

An Empirical Study of Entrepreneurial Intentions

Afshan Yousuf Khan*

Abstract

In the present paper, a model of psychological factors that influence the individual intentions for entrepreneurship is developed and tested. According to this model the intentions of an individual, whether to go for a business or not is determined by six variables which are discussed in this paper. The model was tested on 131 respondents who were all university students. Venture creation or the willingness to take risk for development of a business based on innovations business model have always been essential drivers of human development. This paper confirms previous researches and adds new insights to the existing literature.

Keyword: Entrepreneurship, Intentions, Venture Creation

Introduction

To promote economic development, entrepreneurship has become a relevant tool for different nationalities as they share common perspectives for employment generation. Big firm is not an option for net increase in the employment. Therefore, new firms are important for creating new jobs (Davidson, 1989). There is a widespread hope that new firms will contribute to economic growth of a country and employment generation. The new entrepreneurs play an essential role of development agents because they promote innovation, infuse dynamism and act as learning organisations. Entrepreneurship is an attitude that reflects an individual's motivation and capacity to identify an opportunity and to pursue it, in order to produce new value (Ajzen, 1991; Shapero & Sokol, 1982). This

attitude encourages innovation and needs to be critically understood.

To fulfill development needs from limited natural resources the developed economies are challenged and looking for new equations. Thus to ensure long-term economic prosperity of a nation, encouragement of entrepreneurship has become quite necessary. Such policies are prerequisite for the drivers and mechanisms lying behind the creation of new ventures are well understood. The individual intentions which is a key dimension in the researches are much more than behaviours such as business creation (Thompson, 2009).

Entrepreneurship is having active as well as passive components with propensity to induce change and welcome and support innovation which is influenced by external factors by welcoming change taking responsibility for one's actions to finish, what we start, to know where are we going to set objectives and meet them, and have the motivation to succeed (Shapero & Sokol, 1982). Entrepreneurship is not only to run an enterprise smoothly, but include other competencies and goes beyond the narrow scope. It includes planning, organising, analysing, communicating, doing and debriefing, evaluating and recording progress in learning. Other aspects include identification of strengths and weaknesses, being proactive, creativity, uncertainty measurement and positive response to change by being initiative (Spaero; Sokol 1982).

According to Bird (1988) factors that determine intentions are attitude, subjective norms, perceived behavioural control, perceived behavioural control liability of behaviour, self-efficacy, perceived desirability and feasibility. "Intentions are a state of directing a person's attention (and therefore experience and action) towards

* Assistant Professor, Business Administration, Higher Education, Kashmir University, Jammu & Kashmir, India.
Email: afshan82@gmail.com

a specific object (goal) or a path in order to achieve something” (Bird, 1988). An intention can be described as “a cognitive representation of both, the objective or goal one is striving for and the action plan one intends to use to reach that objective” (Tubbs & Ekeberg, 1991). Intentions probably represent the most crucial psychological characteristics to way individuals act (Fayolle, Kyro, & Ulijin, 2005).

Problem Statement

In this piece of research, we will learn the attitudes of the post-graduate and scholars of University of Kashmir towards entrepreneurship as a career option.

It is generally accepted that universities provide an environment for high technology startups. As Robinson and Sexton (1998) stressed on the universities to foster innovation and new product development through entrepreneurship.

Objectives of the Study

1. To measure the attitude of students willing to go for self-employment after completion of their degree programme.
2. To understand how participation in entrepreneurship education can lead to entrepreneurship in future.
3. To measure the level of risk taking propensity among university students.

Review of Literature

The cognitive research says that human beings perceive reality differently and external phenomenon is perceived differently (Krueger, 2005). Consistently humans interpret the external phenomenon as per their attitude aiming at avoiding dissonance increasing inputs (Fiske & Taylor, 1991). Attitudes are hypothetical and evaluative in nature which respond positively or negatively to the different situations or behaviours (Ajzen, 2005).

Taking account of attitudes to predict the behaviour is psychological model which is given by Martein Fishbein and is widely accepted. This has remained a subject of discussion that the attitudes and behaviour are interrelated. Kraus (1995) found significant support for the model of attitude behaviour. Nevertheless, this attitude

behaviour link has been far from always being consistent (Brännback, Krueger, Carsrud, & Elfving, 2007). Ajzen and Fishbein (1980) arrived at the paired measures as more precise rather than unclear measures of attitude. Later on, intentions were added to this model which Fishbein found to mediate this relationship (Krueger, 2009). The ‘Theory of Reasoned Action’ is an extension to the same model which takes the opinion of other people and motivation to comply with the behaviours which are complete volitional control (Bagozzi & Warshaw, 1990). With this the concept of ‘intentions’ evolved. Until these days the concepts related to entrepreneurial intentions remain in focus and will remain so as long as studies are conducted on entrepreneurship, and the perceptions of entrepreneurs in exploiting change into opportunities (Thompson, 2009).

The Theory of Planned Behaviour which was propounded by Ajzen and Fishbein (1975) is an extension to the ‘Theory of Reasoned Action’ through the addition of the perceived behavioural control. This theory is used to predict all kinds of behaviours including entrepreneurship (Autio, Keeley, Klofsten, Parker, & Hay, 2001). This theory has the advantage of applying if volitional control is only partial (Brännback *et al.*, 2007). Therefore, the situations in which the specific behaviour cannot be predicted the theory of reasoned action can be applied. Perceived behavioural control exerts an interactive and direct effect on the behaviour in question and relative importance of this component is varying (Conner & Armitage, 1998).

There has been robust construct used to the study of entrepreneurial intentions which is developed by Shapero under ‘Entrepreneurial Event’ (Shapero & Sokol, 1982). This model has been developed before Ajzen’s but remained untested until Krueger (1993).

The entrepreneurial event which initiates entrepreneurial behaviour is dependent upon existence of a business opportunity that is perceived as personally and socially desirable and feasible (Krueger, 2005). Entrepreneurial intentions and actual entrepreneurial behaviour are influenced by changes in life. Further, there is readiness in ratifying an opportunity and the opportunity is a provoking decision through a reconsideration of the opportunity (Shapero & Sokol, 1982). Researches on the predictive behaviour of the entrepreneurial event and theory of planned behaviour have shown no significant difference between them (Krueger, 2000).

Entrepreneurial behaviour is intentional, like all behaviours that are not a product of stimulus-response and so best predicted by the intentions towards the behaviour (Krueger, 2005).

In most of the researches, the intentions have been seen through perceptual lens like perceived desirability or the perceived feasibility (model of the entrepreneurial event) and hard facts like demographic characteristics. Our research is based on six constructs which are as follows:

1. Personal Attraction
2. Subjective Norms
3. Entrepreneurial Intentions
4. Risk taking propensity
5. Entrepreneurship Experience
6. Participation in Entrepreneurship Education

Research Methodology

To develop a comprehensive model from a variety of perspectives an effective design is required. Qualitative research bases its conclusions on discussions, thinking and knowledge in order to help to improve the understanding of an area of research (Hart, 1999). Therefore, quantitative as well as qualitative research approach was used to draw conclusions in the research.

Prior to commencing the primary research, a comprehensive review of literature was conducted in the area of interest. The range of existing literature shall include scholarly articles, books, case studies, research projects, dissertations, government documents, conference proceedings, media releases, databases, library catalogues and electronic sources. The contents, methodologies, and technologies used in the previous researches were reviewed to identify any gaps that appeared.

Survey method was used for primary data collection. The instrumentation technique, which was employed in this study, was a structured non-disguised questionnaire. The contents of the questionnaire specifically addressed the objectives of the research. The questionnaire booklet was given in person to the respondents.

A sampling frame was used to choose the appropriate sample. A subgroup of the elements of the population selected for the participation in the research was the students of Kashmir University from different

departments. After the sampling frame was compiled, a sample of 131 respondents was chosen.

Data analysis consisted of examining, categorising, tabulating, and recombining the data. The survey data was, therefore, analysed using SPSS and MS-Excel. The analysis started with frequency distributions and descriptive statistics to gain an understanding of the data. However, correlation and chi-square tests were used to extract the meaningful information out of the data collected.

Analysis and Interpretation

Table 1: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	64	48.9	48.9	48.9
	Female	67	51.1	51.1	100.0
	Total	131	100.0	100.0	

Intentions have proved the best predictor of planned behaviour particularly when behaviour is rare hard to observe and involves unpredictable time logs. Most of the people have positive attitudes towards entrepreneurship but very rare people are actually interested in venture creation. In our study, samples were compared with respect to different variables which were generally assumed to have an impact on entrepreneurial intentions. There is a substantial over representation of males among business founders in most countries (Scherer, Brodzinsky, & Wiebe, 1990). In our study, most of the male respondents preferred to start their own business than female respondents. Also, most of the respondents were keen to invest or establish a business of their own which had parental influence of family business. The experience of radical change increases the probability of founding one's own firm (Reynolds, 1995). Most of the female respondents showed their cultural compulsions did not allowed them to start their own firms. Age and personality traits were among the factors which also influenced the entrepreneurial intentions among the university students. There were economic factors which had a negative impact on the entrepreneurial intentions because a considerable number of students expressed that due to lack of capital money they cannot establish their own firms, therefore, they prefer to work in the other companies instead of starting their own.

Table 2: Personal Attraction

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
Valid	Govt. Job	69	52.7	52.7	52.7
	Corporate Sector	15	11.5	11.5	64.1
	Liberal Profession	13	9.9	9.9	74.0
	Entrepreneur	28	21.4	21.4	95.4
	Freelancer	6	4.6	4.6	100.0
	Total	131	100.0	100.0	

The analysis phase started with reliability analysis. The questionnaire was tested with Cronbach's alpha and the value obtained was .705 which led us to rely on the data obtained. The overall mean of the data was calculated as 63.63 with a variance of 103.78 and standard deviation of 10.18. There were six variables in the entire research in which co-relation analysis was done. The values obtained during the co-relation analysis were positive. The variables were moving in the same direction and the positive values of one variable were associated with the

other. Therefore, changes in one construct could affect the other construct. However, the calculated value for risk taking propensity in comparison to personal attraction was negative. Similar values were obtained at entrepreneurial intentions and entrepreneurship experience.

There is an ambiguous attraction towards govt. jobs among university students which is well reflected in Table 2. It was also evident that 61 respondents were between the age group of 22-23 and were ready to take risk for starting a new business.

Table 3: Test Statistics

	<i>Age</i>	<i>Personal Attraction</i>	<i>Subjective Norms</i>	<i>Entrepreneurial Intentions</i>	<i>Risk Taking Propensity</i>	<i>Entrepreneurship Experience</i>
<20	Chi-Square	6.600	4.667	8.067	4.000	2.800
	df	3	4	1	4	2
	Asymp. Sig.	.006	.000	.005	.040	.047
20-21	Chi-Square	4.857	1.000		2.429 ^f	4.571 ^g
	df	3	4		4	1
	Asymp. Sig.	.183	.010		.050	.033
22-23	Chi-Square	55.639	4.328	42.639 ⁱ	17.443	31.115
	df	4	4	1	4	2
	Asymp. Sig.	.000	.003	.000	.002	.000
24-25	Chi-Square	8.000	6.000	12.800 ^l	5.200 ^d	1.800 ^l
	df	4	4	1	3	1
	Asymp. Sig.	.002	.019	.000	.015	.018
>25	Chi-Square	15.381	.524	17.190	7.810	12.286 ^g
	df	3	3	1	4	2
	Asymp. Sig.	.002	.914	.000	.009	.002

The table value of chi square at 3 degrees of freedom is 7.815 and the calculated value of χ^2 in two age groups for personal attraction is lesser under the age group < 20, 20-21, and 24-25. In rest of the three age groups calculated

values exceeds the table value. There are three personality traits often referred to as willingness to take risk, locus of control and need for independence. For subjective

norms, all the values are lesser than the table values, it is therefore inferred that subjective norms act as a motivator for entrepreneurship. For entrepreneurial intentions, all the values are greater than the table values of χ^2 . Thus, entrepreneurial intentions alone are not enough for establishing an enterprise and there are other determinants which are also necessary for venture creation. There is considerable variance in the results to the two statements of entrepreneurial intention. The people who intend to become self-employed display consistently higher risk taking propensities. The respondents under 22-23 year shows higher value for risk taking propensity than the table value, but for other 4 age groups the values are lesser than the table value. For the age groups, < 20 and 24-25 in entrepreneurship experience the calculated values are greater than the table values and hence there is significant difference between the age groups. As age increases, risk taking propensity decreases.

Summary and Conclusions

The entrepreneurial intention among the students of Kashmir University is below the neutral value i.e. 21.4% approximately which indicates that a less number of people are interested in establishing their firms. Most of the students are interested in doing a govt. job and 11.5% wanted to work in the corporate sector. We have also identified that there is a correlation between the variables associated with entrepreneurial intentions. However, some of variable move in opposite directions. It is further concluded that the activation of financial support trigger intention of students for entrepreneurship. The male respondents were more interested in becoming entrepreneurs than female. The results also show there is a strong desire among the students with family background of business to become entrepreneurs. The students who had participated in entrepreneurship education indicate higher degrees of positivity in investing in innovative ventures. The females constitute a big population in the universities. However, when asked about becoming entrepreneurs they are less motivated.

Suggestions for Further Research

This research was confined to Kashmir University only and included a small sample. Therefore, bigger samples may be taken to conduct research from various institutions. The study paves way into other research opportunities in the

field to stretch the depth of knowledge into the institutions which are functional in the state. The refinement of variables with time is necessary as the dynamics of behaviour, attitude and intention keeps on changing. This study provides insights into entrepreneurial intentions only and is focused to a limited degree of motivation and attitudes. Therefore, additional research is needed to investigate the motivational as well as attitudinal factors.

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