

Entrepreneurial Intentions of Sri Lankan Undergraduates

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Abstract

The purpose of this study is to identify and analyze factors that affect the entrepreneurial intentions of undergraduates in Sri Lanka. A total number of 152 undergraduates in a leading private higher educational institute in Sri Lanka was considered as the sample and the data was collected using a self-administered questionnaire. The data collected was analyzed using correlation and regression analysis through SPSS. Apart from the above, secondary data sources such as past research articles and e - sources were referred to explore for further insights. The results indicated that the proactive personality and perceived relational support have significant influence on entrepreneurial intentions. On the contrary, studies showed that the risk taking ability and perceived educational support do not have a significant influence on the entrepreneurial intention. The value of the research relates to identifying factors that affect the entrepreneurial intentions of undergraduates and communicate relevant findings to educators and responsible personalities to make necessary decisions to support to increase the number of entrepreneurs stepping out of Sri Lankan universities.

Keywords: Entrepreneurship, Entrepreneurial intention, Proactive Personality, Risk Tolerance, Perceived Educational Support, Perceived Relational Support

Introduction

Entrepreneurship in a snapshot is about taking up risks to initiate a new business venture and driving it to a profit making entity and thus entrepreneurship can be recognized as the driving force of today's economy. Entrepreneurial activities do not only involve in developing new products and services but also they provide employment opportunity, which ultimately supports in improving the standard of living of the community.

The previous studies in the literature provided an acceptable explanation to this question. Some scholars primarily focused on the effect of personality characteristics on the decision making process. (Bonnett & Furnham, 1991) (Brockhaus, 1980) (Johnson, 1997). The risk taking ability, the thirst to achievement and innovative thinking are some personal characteristics identified as some factors that influence the entrepreneurial intention of

undergraduates. Apart from those factors related to the proactive personality and risk taking ability, past literature provides evidence for the affect relational factors have on the entrepreneurial intention.

There is clearly a major role and need for entrepreneurship education and training as the education offered by universities mostly influences the career selection of undergraduates. Today; most of the universities allocate a significant amount of time and effort while also increasing the amount of investment to design a viable entrepreneurship education system.

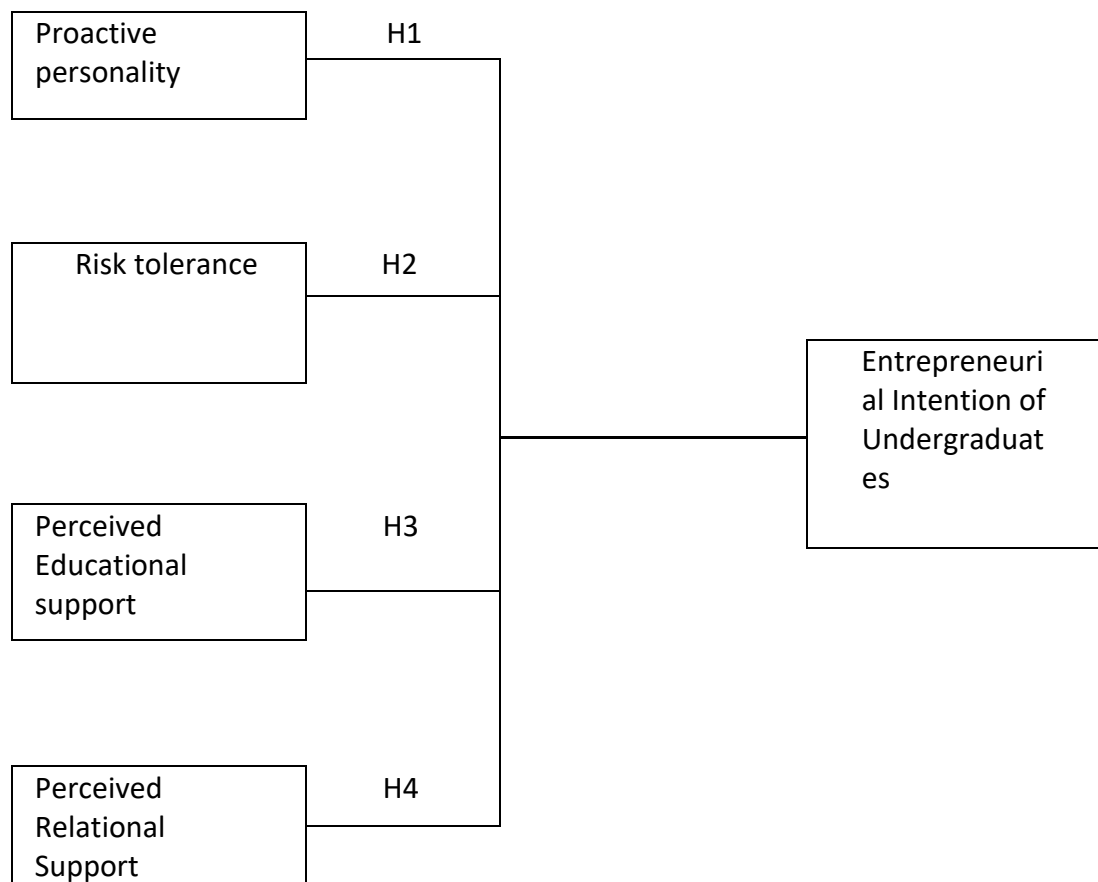
Literature Review

Based on prior research regarding factors affecting entrepreneurial intention of university students have been able to find out some factors that had been evaluated using statistical methods. Entrepreneurial intention of university students is positively related to perceived educational support (Turker & Selcuk, 2009) as per a research done in Turkey. Further, a research done in China; Tongji University said that educational support has an influence on entrepreneurial intention through effect on personal attitude (Wu & Wu, 2008). But according to a research done in Malaysia it asserts the statement of “students perceptions of educational support offered by the university are positively related to their entrepreneurial intentions” is not supported by the findings of the research (Mustafa, et al., 2016).

Risk taking propensity positively influence undergraduates’ entrepreneurship attitude and individuals with high risk tolerance are more likely to have a positive attitude towards entrepreneurship (Zollo, et al., 2017). In argument to that, as per a research conducted in a Korean university, risk taking does not have a positive influence on entrepreneurial intention (Park, 2017). Students’ proactive personality is positively related to their entrepreneurial intentions and the impact of students’ proactive personality on their entrepreneurial intentions will be stronger than that of university support. Also, it is said that students’ personal abilities, skills, and risk propensity mostly affect their entrepreneurial attitude which in turn have a considerably high influence on entrepreneurial intention (Mustafa, et al., 2016). Reactiveness is wholly future oriented and requires an entrepreneur to forecast future and make decisions as and when needed. A research undertaken in South Korea claims that proactive personality has a positive influence on entrepreneurial intention and also from the factors such as innovativeness, reactiveness and risk-taking, proactive personality was found to be the most influential factor (Park, 2017).

As per a research undertaken in Islamabad, the relational support or the family background of students is positively linked to entrepreneurship intentions of undergraduates as prior research works have found that the children who have entrepreneur parents have higher motivation or need to become entrepreneurs.

Conceptual Framework



Based on the conceptual framework, it is hypothesized that;

- H1. The proactive personality of undergraduates influence their entrepreneurial intentions
- H2. Risk taking ability and tolerance has a positive relation with entrepreneurial intentions
- H3. Entrepreneurial intention of undergraduates positively relates with perceived educational support
- H4. Entrepreneurial intention is affected by the relational support perceived from family, friends and etc.

Methodology

The study adopted the deductive approach. The dependent variable of the study was the Entrepreneurial Intention of Undergraduates, while the study consisted of 4 independent variables which were identified to be influencing factors for the Entrepreneurial Intention of the undergraduates based on the past literature. Those 4 independent variables were Proactive personality, Risk tolerance, Perceived Educational support and Perceived Relational Support. The study was conducted targeting all undergraduates in a leading private higher educational institute. In order to collect the data a self-administered questionnaire was used. The questionnaire was formed mainly focusing on Likert scale of five points where '1' represented "Strongly disagree" and '5' represented "Strong agree. In addition to that; there were few qualitative questions in the latter part of the questionnaire. Using the convenience sampling technique 152 undergraduates were chosen to the sample considered in the study. In addition to the primary data collected the researcher also used secondary data such as

journal articles, past research, e-sources to further explore about the factors affecting entrepreneurial intentions and how strong those factors would be affected.

Data, Results and Analysis

The collected data were statistically analyzed using SPSS version 25. As statistical techniques correlation and regression analysis techniques were used in the study.

Reliability Analysis

The reliability and the internal consistencies of the variables were tested with Cronbach's α coefficients. According to Sekaran (2003), Cronbach's α is a measure of internal consistency that specifies the degree to which item is positively correlated as a group. The closer Cronbach's α is to one, the higher the internal consistency. Item Table Statistics (Table 1) provides an overview of the Cronbach's α coefficients and it can be seen that all the variables are above 0.70 with an overall of 0.838 which thus, indicates a good internal consistency.

Table 1

Reliability Analysis

Item	Cronbach's Alpha
avg_entre_intention	.844
avg_risk	.803
avg_relational_support	.814
avg_proactive_personality	.780
avg_educational_support	.787

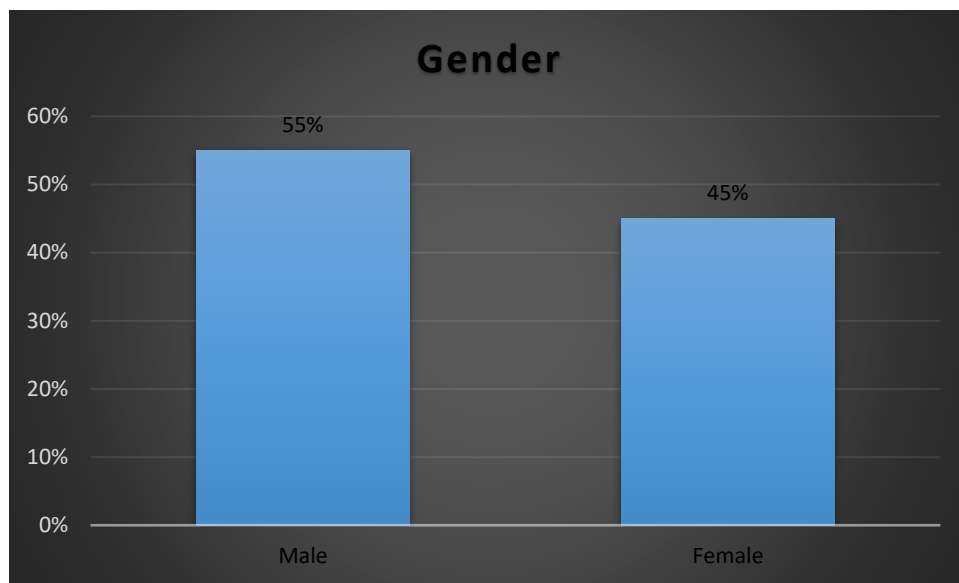
Correlation analysis

The Pearson correlation was also used to examine the strength of the relationships between the variables in this study. From the Table 2, it can be seen that all six determinants of entrepreneurial intention are positively related. Thus, the higher the values of the determinants the greater the entrepreneurial intention. Among these relations, the proactive personality ($r=0.539$, $p<0.05$) followed by educational support ($r=0.426$, $p<0.05$), relational support ($r=0.419$, $p<0.05$) and risk taking ability ($r=0.354$, $p<0.01$) have the high correlation with entrepreneurship intention. This then reflects the importance of these four variables

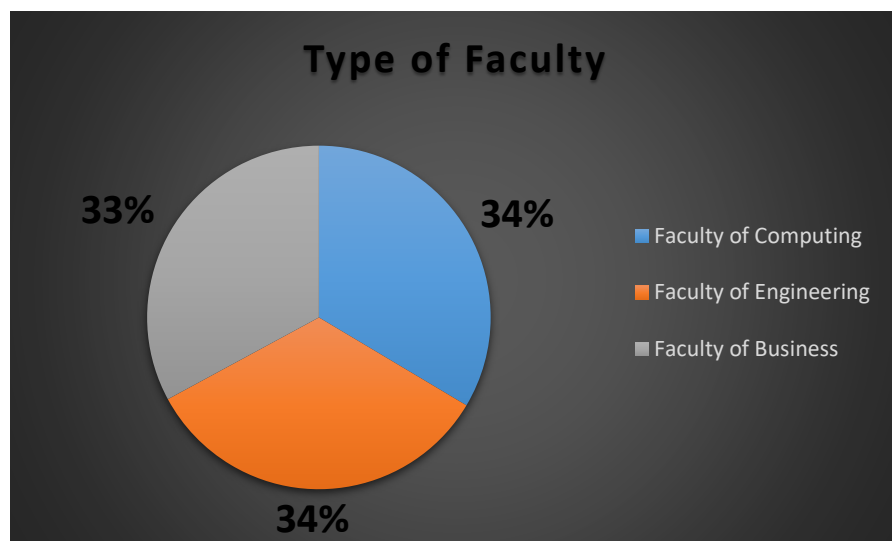
Table 2
Correlation Matrix

avg_risk			avg_relational_support	avg_proactive_personality	avg_educational_support	avg_entre_intention
avg_risk	Pearson Correlation	1	.490**	.634**	.639**	.354**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	152	152	152	152	152
avg_relational_support	Pearson Correlation	.490**	1	.478**	.609**	.419**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	152	152	152	152	152
avg_proactive_personality	Pearson Correlation	.634**	.478**	1	.639**	.539**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	152	152	152	152	152
avg_educational_support	Pearson Correlation	.639**	.609**	.639**	1	.426**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	152	152	152	152	152
avg_entre_intention	Pearson Correlation	.354**	.419**	.539**	.426**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	152	152	152	152	152

**Correlation is significant at the 0.01 level (2-tailed).

Demographics

Out of the sample 45% were female undergraduates and 55% were males and 69.7% of the total sample was in the age between 21 and 24.



In the sample considered (sample size =152), 33% undergraduates were from the faculty of Business while 34% of the sample represented undergraduates from both faculty of computing and faculty of Engineering.

Regression analysis

A multiple regression analysis was conducted to identify the significance and predictability of the independent variables (i.e. Proactive personality of undergraduates, Risk taking ability, Perceived Educational support, and Perceived Relational support) on the outcome of the dependent variable. Table 3 summarizes the overall findings of our model. The R² for the regression model was 0.327 indicating considerable support for the overall model. Table IV,

regression ANOVA table reported a sig. value=0.000 which is less than 0.05, means that the independent variables can significantly predict the outcome of the dependent variable.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	.585	.329		1.781	.077			
	avg_risk	-.077	.110	-.067	-.699	.486	.354	-.058	-.047
	avg_relational_support	.244	.105	.201	2.316	.022	.419	.188	.157
	avg_proactive_personality	.492	.106	.445	4.655	.000	.539	.358	.315
	avg_educational_support	.085	.141	.062	.601	.549	.426	.050	.041

Coefficients^a

a. Dependent Variable: avg_entre_intention

Table 3- Regression Coefficient

Discussion of Findings

This study is intended to assess the key influential factors that affect the entrepreneurial intentions of undergraduates in a leading private higher educational institute. The theoretical framework for this study presented proactive personality as a possible factor that can affect entrepreneurial intentions. The outcomes of the data analysis showed that this factor has a significant positive correlation with entrepreneurial intentions. The results were similar to the results of the correlation analysis, as it was found that proactive personality has a significant influence on entrepreneurial intentions ($\beta=0.445$; $t=4.655$; $p=0.000$). Hence, H1 was accepted such that it is possible to determine that pro-activeness of entrepreneurship has a positive influence on entrepreneurial intention. This result is consistent with most other research results which concluded the same. (Hwang & Lee., 2016)

Moreover, as can be seen from Table II, a significant positive correlation between Risk taking ability and entrepreneurial intention was found. That means higher the ability of individuals to take risks, the higher their entrepreneurial intentions. However, the results of the regression analysis showed that risk taking propensity does not have any significant influence on entrepreneurial intention ($\beta=-0.067$; $t=-0.699$; $p=0.486$). These findings show that, while risk taking has a positive correlation with entrepreneurial intention; it does not have a significant influence on the individual's intentions to become an entrepreneur. Hence, H2 is rejected. But on contrast, it is said that students' personal abilities, skills, and risk propensity mostly affect their entrepreneurial attitude which in turn have a considerably high influence on entrepreneurial intention. (Mustafa, et al., 2016)

Likewise, the results of the data analysis showed that perceived educational support has a significant positive correlation with entrepreneurial intention. This means that the greater the individual's perceived educational supportabilities, the higher their entrepreneurial intentions. However, even though, educational support may be positively correlated with entrepreneurial intention; the results of the regression analysis did not confirm that educational support played a significant role in entrepreneurial intention ($\beta=-0.62$; $t=6.01$; $p=0.549$). Thus, H3 is rejected. For the H3, (Mustafa, et al., 2016) is another typical researcher who claims that educational support has no significant influence on entrepreneurial intentions. So this study also accepted the hypothesis that assumes the same.

With regard to proposed factors, and as can be seen from Table 2, this study found that perceived relational support, significantly, and positively correlated with entrepreneurial intention. The results of the regression analysis confirm the significant influence that social network has on entrepreneurial intention ($\beta=0.201$; $t=2.316$; $p=0.004$). This means students who have a strong accessible and diversified social network such as with family, relatives, friends or strong business connections can have a higher entrepreneurial intention. The support they get from these connections empowers them to start their own business as they can tap into it when necessary. Therefore, H4 is accepted. Finally, as for the H4, most of the researches conducted for entrepreneurial intention found that relational networks do have a positive influence on entrepreneurial intention. (Hwang & Lee., 2016).

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change

1	.572	.32	.30	.9367	.32	17.84	4	14	.000
	a	7	9	9	7	6		7	

a. Predictors: (Constant), avg_educational_support, avg_relational_support, avg_proactive_personality, avg_risk

Table 4- Regression Analysis Summary

ANOVA						
a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	62.644	4	15.661	17.846	.000
	Residual	129.004	147	.878		b
	Total	191.648	151			

a. Dependent Variable: avg_entre_intention

b. Predictors: (Constant), avg_educational_support, avg_relational_support, avg_proactive_personality, avg_risk

Table 5- ANOVA

Table 5 shows the regression coefficients. From this table, we can identify and examine the significance and the contribution of each independent variable on the outcome of the dependent variable. It can also be seen that two independent variables; Proactive personality (sig.=0.000 which is less than 0.05) and relational support (sig.=0.022 which is less than 0.05) were found to have a significant influence on the entrepreneurship intention. It can also be seen that the proactive personality reported the largest beta value ($\beta=0.445$), which means that it plays the most significant role in predicting the outcome of the dependent variable which is entrepreneurial intention.

Conclusion

This study was conducted to measure the readiness and intention of undergraduates to open their own businesses. After collecting the data from a sample of 152, a statistical analysis was carried out. The results indicated that proactive personality and perceived relational support have a significant influence on entrepreneurial intentions. These results thus confirm the findings of previous studies in terms of the significant relationship between entrepreneurial intention and the above mentioned antecedents. On the contrary, studies showed that risk taking ability and perceived educational support do not have a significant influence on entrepreneurial intention.

The study has contributed in improving the Sri Lankan undergraduates' entrepreneurship capacity in terms of knowledge with special focus into the graduates' intention in the entrepreneurship. Thus the present study bridges the empirical gap existing Sri Lankan

context with regards to undergraduates' entrepreneurial intentions. The findings of the study also assist in providing policy implications for university education and entrepreneurs. Further the higher educational institutes in Sri Lanka (both state owned and privately owned) can inculcate the findings of the study in designing a curriculum which has the capacity in the upbringing of more skillful entrepreneurs to the nation.

Although this study used a theoretical framework in consistent with previous research studies; this present research did not involve certain other factors, which might also impact their entrepreneurial intentions. These factors could be cultural influences, structural support, university support, government policies on venture creation, economic and environmental conditions, as well as demographic dimensions. It is thus recommended that further research be conducted to investigate the tendency toward entrepreneurship intentions of undergraduates, which might well reveal all the essential factors that affect this phenomenon. Another limitation of this study is the sample size, which possibly restricted the validity of the results obtained. It is important to always have a large number of prospective entrepreneurs to improve the robustness of findings. Moreover, the research findings here are based on a quantitative methodology, which tends to limit a true causal association between variables so it inevitably leads to biased results (Tabachnick and Fidell, 2001).

Therefore, this research area necessitates and would greatly benefit from a more sophisticated analysis as well as from other qualitative approaches, which could mitigate these limitations. Hence, a more comprehensive and an in depth study is still needed which could offer further insight into the entrepreneurial intentions of undergraduates.

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