

Entrepreneurial Intention of Students: A Study of Jaipur City

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Abstract

Entrepreneurship has been considered as a key factor in the development of a country. Entrepreneurial intentions are significantly related to a person's perception of desirability of entrepreneurship. The study identified certain variables as self efficacy, trigger event, need for achievement, perceived desirability, direct experience and propensity for proactive behavior as the key factors for intention of students to become an entrepreneur. The students were from engineering and management disciplines. The variables were correlated to understand the degree of affiliation between them. It was found that a high positive correlation (.905) exists between Need for Achievement and Direct experience. A high positive correlation (.729) also exists between Trigger event and Direct Experience. A high negative correlation (-.710) exists between Self Efficacy and Trigger event. A low positive correlation (.018) exists between Direct Experience and Propensity for proactive behavior and also low negative correlation (-.028) between Self Efficacy and Propensity for proactive behavior. Hence entrepreneurship can be considered as a process of resource integration, learning and continuous innovation which requires certain basic skills.

Introduction

Entrepreneurship acts as a triggering factor in the country's economy. It is thus gaining importance worldwide. In fact for most nations it is the major catalyst for economic growth (Garavan & O'Kinneide, 1994). Entrepreneurship is the act of becoming an entrepreneur. According to the French tradition, this implies "one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods" (AOIE, 2010). Thus innovation and entrepreneurship can be considered as the new paradigms of new times. The creation of a new business is an example of

planned entrepreneurial behaviour that is the result of careful thought and action over a period or time (Carland and Carland, 2001; Bird, 1988; Katz and Gartner, 1988). Therefore, individuals in either the mid or late career are primary targets for entrepreneurship. The present study explored the entrepreneurial motivations of student in various graduate and postgraduate programs in Jaipur city of Rajasthan.

Objectives of the study

1. To assess whether students have an intention to become an entrepreneur
2. To explore the motivational factors required by students to turn into an entrepreneur
3. To evaluate significant outcome of the implicational process of entrepreneurship manifesting in perception, skills and innovation.

Literature Review

A review of the research on entrepreneurial intentions can be found in the work by Segal et.al.(2005).The model used suggested a construct which is a function of three variables, namely: the perceived net desirability of self-employment, the perceived feasibility(self-efficacy) of self employment and the tolerance of risk. Risk taking, opportunity seeking and speculation are usually considered as characteristics of entrepreneurship (Lumpkin and Dess, 1996).

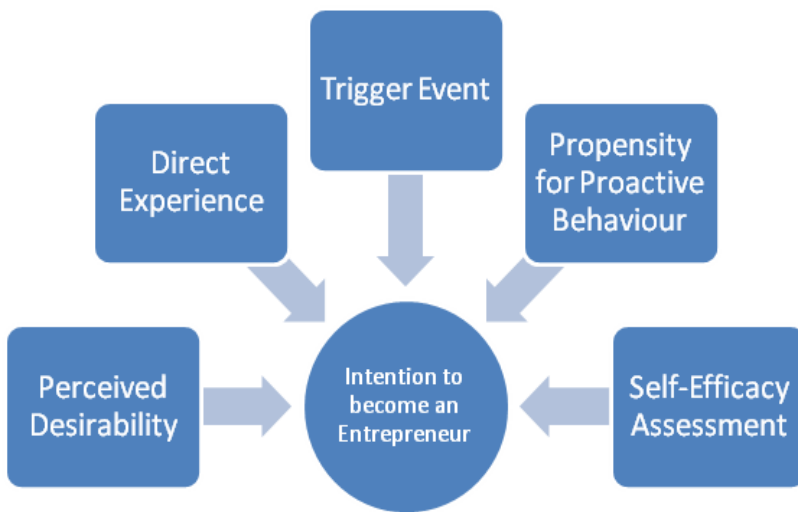
Ultimately new firms are formed by individual who make the critical cognitive decision to perform the entrepreneurial activity necessary to create a new business(Carland and Carland,2001).The creation of a new business is an example of planned entrepreneurial behavior that is the result of careful thought and action over a period of time(Carland & Carland,2001;Bird,1998;Katz and Gartner,1998).Research clearly suggest that the intention to perform a planned behavior is the best predictor of actual performance of the behavior(Kureger,1993).Summers(2000) has shown that a person would form the intention to start business when there is perceived desirability, propensity for proactive behavior, self efficacy assessment and has a trigger event. As such the research in entrepreneurship field needs to develop a better understanding of the relationship between innovation and entrepreneurship (Acs and Storey,2004;Acsand Szerb, 2007; Carlsson, Acs, Audretsch & Braunerhjelm, 2009; Reynolds,1997; Reynolds, Carter, Gartner & Greene,2004 ; Stough, Haynes & Campbell, 1998). Thus entrepreneurship needs to be firmly embedded in the society (Norrman & Klofsten, 2009).

There is growing evidence that education has at least a limited influence on new ventures, startups, new product development and income generation (Business wire, 2000; Gamier, Gasse & Raynal, 1991; Gorman, Hanlon

& King, 1997). Scott and Venkatraman (2000) have identified the importance of identifying profitable opportunities and developing them into practice. On the basis of the above factors, an exploratory model was framed for the present study.

Model of the Study

For the purpose of this study we considered the following variables to have an effect on individual's entrepreneurial intentions:



H1: Perceived desirability has a positive relationship with the intention to become an entrepreneur

H2: Trigger event has a positive relationship with the intention to become an entrepreneur

H3: Self-Efficacy Assessment has a positive relationship with the intention to become an entrepreneur

H4: Propensity for Proactive Behavior has a positive relationship with the intention to become an entrepreneur

H5: Direct Experience has a positive relationship with the intention to become an entrepreneur

Research Methodology

The research was primarily an exploratory research which tried to assess the entrepreneurial intentions of the students. The study used a sample of graduate and post graduate students and these students would have had perceived variations in opportunities that exist before them.

Data was collected using standardized questionnaires. The questionnaire using 20 statements on various constructs was used for the purpose of the study. Students had to state their level of agreement and disagreement on the statements. Likert scale was used for this purpose. Random sampling method was followed for the purpose of research. The demographic profile and educational details were also considered in the study. Around 100 questionnaires were sent and around 85 valid responses were received. The data was analyzed using MINTAB 17 statistical software. 40 and 45 valid responses were received from final year students of engineering and management

Data Analysis

The demographic profile suggests that 40 students were between 20-21 years and 45 were between 23-24 years. The female students were 30 out of which 18 were graduates and 12 were post graduates. About 70 of them never created their own business before and 20 of them had a own parental business.

Descriptive Statistics: SE, TE, N for Ach, PD, DE, PPB

Variable	N	N*	Mean	SE Mean	StDev	Minimum	Q1	Median	Q3
Maximum									
SE	85	0	4.894	0.110	1.012	3.000	4.000	5.000	6.000
TE	85	0	4.7412	0.0919	0.8473	3.0000	4.0000	5.0000	5.0000
N for Ach	85	0	4.671	0.105	0.968	3.0000	4.000	5.000	5.000
PD	85	0	4.541	0.126	1.160	3.000	4.000	4.000	6.000
DE	85	0	4.659	0.107	0.983	3.000	4.000	5.000	5.500
PPB	85	0	4.635	0.106	0.974	3.000	4.000	5.000	5.000

Variable	Skewness
SE	-0.63
TE	-0.07
N for Ach	-0.26
PD	0.04
DE	-0.03
PPB	-0.07

Correlation: SE, TE, N for Ach, PD, DE, PPB

	SE	TE	N for Ach	PD	DE
TE	-0.710 0.117				
N for Ach	0.085 0.437	-0.134 0.221			
PD	0.364 0.001	-0.292 0.007	0.309 0.004		
DE	-0.409 0.658	0.729 0.010	-0.905 0.074	-0.014 0.901	
PPB	-0.028 0.802	0.014 0.898	0.502 0.000	0.124 0.258	0.018 0.872

Cell Contents: Pearson correlation
P-Value

One-Sample Z: SE, TE, N for Ach, PD, DE, PPB

Test of $\mu = 3$ vs $\neq 3$

The assumed standard deviation = 1

Variable	N	Mean	StDev	SE Mean	95% CI	Z
SE	85	4.894	1.012	0.108	(4.682, 5.107)	17.46
TE	85	4.741	0.847	0.108	(4.529, 4.954)	16.05
N for Ach	85	4.671	0.968	0.108	(4.458, 4.883)	15.40
PD	85	4.541	1.160	0.108	(4.329, 4.754)	14.21
DE	85	4.647	0.984	0.108	(4.434, 4.860)	15.19
PPB	85	4.635	0.974	0.108	(4.423, 4.848)	15.08

Discussion and Conclusions

The data clearly suggests that the mean values for most of the variables was between 4.5-4.8. It was 4.8 for self efficacy and 4.5 for perceived desirability. The skewness was negative for all the variables except Perceived Desirability. The variables were correlated to understand the degree of affiliation between them. It was found that a high positive correlation (.905) exists between Need for Achievement and Direct experience. The statistically valid relationship between these two variables suggests that respondent who had a previous business background were more inclined towards entrepreneurship as compared to those who didn't had any direct experience. This is contrary to the findings by Garg et.al. 2011. A high positive correlation (.729) also exists between Trigger event and Direct Experience. This suggests that having a direct experience along with a trigger event can lead to the process of entrepreneurship. Thus entrepreneurship can be considered as a process and entrepreneurs can be produced through proper training and a trigger event may significantly add

to the process. A high negative correlation (-.710) exists between Self Efficacy and Trigger event. This suggests that an individual's assessment of specific opportunities, skills and knowledge are important but also focus should be to build confidence in the person's ability to perform the specifics of starting a new firm. A low positive correlation (.018) exists between Direct Experience and Propensity for proactive behavior and also low negative correlation (-.028) between Self Efficacy and Propensity for proactive behavior. The desire to take action may not be dependent on self efficacy. The results are similar to those by Gist and Mitchell, 1992 which states that for a novel task like starting a business; however the comprehensive summary judgment afforded by the self efficacy construct may not be appropriate. Hence entrepreneurship can be considered as a process of resource integration, learning and continuous innovation which requires certain basic skills. A trigger event along with some experience in the field may help initiate the process. A proper training may also serve as a critical initiator in the field. The z test for the sample population indicates that all the variables are significantly contributing to the intention to become an entrepreneur and hence in view of the given evidence all the hypotheses are accepted. All the values of confidence interval are greater than ± 1.96 .

Limitations of the study

The study was carried out on students from two disciplines only. This may include other disciplines also for further studies in the area. The sample was restricted to the city of Jaipur and could be carried out in a larger area. Undoubtedly there may be other variables affecting intention to become an entrepreneur which may be further evaluated in future studies.

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