

Entrepreneurial intention among management graduates - An analysis of personal, social and economic factors

Ms. G.Manoja¹, Research Scholar, Department of International Business, Pondicherry Central University, Pondicherry

Dr.P.G.Arul², Associate Professor, Department of International Business,
Pondicherry Central University, Pondicherry

Abstract

The Entrepreneurial intension among the management graduates has been rising in the recent years and it became national agenda of Indian policy makers, educationalists and development agencies. At the same time the percentage of graduates as job creatorshas reduced and the job seekers have increased in the current trend. Management Institutes are the place where it provides all management skills, entrepreneurial qualities and networking opportunities to enable graduates to start and run the business effectively and imaginatively. At the same time there are so many other factors which play a lead role in deciding the entrepreneurial intention of the graduates in addition to the above widely personal, social and economic factors. This study has carried out by taking into consideration of the above three factors how it influence the management graduates in deciding their option to become job seekers or job generators. The study findings reveals that the personal factors plays significant role in determining entrepreneurial intention followed by business experience, income level of family of the students.

Keywords: *entrepreneurship, entrepreneurship intension, motivation, personal, social and economic factors*

Introduction

Entrepreneurs use the resources by adding time and efforts and convert them into products and services. This value addition brings economic development to the country. Entrepreneurs are considered as “job creators” for a country (Zahra and Dess, 2001). Student entrepreneurship has an important role and act as a potential driver for economic growth of the country (Davey et al., 2011) for the students to become entrepreneurs there lies a number of factors which contribute wholly or partially. Motivation to become an entrepreneur is detailed study and it involves dynamic interaction with many of its factors (Nabi et al., 2006). Demographic variables such as age, gender, income group, employment experience. The motivating factors for students to become entrepreneurs are collected from various reviews and they are segregated as personal factors, socio factors, and economic factors. To have good understanding about the management graduates opting for entrepreneurship after completion of their course influenced by many factors which include personal, social and economic factors were taken into consideration for this present study.

Motivational factors:

Entrepreneurial motivation is one of the major predictors of entrepreneurial behavior; therefore, special consideration should be given to explore the causes behind students' entrepreneurial intentions. From the perspective of a potential entrepreneur, like university students' entrepreneurship begins with the motivations (Hayton and Cholakova, 2012), but whether the motivations is transformed into reality or not depends on many factors. (Stel et al, 2005) have defined that the tangible and intangible challenges are faced by students to become entrepreneurs. Financial availability and space are tangible and in the case of intangible it

includes entrepreneurial skills, competence, resources and entrepreneurial education, help from parents, relatives and colleagues.

Personal Factors:

The personal factors used in the study are defined by various statements in the questionnaire as (I can be my own boss, I know the necessary details to start a business, My course motivates to be an entrepreneur, My goal is to be an entrepreneur, Opportunities to earn money, Career advancement and growth, Business is prestigious and gives social status, To use my potentials).

Factors like risk taking, achievement, job security, environment to start business, thirst to achieve considered as motivating factors (MdReaz Uddin1 & TarunKanti Bose). The study by (C.Bhandari),(Gerry Segal, Dan Borgia and Jerry Schoenfield) Various factors such as (to lead other people, implementing ideas, to be own boss, non- business education and personal challenges in life) leads to entrepreneurial motivation .(Narendra) presents (desirability for self- employment, self- efficiency and tolerance for risk) as motivating factors in his model. (Marian Holienka, ZuzanaJancovicova, ZuzanaKovacicova) in their study identified that individual characters and perception of societal attitudes on entrepreneurship act as drivers of women entrepreneurship. Researchers found that entrepreneurs have some personality traits such as strong orientation, risk taking ability, endurance, self confidence, and knowledge (shaver,1995) while others said that personality traits do not contribute in choosing business career(Garter,1985). Kolvereid and Moen(1997) have found that attitude, perceived behavior control and norms act as factors for entrepreneurial intention. Wang, Lu, Millington (2011) found in his research that perceived desirability and perceived feasibility have a positive impact on entrepreneurial intention

Social factors:

The social factors used in the study are defined by various statements like-My financial soundness, I have my own family business, Family and friends support.

Entrepreneurial intention is also perceived by relatives, parents, colleagues and friends as an important factor to have certain expectations and behaviours (Krueger, 1993.) Some researchers say that parental behaviours do not set as an example for influencing their children's entrepreneurial choice (Churchill,et,al,1987). There is no proportionate rule that entrepreneurs' children need not be entrepreneurs only (Krueger & Dickson,1993)

Economic factors:

The economic factors used in the study are defined by various statements like (Job insecurity and Unemployment problem, Entrepreneurialpolicies and schemes of government, Market opportunity, Resources of my area)

Urbano, Stephen, &Hemmen (2005) in their study explain that the economic factors like legal rules, support of the government act as an important factor for entrepreneurial intention. Authors also explains that socio environment factor is an adjusting variable for an individual to have impact with entrepreneurial intention and attitude (Shapero&Sokol, 1982). Luthje& Frank (2003) have explained that socio environment factors act as supporting as well as hindering factor for entrepreneurial intention.

Objectives of the study

1. To identify the various factors influencing the preference of entrepreneurship as a career optionamong management students.
2. To study the various factors motivating entrepreneurship with respect to Demographic factors.

Methodology

For this study primary data were collected from the students pursuing Management courses in the University and Colleges particularly who are in the final semester of their Programme through survey method. Simple random sampling method was used to collect the data. A structured questionnaire was framed by covering entrepreneurship and student’s intension. The data was collected by using structured questionnaire from 234 respondents. The analysis was done using the SPSS17.0 and the interpreted results are presented below.

Table 1: Percentage Analysis of Demographic Factors

Demographic factors	Groups	(%)
Gender	Male	63.2
	Female	36.8
Area	Rural	50.9
	Semi-urban	20.5
	Urban	28.6
Family income	<50,000	25.6
	50,000-1,00,000	41.5
	1,00,000- 1,50,000	13.2
	1,50,000-2,00,000	10.3
	>2,00,000	9.4
Father’s occupation	Government employee	13.2
	Private employee	40.2
	Unemployed	6
	Own/ family business	38.9
	Pensioner	1.7
Industry experience	Yes	37.6
	No	62.4
Business experience	Family business	20.5
	Business started by family	6.4
	No business experience	73.1

The analysis includes the demographic variables such as gender for which male is 63.2%, female is 36.8%. The area of the student is divided as of 50.9% of them are from rural, 20.5% are from semi-urban and 28.6% are from urban area. It is observed that 25.6% have annual

family income <50,000, 41.5% have 50,000- 1,00,000, 13.2% have 1,00,000-1,50,000, 10.3% have 1,50,000- 2,00,000 and 9.4% have >2,00,000 as family income. It is seen that 13.2% of their father are government employee, 40.2% are private employee, 6% are unemployed, 38.9% have own/family business and 1.7% are pensioner. It is observed that 37.6% of the respondents have industry experience and 62.4% do not possess industry experience. It is observed that 20.5% of the respondents have family business, 6.4% have business started by parents and 73.1% have no business experience.

Table 2:Percentage analysis for factors which makes students to prefer to start business after the completion of their management course

	Motivating factor	S.A	A	UD	D	S.D
Personal factors	I can be my Own boss	34.2	51.3	7.3	7.3	0
	I know the necessary Practical Details to start business	19.7	43.6	32.9	3.8	0
	My Course motivates to be an entrepreneur	26.1	43.2	26.9	3.8	0
	My goal is to be an Entrepreneur	46.6	35.9	10.7	5.6	1.3
	Opportunity to Earn money	39.7	38	17.9	3.4	0.9
	Career advancement and growth	36.3	38.9	19.2	4.7	0.9
	Business is Prestigious and gives social status	31.2	38	19.2	0	11.5
Social factors	To use my potentials	32.9	35.5	23.1	6	2.6
	My Financial soundness	25.2	39.3	19.7	11.5	4.3
	I have my own Family business	22.2	34.2	22.2	16.7	4.7
	Family& friends support	33.3	25.6	22.6	12.8	5.6
Economic factors	Job insecurity and unemployment problem	35.9	32.5	21.8	3.8	6
	Entrepreneurial policies and schemes of Government	1.7	25.2	42.7	18.4	0.9
	Market opportunity	31.6	38.5	19.7	9.8	0.4
	Resources of my area	20.1	45.3	17.1	10.3	6

Personal factors: From the analysis it is seen that it is rated strongly agree to the following factors as a motivating factor to start a business among the management students for which the my goal is to be an entrepreneur(46.6%) has the highest score which reflects that a strong entrepreneurial goal to become an entrepreneur is the foremost, opportunity to earn money

(39.7%) is the second scored which indicates financial needs urges students to become entrepreneurs, career advancement and growth (36.3%) which indicates that students believe that there is good growth as an entrepreneur, I can be my own boss (34.2%) denoted that independency of work, to use my potentials (32.9%) indicates that being an entrepreneur it explores the talents than going for a salaried job, gives prestige and social status (31.2%) indicates student feel being an entrepreneur is a pride, my course motivates to be an entrepreneur (26.1%) indicates that the MBA course they undergo motivates them to some extent and I know the details to start business (19.7%) tells that the students are not aware of how to do a business.

Social factors: It is observed that strongly agree is rated for the following factors as family and friends support (33.3%) indicates that they have good support from family to become entrepreneurs, my financial soundness (25.2%) indicates that many students don't have much financial background to start a business and I have my own family business (22.2%) indicates that many few students have a business background.

Economic factors: It is observed that strongly agree is rated for the following factors as job insecurity and unemployment problem (35.9%) indicates that students wanted to have a secured job and they prefer to have own business in order to avoid the risk of unemployment, market opportunity (31.6%) says that students believe in developing market for a good scope for them to do business, , resources of my area (20.1%) indicates the raw materials and other resources to support for the business activity is good to some extent and entrepreneurial policies and schemes of government (1.7%) indicates the government initiatives and various schemes to promote entrepreneurs are not in favour of entrepreneurs to start business.

The responses for the personal factors indicate that the entrepreneurial intention lies with more factors of personal such as my goal is to be an entrepreneur, opportunity to earn money, career advancement and growth, I can be my own boss scores the highest, family and friends support and other factors in socio factor scores second, job security and other factors in environment factors scores least when considered as a whole.

Table 3: Cross tabulation of business experience with my goal is to become an entrepreneur and I know the necessary practical details to start business.

Demographic factor		Reasons to become entrepreneur					Total
		S.A	A	U.D	D.A	S.D	
My Goal Is To Become An Entrepreneur							
Business experience	Family business	9.4	6.8	3.4	0.9	0	20.5
	Business started by parents	2.6	2.6	1.3	0	0	6.3
	No business experience	34.6	26.5	6	4.7	1.3	73.2
	Total	46.6	35.9	10.7	5.6	1.3	100
I Know The Necessary Practical Details To Start Business							
Business experience	Family experience	4.7	9.4	5.1	1.3	0	20.5
	Business started by parents	1.7	0	2.1	2.6	0	6.4
	No business experience	13.2	34.2	25.6	0	0	73.1
	Total	19.7	43.6	32.9	3.8	0	100

The cross tabulation result shows that, for (My Goal Is To Become An Entrepreneur) is 47.9% out of which (9.4%) have family business experience, (2.6%) have business started by parents, (35.9%) have no business experience indicates that the attitude for entrepreneurial goal is more for students who have no business experience. For (I Know the Necessary Practical Details to Start Business) is 46.6% out of which (9.4%) have business experience and (34.2%) have no business experience which indicates that the sense and knowledge to start business doesn't rely on having own business or experience on it.

ANOVA

In this study we have grouped the various attributes in the personal factors into a single value using mean value. The same was done to social and economic factors. We have then compared the mean value of the personal factors with the demographic factor income level. Likewise with the mean value of socio factors are compared with income level and the mean value of economic factors are compared with business experience of the respondents.

Income level with Personal factor

Ho: There is no significant difference between personal factors and income level of the respondents.

H1: There is a significant difference between personal factors and income level of the respondents.

Table 4: Personal factors

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.245	4	.811	3.285	.013
Within Groups	44.202	179	.247		
Total	47.447	183			

The table 4 shows the significant value as 0.013 which is less 0.05 and hence we reject the null hypothesis. The result shows that there is a relationship between personal attributes as a motivating factor to choose entrepreneur with respect to their income level.

Income level with social factors

Ho: There is a no relationship between social factors and income level of the respondents.

H1: There is a relationship between social factors and income level of the respondents.

Table 5: Social factors

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.401	2	2.200	3.255	.041
Within Groups	122.372	181	.676		
Total	126.773	183			

The table 5 shows the significant value as 0.041 which is less 0.05 and hence we reject the null hypothesis. The result shows that there is a relationship between social attributes as a motivating factor to choose entrepreneur with respect to their income level.

Business experience with economic factors

Ho: There is no relationship between economic factors and business experience.

H1: There is a relationship between economic factors and business experience.

Table 6: Economic factors

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.702	4	2.176	5.424	.000
Within Groups	71.795	179	.401		
Total	80.497	183			

The table 6 shows the significant value as 0.000 which is less than 0.05 and hence we reject the null hypothesis. The result shows that there is a relationship between economic factors as a motivating factor to choose entrepreneur with respect to their business experience.

Conclusion

This research study helps to understand the entrepreneurial intentions and its motivating factors among the respondents. We analyzed the motivating factors to become an entrepreneur by considering the demographic factors and various factors concerning the personal, social and environment factors as motivating factors to become an entrepreneur. Our findings reveal that

among the three factors makes the students as entrepreneurs after completion of their course, personal factors stands first and to be more specific the attributes like to be a own boss, entrepreneurial goal and gains more weight. Secondly stands the socio factors and lastly comes the economic factors which clearly indicate that personal factors are the main motivating agent for a student to become an entrepreneur. The cross tab result says that students with no business experience have a strong entrepreneurial goal and they are familiar with the details to start business. The ANOVA result says that there is relationship between income level and personal factors and between income level and social factors. The findings also say that there is a relationship between business experience and environment factors. The limitation of the study is that the respondents are only from management institutes and a further study can be made by covering engineering and other arts group. The area limit is restricted to major cities in TamilNadu like (Chennai, Coimbatore, Madurai) and some rural part of Tamil Nadu. A separate study for rural and urban area may be considered because the pattern of life, attitude and education style differs.

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