

An Empirical Study of Factors Effecting Entrepreneurial Intention among Youth

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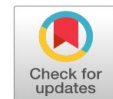
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Abstract: The study is focused on the stimulating features affecting the entrepreneurial intention of the academic graduates. The objective was to analyze the effect of social factors and personality features on entrepreneurial intention. The study is further focused on university students. A survey was conducted to examine the aspects affecting entrepreneurial intention with reference to social factors and personality traits of students. Data was collected from the students of Quaid-i-Azam University, Islamabad, covering the heterogeneous population of students of different Departments of Faculties of Natural, Biological and Social Sciences. A positive relationship has been observed between independent variables like individuals personal characteristics, perception about own abilities to become an entrepreneur, influence of family and friends and dependent variable, i.e. entrepreneurial intention; however, the different aspects of study components showed a varying level of significance. The independent variables perception about qualities of an entrepreneur and career choice had an overall insignificant relationship with the intention for entrepreneurship in the present study. The statistical analysis of data indicates a significant relationship between the social factors as well as the personality features on the entrepreneurial intention among university students, and an entrepreneurs decision is influenced by different elements that associate varyingly to influence entrepreneurial intention. The consequences of this investigation demonstrate that different singular level elements associate to affect an individuals aim about entrepreneurship.

Keywords: Entrepreneurship, Entrepreneurial intention, Factors affecting intentions, Youth

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INTRODUCTION

The entrepreneurship based on innovation plays important part in social and economic development of emerging economies (Glykeria, Marios, Ioannis, & Dimitris, 2017; Özdemir & Karadeniz, 2011; Wennekens, Van Wennekens, Thurik, & Reynolds, 2005). The research on contextual factors of entrepreneurial activities has been conducted to explore the variations in global entrepreneurship. There are several different approaches employed in entrepreneurship research. Economic approach is first. Psychological and individual traits of entrepreneurs are the second approach of studies on entrepreneurship. Third approach is to analyze socio-cultural environment and its impact on entrepreneurial intention. Finally, the fourth resource based approach is the studies on the technology soundness of new ventures (Alvarez, Urbano, & Amaros, 2014).

Entrepreneurship has many dimensions from the individual context to the uplift of a country's economy. The study in the areas of economics, psychology and sociology revolves around the qualities of an entrepreneur and the factors influencing its actions. Schumpeter introduced the model of entrepreneurship but it does not encompass the transformation of knowledge into startup venture (Marcotte, 2014). The influence of innovation on the economy in Schumpeter's era diverged in two distinctive models of innovation. Marcotte (2014) deduced that the innovative technological predominance in entrepreneurial activity would

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lead to the displacement in the role of individual entrepreneur. The most important behavioral aspect among researchers is the identification of value proposition in an entrepreneurial venture (Eckhardt & Shane, 2003; Phungphol, Tumad, Sangnin, & Pooripakdee, 2018). Kirzner (2009) described that the entrepreneur's role is to take lead in identification of a change in market and convert it to business opportunity.

The study on the type of businesses with high tendency of growth and the factors that cause the slow growth to other businesses is of interest to many researchers. In this context the studies on the attributes and skills of entrepreneurs is also popular among researchers in order to find out the perfect recipe for success in business (Adora, 2017; Baumol, 2002; Knight, 2000).

Entrepreneurship can be described in two diverse means; a) pre-birth stage that is the entrepreneurial intention or people who are inspired, b) post-natal stage or actual entrepreneurship. Entrepreneurial intention is considered as the requisite mental state that leads those who want to start new business. Behavioral studies have been undertaken to understand social aspect of both the pre-birth and post-natal behaviour (Tanveer et al., 2011). Aim is the perspective which coordinates activities of a man towards business enterprise (Khan, 2013). Entrepreneurial goal is an intention to set up a high-development enterprise. Entrepreneurial intention has an important place in the path of enterprise development (Pruett, 2012).

Problem statement

Swirski (2010) declared that how society imagines, makes, and adds to its instructive, social, and social conditions is restricted just by human creative ability. The examination of creative ability is pivotal for seeing how individuals advance their innovativeness, however few reviews have been directed to experimentally analyze inventive limit and relate it to work state of mind and expert execution. Liñán, Moriano, and Jaén (2016) highlighted that more studies are required to comprehend how apparent principles in local culture assist to accomplish decision to become an entrepreneur.

A survey was conducted to examine the aspects affecting entrepreneurial intention with reference to social factors and personality traits of students. Data was collected from the students of Quaid-i-Azam University, Islamabad covering the heterogeneous population of students of different Departments of Faculties of Natural, Biological and Social Sciences.

HYPOTHESIS

The hypothesis made under the current study is as follows:

- H1:** Entrepreneurial intention is positively affected by individual's personal characteristics.
- H2:** Entrepreneurial intention is positively impacted by the opinion about qualities of an entrepreneur.
- H3:** Entrepreneurial intention is positively influenced by own abilities of an individual to become an entrepreneur.
- H4:** Entrepreneurial intention is positively influenced by entrepreneurship as Career choice of an individual.
- H5:** Entrepreneurial intention is positively affected by supportive Influence of family and friends.

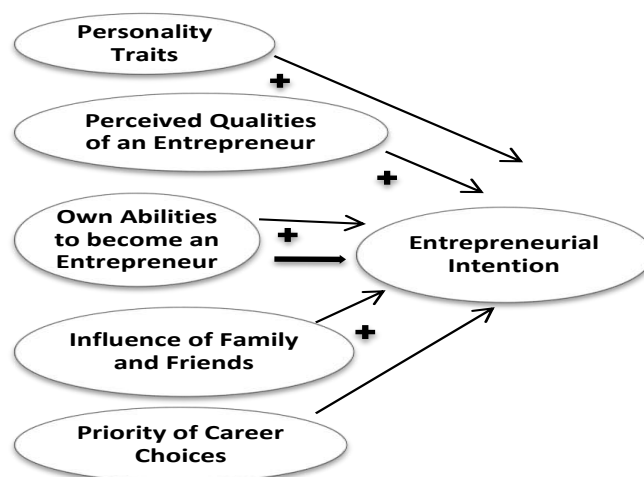


Figure 1. Theoretical framework

Objectives of the study

To study the influence of social aspects with reference to the entrepreneurial intention in the university graduates and to study the effect of personality factors on the university students entrepreneurial intention.

Scope of the study

An enormous amount of literature on entrepreneurship has been produced with the passage of time. The literature is mainly focused on topics of increasing the possibility of success in new business creation through skills, technology commercialization and entrepreneurial behavior (Rideout & Gray, 2013). The approach to the social customs, entrepreneurial behavior and individual's efficiency are the basis of entrepreneurial objectives (Schlaegel & Koenig, 2014). The necessary competencies and skills for a successful startup venture can be acquired by studying entrepreneurship. The literature indicates a positive connection in the promotion of entrepreneurship and entrepreneurship education.

RESEARCH METHODOLOGY

Study design

The study instrument of the current study was influenced by the study Liñán et al. (2016) and their instrument Entrepreneurial Intention Questionnaire (EIQ) to study the entrepreneurial intention in university students. The currently enrolled students at Quaid-i-Azam University, Islamabad were the subject of the current study.

The following independent variables had been studied for their effect on dependent variable designated as entrepreneurial intention.

- Personality Traits
- Perceived Qualities of an Entrepreneur
- Perception of Own Abilities to become an Entrepreneur
- Priority of Career Choices
- Influence of Family and Friends

Population

A random sample of students from Faculties of Natural, Biological and Social Sciences of Quaid-i-Azam University, Islamabad was used in the study. University graduates are most likely to start a career after graduation and they are most likely candidates to study the intention of career choice.

Sampling techniques

The random sampling method was used. The empirical examination of a sample of 350 graduate

students has been carried out. The units of investigation for the exploration were the individuals who were enrolled in the Quaid-i-Azam University. Then responses were examined on the principle of the estimate devices of the variables. The information had been accumulated once.

RESULTS

Confirmatory Factor Analysis (CFA)

Statistical analysis of the components was completed for questionnaire.

Table 1: Stratification of companies

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.871
	Chi-Square	3710.22
Bartlett's Test of Sphericity Approx.	Df	630
	Sig.	.000

All of the components are imperative at KMO value of 0.871 and $p < 0.05$ as shown in Table 1.

Pearson's correlation

Statistical analysis of connection among the factors is done by Pearson Correlation.

Table 2: Pearson's correlation coefficient of variables

Descriptive Statistics			
	Mean	Std. Deviation	N
E.INT	3.4826	.79525	334
P.TRAITS	3.8656	.70402	334
P.QE	3.7490	.73052	334
P.OA	3.6632	.74987	334
C1I1	3.53	1.219	334
C2I2	3.14	1.118	334
C3I3	3.61	1.222	334
C4I4	3.12	1.201	334
I.FF	3.3915	.81788	334

EI: Entrepreneurial Intention P.TRAITS: Personality Traits, P.QE: Perception about Qualities of an entrepreneur; P.OA: Perception about Own abilities to become an entrepreneur; C1I1: Career choice own business; C2I2: Career choice private sector; C3I3: Career choice public sector; C4I4: Career choice non-profit organizations; I.FF: Influence of family and friends

Table 3: Pearson's correlation coefficient of variables

		Correlations							
		P.TRAITS	P.QE	P.OA	C1I1	C2I2	C3I3	C4I4	I.FF
E.INT	Pearson Coeff.	.523**	.444**	.611**	.341**	.235**	.119*	.240**	.354**
	Sig. (1-tailed)	.000	.000	.000	.000	.000	.015	.000	.000
	N	334	334	334	334	334	334	334	334

Correlation is significant at the 0.01 level (1-tailed)

Table 2 represents Pearson relationship, which is significant at $p < 0.01$ for all variables except for career choice for career in private company where $p < 0.05$. The Entrepreneurial intention shows highly positive association with personality traits ($r = .523^{**}$, $p < 0.01$). An enormous positive correlation between Entrepreneurial Intention and Perception of own abilities has been observed ($r = .611^{**}$, $p < 0.01$). Over all positive correlation among Entrepreneurial intention and Perception of Qualities of an Entrepreneur ($r = .444^{**}$, $p < 0.01$), career to start own business ($r = .341^{**}$, $p < 0.01$), career choice

for career in private company ($r = .119^{**}$, $p < 0.05$), career choice for career in non-profit organization ($r = .240^{**}$, $p < 0.01$), career in public sector ($r = .235^{**}$, $p < 0.01$), Influence of family and friends ($r = .354^{**}$, $p < 0.01$) has been indicated.

Regression analysis

The influence of independent variables on the entrepreneurial intention was analyzed by linear regression analysis.

Table 4: Linear regression analysis

Model Summary						
Model	<i>R</i>	<i>R</i> Square	Adjusted <i>R</i> Square	Std. Error of the Estimate		
1	.684 ^a	.468	.455	.58708		
a. Predictors: (Constant), C4I4, I.FF, C3I3, C1I1, C2I2, P.QE, P.OA, P.TRAITS						
ANOVA						
Model		Sum of Squares	<i>Df</i>	Mean Square	<i>F</i>	Sig.
1	Regression	98.585	8	12.323	35.755	.000 ^b
	Residual	112.014	325	.345		
	Total	210.599	333			
a. Dependent Variable: E.INT						
b. Predictors: (Constant), C4I4, I.FF, C3I3, C1I1, C2I2, P.QE, P.OA, P.TRAITS						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	<i>T</i>	Sig.
		B	Std. Error	Beta		
1	(Constant)	.134	.224		.598	.550
	P.TRAITS	.224	.063	.199	3.556	.000
	P.QE	.027	.058	.025	.472	.637
	P.OA	.412	.058	.388	7.069	.000
	I.FF	.134	.044	.138	3.084	.002
	C1I1	.086	.028	.132	3.021	.003
	C2I2	.025	.030	.035	.825	.410
	C3I3	-.041	.028	-.063	-1.461	.145
	C4I4	.058	.028	.088	2.054	.041

a. Dependent Variable: E.INT

Table 4 shows the linear regression analysis. The observed *R*-square value 0.468 shows that independent variables can cause 46.8% of the variation in entrepreneurial intention; at significance level of $p < 0.01$.

The first hypothesis; (H1: Entrepreneurial intention is positively affected by individual's personal characteristics) was examined by Linear regression analysis. The non-standardized Coefficient *B* is 0.224 ($p < 0.01$) shows that with 1 unit raise in personality traits, there is a raise in 0.224 units in entrepreneurial intention and proves that H1 is accepted.

The non-standardized Coefficient *B* for perception about qualities of entrepreneur is 0.027. It shows that with 1 unit increase in perception about qualities of entrepreneur, there is a raise of 0.02 units in dependent variable i.e., entrepreneurial intentions. The outcome illustrates that the data does not explain the relationship between perception about qualities of entrepreneur and entrepreneurial intention thus the H2: Entrepreneurial intention is positively impacted by the opinion about qualities of an entrepreneur, is rejected.

For opinion about own abilities to become an entrepreneur; the non-standardized Coefficient *B* is 0.412 ($p < 0.01$) suggesting that with 1 unit increase in own abilities to become an entrepreneur, there is an increase in 0.41 units in entrepreneurial intentions. The positive value of *B* proves that H3: Entrepreneurial intention is positively influenced by own abilities of an individual to become an

entrepreneur, is accepted.

The non-standardized Coefficient B is 0.086 ($p < 0.05$) for career choice to start a business. It shows that 1 unit increase in career choice will augment 0.08 units in entrepreneurial intentions. The non-standardized Coefficient B for career choice to work in public sector is 0.025. It shows that 1 unit improvement in career choice will increase 0.02 units in entrepreneurial intentions. The non-standardized Coefficient B for career choice to work in private sector is -0.041 which is insignificant. The non-standardized Coefficient B for career choice to work in non-governmental organization is 0.058 ($p < 0.05$). It shows that 1 unit increase in career choice will raise 0.05 units in entrepreneurial intentions. The data does not explain the connection among the career choice and entrepreneurial intention thus rejects the H4: Entrepreneurial intention is positively influenced by entrepreneurship as Career choice of an individual.

To analyze fifth hypothesis; (H5: Entrepreneurial intention is positively affected by supportive Influence of family and friends) the linear regression analysis was done. The non-standardized Coefficient B is found to be 0.134 ($p < 0.05$). It suggests that 1 unit augment in influence of family and friends; there is an increase of 0.13 units of entrepreneurial intention. H5 is accepted on the basis of positive non-standardized Coefficient.

DISCUSSION

The precursors of entrepreneurial intention have been explored in the present study. Literature has emphasized on the need to perceive the entrepreneurial intention with each of the essential parts (Liñán & Chen, 2009). The results of the study are almost in agreement to the outcomes reported for such studies by Liñán and Chen (2009); Liñán, Urbano, and Guerrero (2011); Liñán et al. (2016).

First hypothesis of the study proposed that there is direct association among entrepreneurial intention and individual's personal characteristics; which proved to be significant. Maes, Leroy, and Sels (2014) showed the connection of individual abilities and internal convictions, for instance having the fearlessness to start business enterprise. Individual's behaviour towards entrepreneurship is a perspective of the ease or trouble of a person to perform business activity (Maes et al., 2014). The individual's control over risk taking and innovativeness has an encouraging association with entrepreneurial objective. The investigation done by Schlaegel and Koenig (2014) illustrated that students in the world class universities have high self-confidence due to the apparent social environment.

Fuller, Liu, Bajaba, Marler, and Pratt (2018) investigated the establishments of psychological procedures by including both thin identity characteristics (i.e., proactive identity and quality intensity) and expansive types of personal opinion (i.e., learning and imaginative self-efficacy) in a goal oriented business enterprise. Results demonstrated that a potential businessman's confidence in own capacity to learn and adjust assumes a vital part in deciding the apparent attainability of enterprise creation. Different kinds of self-efficacy comprehensions, for example, initiative self-efficacy add to the investigation of entrepreneurial personal opinion and expectant business intentions (Paglis & Green, 2002).

Another proposition of the study anticipated the direct connection among perception about qualities of an entrepreneur and entrepreneurial intention but the data does not explain the said relationship. Kakkonen (2011) investigated view of college students about business capabilities and entrepreneurial aim and clarified that the students must have eagerness and inspiration to be business people and have an aim for that. The investigation showed the capability of students to analyze self entrepreneurial capabilities but there was a lower view of entrepreneurial expectation.

Third proposition of the study anticipated that positive influence on entrepreneurial intention was found by perception of own abilities to become an entrepreneur. The said connection has been viewed as significant. State of mind is valuations of a situation that might be positive or negative. It relates to the individual's perception at a certain situation over the available selections encompassing the feelings (warmth), conviction (qualities) and insights towards the situation (Hoyer & MacInnis, 2004).

The Fourth hypothesis of the research was that entrepreneurial intention is directly influenced by career choices. The cited relationship has been viewed as insignificant. Priority of career choices is the personal perceptions for career that lead to the human choices and actions. The personal choices inspire corresponding behavior; and direct human decision-making (Bardi & Schwartz, 2003; Schwartz,

2011). The investigation of the particular element of valuation of business enterprise is very important in relation to the individual's efforts. It has been highlighted that the impact of ecological components on business enterprise can be investigated by financial hypothesis. The studies on new firm creation in the change economies are connected to this hypothesis (Peng, 2001).

The Fifth hypothesis of the research was that entrepreneurial intention is directly affected by Influence of family and friends. The cited relationship has been viewed as significant. Social impact is the approval and backing of family and friends in entrepreneurship. The literature suggests that friends and mentors have great value in persuading for entrepreneurship (Koe, Saari, Majid, & Ismail, 2012). There are several reports on the significance of the role models for their impact towards business enterprise development (Karimi et al., 2013). The barriers to entrepreneurship are associated with lack of support of the dear ones, awareness, assistance, skills and fear of future insecurity capital (Tanveer et al., 2011).

CONCLUSION

The study was focused to understand personality and social aspects influencing entrepreneurial intention in the university students. A positive relationship has been observed among independent variables like individual's personal characteristics, Perception about own abilities to become an entrepreneur, Influence of family and friends and dependent variable i.e., entrepreneurial intention, however, the different aspects of study components showed different level of significance. The independent variables perception about qualities of an entrepreneur and career choice had overall insignificant relationship with the intention for entrepreneurship in the present study. The consequences of this investigation demonstrate that different singular level elements associate to affect an individual's aim about entrepreneurship.

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