

A STUDY ON FACTORS INFLUENCING ENTREPRENEURSHIP INTENTION AMONG THE STUDENTS

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Abstract:

Entrepreneurs are the real supporters of a country's economy, because they create new ventures and provide employment opportunities and contribute to the GDP. The rate of growth of entrepreneurship varies from country to country due to the initiatives taken by the government and as well as the influence of other environmental factors exists in the country. The vast majority of the students go for employment after the completion of their education. Among the students community, very minimum percentage of students chose entrepreneurship as their career option. Nowadays universities and colleges include entrepreneurship in their curriculum and try to inculcate entrepreneurial traits and intention among the students. Many researchers have attempted to find out the causes for entrepreneurship intention among the students across the world. Hence this paper aims to address some important factors which are influencing the students' entrepreneurship intention.

Keywords: Entrepreneurship, Intention, Students, Entrepreneurship education, Demographic factors.

Introduction:

Economic development will be absent unless there is a growth in venture creation that will improve employment availability. Venture creation is thus, a significant terminal for job creation among both developed and developing nations (Owoseni, 2014)¹. Entrepreneurship is recognized as an important source of job growth and economic development of a country.

The rate of growth for entrepreneurship varies from country to country as well as from time to time for the same country. But the established fact is that it has a clear

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1. Owoseni, O. O. (2014). The Influence of Some Personality Factors on Entrepreneurial Intentions. International Journal of Business and Social Science, 5(1), 278-284.

and positive impact on economic growth. The entrepreneur is the driving force behind the economic development of countries (Ward.A et al, 2005²). Nowadays universities and colleges include entrepreneurship in their curriculum and try to inculcate entrepreneurial traits and intention among the students. Nowadays, higher education plays an important role on producing an increasing number of graduates in many countries that seeks to promote self or small business employment as a realistic career option (Nabi and Holden, 2008³). Moreover, educators intend to better prepare their students for a changing market by extending entrepreneurship education beyond the business school (Shinnar, Pruett and Toney, 2009⁴). Students of today's generation are the future entrepreneurs of the country. Many researchers have attempted to find out the causes for entrepreneurship intention among students across the world. Hence this paper aims to address some important factors which are influencing the students' entrepreneurship intention.

The concept of Entrepreneurship:

Entrepreneurship originated from French word “Entrepreneur”. Entrepreneurs are also known as self-employed people. To a psychologist, entrepreneur is typically driven by certain forces such as needs to obtain or attain something, to experiment and to accomplish targeted goal. To businessmen, an entrepreneur may be a threat, an aggressive competitor but may also be an ally, a source of supply, a customer, or someone who creates wealth for others as well as finds better ways to utilize resources, reduce waste, and provide jobs to others (Hisrich, Peters & Shepherd, 2005⁵).

Entrepreneurship studies have been influenced by the economics, psychology, sociology and strategic management literatures providing established theoretical frameworks and methodological tools (Gustafsson, 2004⁶). Ireland, Hitt and Sirmon

2. Ward, A., Cooper, S., Cave F. and Lucas, W. (2005). *The effect of industrial experience on entrepreneurial intent and self-efficacy in UK engineering undergraduates. Proceedings of the 13th High Technology Small Firms Conference, Manchester, United Kingdom.*

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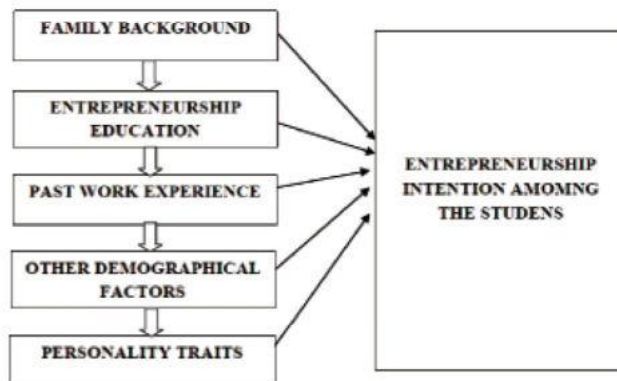
(2003⁷) defined entrepreneurship as a context dependent social process through which individuals and teams create wealth by bringing together unique packages of resources to exploit market opportunity.

Kuratko (2009⁸) describes entrepreneurship as a kind of behaviour that includes initiative taking, the organizing of social economic mechanisms to turn resources and situations to practical account and the acceptance of risk of failure. The entrepreneurs are people who are creative and innovative and be able to make the improvement of their shelves and surrounding welfare (Lupiyoadi, 2004⁹).

Entrepreneurship Intention:

Many researchers have been trying to identify the causes of entrepreneurship intention with thousands of literatures conducted over the past decades T. Mazzarol et al (1999¹⁰). Entrepreneurship intention is defined as the growing conscious state of mind that a person desires to start a new enterprise or create new core value in existing organization R. D. Remeikiene and G. Startiene. (2013¹¹). Empirically, intention then has been proved as the best predictor of entrepreneurial behaviour in several literatures conducted over past decades N. F. Jr. Krueger et al (2000¹²).

Factors influencing entrepreneurship intention among students:



8. Kuratko, D.F. 2009. *Entrepreneurship Theory, Process, Practice* (8th ed.). SouthWestern
9. Lupiyoadi, R 2004, *Entrepreneurship: From Mindset to Strategy*. Jakarta: Fakultas Ekonomi Universitas Indonesia.
10. T. Mazzarol, T. Volery, N. Doss, and V. Thein, (1999) "Factors influencing small business start-ups, a comparison with previous research," *International Journal of Entrepreneurial Behaviour and Research*, vol. 5, no. 2, pp. 48-63
11. R. D. Remeikiene and G. Startiene (2013). Explaining entrepreneurial intention of university students: The role of entrepreneurial education. *International Proceedings of the Management, Knowledge and Learning International Conference* 2013. [Online]. pp. 299-307. Available: <http://www.toknowpress.net/ISBN/978-961-6914-02-4/papers/ML13-258.pdf>
12. Models of entrepreneurial intentions," *Journal of Business Venturing*, vol. 15, no. 5-6, pp. 411-432,.

Family background:

Having a family business tradition helps acquiring business knowledge and skills which in combination with the entrepreneurial personality traits can stimulate an individual's entrepreneurial activity (Altinay and Altinay, 2006¹³). Drennan et al., (2005¹⁴) argued that people who have a parent or close family member who is an entrepreneur are more likely to follow an entrepreneurial career path. Such individuals have the option to found their own company, take up organizational employment or become a successor in family business.

Entrepreneurship Education:

Roxas, et al. (2008¹⁵) suggested that entrepreneurial knowledge/education gained by students from formal entrepreneurship education will have positive effects on EI through the mediating factors favouring entrepreneurial behaviour. According to J. McMullen and D. Shepherd (2006¹⁶), the prior contact to entrepreneurship education has a certain impact on students' attitudes toward entrepreneurship and intention to choose it as their future profession. Entrepreneurship education tries to develop in the participants the intention to perform entrepreneurial behaviours, entrepreneurial knowledge and desirability of the entrepreneurial activity (Linan, 2004¹⁷).

Past Experience:

Kolvereid (1996¹⁸) also reports that the types of experience also affect entrepreneurial intention. He found that respondents with entrepreneurial experience have higher entrepreneurial intention than those without such experience.

13. Altinay, L., & Altinay, E. (2006). Determinants of ethnic minority entrepreneurial growth in the catering sector. *The Service Industries Journal*, 26(2), 203-221.

14. Drennan, J. Kennedy, J. and Renfrow, P. (2005). "Impact of childhood experiences on the development of entrepreneurial intentions", *International Journal of Entrepreneurship and Innovation* 6 (4): 231-238.

15. Roxas, B., Panizales, R. & De Jesus, R. (2008) *Entrepreneurial Knowledge and its Effects on Entrepreneurial Intentions: Development of a Conceptual Framework*. *Asia Pacific Social Science Review* 8:2, pp.61-77.

16. J. McMullen and D. Shepherd, (2006) "Entrepreneurial action and the role of uncertainty in the theory of the entrepreneur," *Academy of Management Review*, vol. 31, no. 1, pp. 132-152.

17. Linan, F. (2004). *Intention-Based Models of Entrepreneurship Education*. *Piccola Impresa/Small Business*, 3, 11-35.

18. Kolvereid, L. (1996). *Prediction of employment status choice intention*. *Entrepreneurship Theory and Practice*, 21(1), 47-57.

According to Fayolle (2009¹⁹), the entrepreneurs create their companies after having worked in sectors close to the business sector of the new company where they acquired their skills and their experiences with the product and the used technology and then they possess a good knowledge about markets, technologies and industry. Mazzarol et al., (1999²⁰) report that previous working experience was also found to affect entrepreneurial intention. Specifically, they found that those with government sector work experience were less likely to start a new business venture as compared to their counterparts with experience in private sector.

Other Demographic factors:

There are only a limited number of studies addressing the influence of demographic factors in shaping entrepreneurial intentions of students (Wang and Wong, 2004²¹). Demographic factors such as household income, gender, and race or ethnicity were found to potentially affect the innovative attitude of arts and business students (Gibson and Gibson, 2010²²). According to many previous studies, the person's age has been considered as a key demographic characteristic in understanding his or her entrepreneurial behaviours and intentions (Reynolds, 1997²³). Raposo et al. (2008²⁴) stated that individuals up to the age of 24 do not feel to start their own business as entrepreneurs. They argued that entrepreneurs get more opportunities with increasing their ages, but their willingness to become an entrepreneur decrease as they become old. Zeffane (2012²⁵) provided statistical evidence that both males and

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19. Alain Fayolle et Benoît Gailly (2009), *Évaluation d'une formation en entrepreneuriat: prédispositions et impact sur l'intention d'entreprendre Management*, 12(3), 176-203.
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 24. Raposo, M., do Paço, A., & Ferreira, J. (2008). *Entrepreneur's profile: a taxonomy of attributes and motivations of university students. Journal of Small Business and Enterprise Development* 15(2), 405-418.
 25. Zeffane, R. (2012). *Gender and Youth Entrepreneurial Potential: Evidence from the United Arab Emirates. International Journal of Business and Management*, 8(1), 60.

females have same overall entrepreneurial potentials. The females of developing countries struggle more to involve in entrepreneurship because they want to improve their family's life standards which is not possible while doing low level jobs. That's why women are willing to be self employed (Van der Kuip & Verheul, 2004²⁶). Wilson et al. (2007²⁷) concluded that women need the self-confidence and expectation of success in order to pursue entrepreneurial aspirations.

Personality traits:

Personality traits have proven to be predictors of many aspects of entrepreneurship including the intention to start a business, succeed in running a business, and enhance corporate entrepreneurship (Shaver and Scott, 1991²⁸). Personal traits have received strong supporting evidence and been applied as factors to predict entrepreneurial intention by many research experts (M. A. Ciavarella et. al, 2004³⁰). Timmons et al. (1999²⁹) in their book have mentioned more than twenty personality traits that are closely related with entrepreneurial potential and that may differentiate entrepreneurs from non-entrepreneurs. Dej (2007³¹) pointed out the personal characteristics of the entrepreneurs that have often been related to entrepreneurial intentions and entrepreneurial success. Such as need of achievement, Locus of control, Risk taking, Tolerance of ambiguity, Creativity, Need of autonomy and Self-efficacy.

Conclusion:

Entrepreneurs play a key role in economic growth and job creation of a country. Students represent the future contributors to any country's economy. In this context, this paper reveals the factors such as family back-ground, entrepreneurship education, past experience, other demographic factors such as age, gender etc., and personality traits that influencing the entrepreneurship intention among students. Studies have proved that these factors have significant influence on students' entrepreneurship intention.

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