) of the students were between 20 and 30 years (Table 1). This was consistent with the findings of Vorkh, (1990) who concluded that most university students were in the late teens to middle thirties, the most critical period for career decision making. Thakur, *et al* (2009) also found in both India and Germany that younger population (15-44 years) was more

entrepreneurial which was attributed to the higher energy level of the youth that motivates them to combine different resources to create jobs or enterprises.

Table 1. Background characteristics of Respondents.

Age (years)	Frequency	Percentage
Less than 20	1	0.6
20 – 25	111	70.35
26 – 30	34	21.51
Above 30	12	7.59
Total	158	100

Sex	Frequency	Percentage
Male	140	87.5
Female	20	12.5
Total	160	100

Reason to establish own business	Frequency	Percentage
Create employment	20	12.5
Make profit	57	35.6
Self-dependent	79	49.4
Put knowledge acquired into practice	4	2.5
Total	160	100

Source: Field Data (2010)

Table 1 also shows that majority (88%) of the respondents were males and wish to establish own business to create employment, make profit, be self-dependent and put knowledge acquired to practice. Half of the respondents reasons to establish the own business was to be self-dependent. Hisrich and Peters (2002) have identified 'independence' as the main driving force for entrepreneurs to start their own business.

Table 2. Type of Business respondents wants to be employed/work in.

Type of Business	Frequency	Percentage
Agribusiness	79	49.4
Trading of goods and services	22	13.8
Import and export	15	9.4
Educational related business	44	27.4
Total	160	100

Results in Table 2 indicate that almost half (49.4%) of the respondents wanted to go into agribusiness as a profitable venture whereas 27% preferred to work with educational related business. This findings thus indicate a rather change in attitude of undergraduate agricultural students towards agribusiness. For example, Olooto, Motunrayo, Abolaji, Yusuf and Subair (2012) reported in Nigeria that most university agricultural students (72%) did not want to go into agribusiness. More than half (57%) preferred to work in banks and international

organizations. Also Okorley, Kwarteng, Owens (2006), found out that most agricultural science students in tertiary institutions in Ghana were willing to be employed in NGOs, non-agricultural manufacturing industries and banks rather than go into agribusiness.

Entrepreneurial Competencies of undergraduates.

Twenty (20) main entrepreneurial competency areas were identified and used in the study (Table 3). Generally, respondents perceived their entrepreneurial competencies to be very good. The four main entrepreneurial competencies that students perceived to have developed most were self-confidence, believe in the value of money, self-discipline and the desire to establish their own business. However, the characteristic which most of the students had not developed much was risk bearing and it was because they were not sure when and how they are ready to start up their own business. This conforms the findings of Okorley *et al* (2006) who identified risk involved in starting and maintaining the own business as one factor deterring most tertiary student in Ghana to start agri-businesses.

Table 3. Perceived Entrepreneurial Competencies of Respondents.

Entrepreneurial Competencies	Mean	Sd
Self confidence	4.10	0.87
Believe in value of money	4.01	0.85
Self- discipline	3.99	0.87
Desire to start own business	3.97	0.99
Responsibility	3.92	0.88
Problem solving ability	3.87	0.86
Honesty	3.85	0.93
Perseverance	3.84	0.85
Persuasiveness	3.75	0.86
Patience	3.75	0.80
Good people judgment	3.75	0.86
Generosity	3.68	0.83
Balanced ego development	3.67	0.87
Energy	3.67	0.89
Market awareness	3.66	0.89
Initiative and aggressiveness	3.59	0.90
Agribusiness knowledge	3.54	0.83
Value appropriate control system	3.43	0.83
Low support needs	3.08	0.90

Risk bearing	3.04	0.96
Overall mean	3.90	0.89

n=160 sources: Field Data (2010) Scale: 1= very weak, 2= weak, 3=good, 4=very good, 5=excellent

Students Willingness to Start their Own Business after Graduation

The result from Table 4 shows that majority of the respondents (62%) were willing to start their own business after graduation.

Table 4. Willingness of students to Start their Own Business after Graduation.

Variable	Frequency	Percentage
Willing	98	61.6
Not willing	61	38.4
Total	159	100

n=160 sources: Field Data (2010)

According to Shane (2008), student who study non-business related topics are more likely to start own business than people majoring in other fields. He further stated that people who study health related topics and agriculture are more likely to start their own business than people majoring in other fields. This confirms why greater percentages (62%) of the respondents were willing to start own business since they are agricultural students.

Predictors of student willingness to be self-employed after graduation

Collinearity diagnostics were performed by examining variance inflation factors (VIFs) and Tolerance and was found not to be a problem (see Appendix 1). The result of the analysis in Table 5 indicates that Cox Snell R- Square and Nagelkerke R- Square (pseudo R Squares) were 0.283 and 0.473 respectively. These imply that between 28 and 47 % of the variance in the willingness of students to start own business is being explained by the four predictor variables (desire, generosity, good people judgment, and agri-business knowledge). The chi-square test of the regression model was significant at alpha level 0.01 which indicate that the variables in the model have significant composite effect in explaining the willingness of students to start the own business after graduation. LeBrasseur *et al.* (2002) identified 'good judgement' as one of the top five (5) competences required during the survival stage of a small firm.

Table 5. Logistic Regression showing predictors of undergraduate willingness to enter into self-employment after graduation.

Explanatory variables	β coefficient	Wald	Sig	Odd ratio
Constant	.218	.009	.924	1.244
Desire to start own business	1.925	16.668	.000**	6.855
Initiative/aggressiveness	.088	.031	.861	1.092

Energy	.750	3.113	.078	2.116
Low support needs	-.477	1.766	.184	.620
Risk bearing	-.119	.093	.760	.888
Perseverance	-.114	.085	.770	.892
Responsibility	.012	.001	.981	1.012
Problem solving	-.769	1.601	.206	.463
Persuasiveness	.363	.566	.452	1.438
Self discipline	-.462	.725	.394	.630
Belief in value of money	.187	.195	.659	1.206
Self confidence	.286	.246	.620	1.331
Balanced ego development	-.223	.314	.575	.800
Market awareness	-.861	3.571	.059	.423
Generosity	1.080	4.431	.035*	2.946
Honesty	-.502	1.526	.217	.605
Good people judgment	-1.374	6.170	.013*	.253
Patience	-.154	.122	.726	.858
Agri-business knowledge	1.077	5.356	.021*	2.937
Value appropriate control system	-.193	.189	.664	.825

Table 5 continued

Model Summary

Cox Snell R- Square	0.283
Nagelkerke R- Square	0.473
AIC	0.858
Chi- square	50.645**
Sig. (p - value)	0.000

**; *; Significant at 0.01 and 0.05 alpha levels respectively

Source: Field data, 2013

CONCLUSIONS AND RECOMMENDATIONS

The result of the study has shown that majority (62%) of the respondents were willing to start own business after graduation. In addition, the respondents were male dominated (88%) and (92%) aged between 20 and 30 years. Respondents perceived entrepreneurial competencies in the areas such as self-confidence and desire to start business to be very high but rather low the ability to bear the risk associated with starting own business.

The best predictors of undergraduate willingness to start business were the desire to start own business, generosity, good people judgment and knowledge in agribusiness. It is therefore recommended that venture capital development of business incubators and apprenticeship schemes for graduates since they have the desire to start their own businesses after graduation. The risk involved in starting own business (especially agribusinesses) in Ghana should be minimized by enforcing laws governing business operations and providing technical and financial supports to graduates. Entrepreneurship should be mainstreamed into the curricula of undergraduates' especially science and technology/agricultural based programmes. These curricula should include business incubators to help enhance students' practical entrepreneurial skills and competencies while still in schools. Further studies should be done to trace actual establishment of businesses of student after graduation.

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Appendices

Appendix 1: Check for Collinearity.

Measure	Maximum	Minimum	Mean
VIF	2.75	1.20	1.86
Tolerance	0.3636	0.8337	

Variance Inflation Factor (VIF). The VIF shows us how much the variance of the coefficient estimate is being inflated by multicollinearity. Any variable with VIF above 10 is a cause for concern. Tolerance (X_k .) close to 1 means there is little multicollinearity, whereas a value close to 0 suggests that multicollinearity may be a threat. The VIF and Tolerance indicated that the study was not affected by multicollinearity (Appendix 1)

Appendix 2

Checking for the Predictive Power of the model

The predictive power deals with how correctly the model predicts the dependent variable (i.e. how often does the model predict that $Y=1$ when is really 1 and $Y=0$ when is really 0). The model predicts correctly 86.84% of the cases