

Examining Entrepreneurial Intention among the University Graduates in India

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Abstract: *Entrepreneurship, as a tool for economic development has led many researchers to explore this field. The main emphasis of their studies has been to identify and analyze the inter-relationships among the factors influencing the decision to become an entrepreneur. This study extends their research by exploring the relationship between the big-five personality factors, contextual factors and entrepreneurial intention. As such, it finds its place in the literature on the antecedents of entrepreneurship. This study also adds to the factors already been studied such as attitude and self-efficacy by bringing in some new determinants of entrepreneurial intention. These explored determinants are extraversion, conscientiousness, agreeableness, openness, neuroticism, perceived barriers, perceived support and close support. The data was gathered from 130 post-graduate students at one of the university campuses in the southern region of India. The basic condition underlying the data collection was based on voluntary basis, informed consent, and anonymity. Regression analyses exhibits that entrepreneurial intention is positively associated with extraversion, openness and close support. Finally, we discuss the results and propose ways for future research.*

Keywords: *Entrepreneurial intention, Big-five personality, Contextual factors*

I. Introduction

Due to its importance for economic growth and development, entrepreneurship development has become one of the national agendas in many countries. The importance of entrepreneurship to the Indian economy has been proven by the various supporting mechanisms and policies that exist for entrepreneurs, including funding, physical infrastructure and business advisory services. The establishment of different entrepreneurial institutions indicates the growing importance of the government role on the issue of entrepreneur development (Ariff & Abu bakar, 2005).

Entrepreneurial education at tertiary level has also become an essential component of many curriculums in private and public higher learning institutions. Since future entrepreneurs can be found amongst those who are currently undergoing their educational process at the universities, entrepreneurship education has been used as one of the most effective ways to promote the transition of graduates into the world of entrepreneurship.

Empirical research into the field of entrepreneurship has grown enormously in the last two decades especially in the western cultures. The nature and value of work, connected with self-employment such as self-actualization, independence and greater satisfaction has become more desirable among graduates (Baughn, Cao, Le, Lim, & Neupert, 2006). These have been supported by several empirical studies. Hart and Harrison (1992) for example, investigated the tendency of university students to involve in business in Northern Ireland and found that 47% of the students expressed the intention to run their own business. Similarly, a study by Karr (1985) explains that 46% of colleges students consider own business as a career. However, other research has also documented evidences for a lower entrepreneurial intention. Brenner, Pringle & Greenhaus (1991) reported that although 55% of the respondents preferred business as a career, only 5% of the students specified the willingness to operate their own business.

One of the issues that is still questionable from these studies is to determine the factors that discriminate between students with strong entrepreneurship intention and those having weak entrepreneurship intention. Not much research has been done on personality factors that drive the students' career decision toward self-employment (Luthje & Franke, 2003). Hence, this article attempts to examine personality factors as determinants of students' entrepreneurial intention among university students in India.

II. Literature Review

Psychological research claims that intentions are a critical predictor of consequent planned behavior (Bagozzi, Baumgartner & Yi, 1989). Consequently, entrepreneurial intention is an important phenomenon, and has involved substantial cognitive research.

Krueger, Reilly & Carsrud (2000) presume that any decision to form a new business venture is planned rather than being a conditioned response. They contrast a model of planned behavior (Ajzen, 1991), in which they examine potential entrepreneur's assessment of their own competence or self-efficacy. Bandura (1986) predicts the instigation of a new venture, with Shapero's (1982) model of the "entrepreneurial event" in which an event, such as job loss, "displaces" the inertia that dominates human behavior and choice. Nevertheless, in both models a contrast was made between potential for entrepreneurial activity and intention. An individual may have potential but not make any transition into entrepreneurship because of lack of intention.

On a different track, Birley and Westhead (1994) find evidence to support a range of motivations, which cover instrumental motivations (wealth), the desire for personal development and the need for approval and esteem.

Gatewood, Krueger, Reilly & Carsrud (1995) suggest that external perceptions are stronger for men (perception of a market opportunity) than for women, whereas women are more likely to cite internal explanations (such as the desire to be one's own boss).

Personal Factors and Entrepreneurial Intention

In addition to personality traits, several additional individual variables have been found to predict entrepreneurship. These personal factors include age, gender and education. Mazzarol, Volery, Doss & Thein (1999) state that females were less likely to be founders of business than male. Several studies supported this argument that males had significantly higher entrepreneurial intention than females (e.g., Mazzarol et al., 1999; Kolvereid, 1996). Kolvereid (1996) also states that those with prior experience in entrepreneurial activities have higher entrepreneurial intention compared to those with no prior experience. Furthermore, Mazzarol et al., (1999) specifically 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. Thus, the following hypothesis is proposed:

Based on the above-mentioned studies and theoretical discussion we can reckon that personal factors such as gender and working experience might have an influence on entrepreneurial intentions.

Contextual Factors and Entrepreneurial Intention

Contextual factors include a large set of factors that might influence the intention to engage in entrepreneurship activities (Luthje & Franke, 2003). Among the important contextual factors are perceived support, perceived barriers and close support. There is evidence that business owners tend to have strong supporters whereby the support from their family seems to be particularly important. Sometimes they can be supportive, and sometimes they can be negative. Support and encouragement from family members, relatives and friends have been shown to be associated with development of entrepreneurs (Davidson & Honig, 2003; Baughn et al., 2006). Support from family and friends are critical particularly in shaping the perceived desirability of a particular business venture as well as providing financial assistance.

In terms of perceived support, individuals might be willing to engage in entrepreneurship activities if they perceive that the environment of business is favorable. This is known as a trigger effect. Individuals who perceive the existence of business opportunities (e.g., access to capital, availability of business information) are more likely to make the decision to start a new business. On the other hand, if the individuals have negative perception regarding the environment of the business, they may not decide to start their own business (Luthje & Franke, 2003; Kristiansen & Indarti, 2004).

Lack of knowledge on legal matters, having personal conflicts, lacking knowledge on how to develop a business plan, not having access to finance and lacking support from formal institutions may hinder a person's tendency in becoming an entrepreneur. Based on the above review of related literature, we set the following hypotheses for empirical analyses in this paper:

It is proposed that students' deviance can be predicted from students' perceived barriers, perceived support and close support.

The Big Five Personality Traits and Entrepreneurial Intention

One of the approaches in determining potential entrepreneurs is by assessing their personality. Gartner (1988) states that the entrepreneurs are individuals which have a specific set personality. 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, 1991).

Research on the relationship between entrepreneurship and personality has been subjected to several criticisms. Several personality traits investigated by different researchers make it difficult to systematically compare similar studies. Singh and DeNoble (2003) state that more universal measures of personality are required. One possibility in this regard is the so-called Big Five personality factors, which are extraversion, agreeableness, conscientiousness, openness, and neuroticism (Goldberg, 1990). Schneider's (1987) attraction-selection-attrition (ASA) model explains how individual and organizational processes produce mean differences in personality across organizational work environments. Here, this study adapts ASA theory to explain the association between personality and entrepreneurial intention.

In the discussion of the personality traits, this study only focus on the five dimensions of the Big Five which are neuroticism, extraversion, conscientiousness, openness and agreeableness. Neuroticism refers to the degree to which an individual has emotional stability (Singh & DeNoble, 2003). Individuals who have high neuroticism trait tend to experience a number of negative emotions such as anxiety, hostility and depression (Costa & McCrae, 1992). On the other hand, emotionally stable individuals are able to keep their composure under stressful situations and show high level of self-esteem, relaxed and self-confident. These traits appear to be important for entrepreneurs.

Extraversion illustrates the extent to which people are assertive, dominant, energetic, active, positive emotions and enthusiastic (Costa & McCrae, 1992). People who score high on extraversion tend to be cheerful, like to be with people and large groups, and seek excitement and stimulation. Entrepreneurs must interact with a diverse range of constituents including venture capitalists, partners, employees and customers. Thus, an argument can be made that extraverted individuals would tend to develop positive views of entrepreneurship.

Openness is the tendency to be creative, curious, adventurous and receptive to new experience (Singh & DeNoble, 2003). These characteristics are important components of the entrepreneurial experience. Founding a new venture is likely to require the entrepreneur to explore new ideas, use his or her creativity to solve business problems, and to take innovative business strategies.

Agreeableness assesses one's tendency to be compassionate and cooperative rather than suspicious towards others. An agreeable personality may facilitate an entrepreneur to build business networking that is crucial for a new venture. Individuals who are high on agreeableness can be characterized as trusting, forgiving, caring, altruistic and gullible (Digman, 1990; Costa & McCrae, 1992).

Conscientiousness indicates an individual's degree of organization, persistence, hard work and motivation in the pursuit of goal accomplishment. Some researchers have viewed this construct as an indicator of preference or the ability to work hard (Barrick & Mount, 1991). A conscientious personality may serve an entrepreneur well in planning and managing the details associated with running a company and interacting with internal and external stakeholders.

III. Methodology

Sample

The sample of this study comprised of 130 Post-graduates enrolled in courses in the campus of an institution of higher learning in India. The mean age of the respondents is 21.50 years (SD=1.62). Twenty-two percent of them are males while the rest 78% are females.

Measurement

The study used a self-administered questionnaire to obtain information related to the study topic. The variables under investigation in this study were agreeableness, extraversion, conscientiousness, openness, neuroticism, perceived barriers, perceived support, close support and entrepreneurial intention. Items to measure these concepts were adapted from the literature on entrepreneurial intention at the individual level (e.g., Saucier, 1994; Kolvereid, 1996).

The instrument was refined after pre-testing with a small sample. The survey included items about the respondents' background. Gender was dummy coded 0 for female and 1 for male. A dichotomous item asked whether one or both of the respondents' parents currently own their full-time business. Responses were dummy coded 0 for no and 1 for yes. Questions on entrepreneurial experience and whether the students have taken entrepreneurial course were also dummy coded as 1 for yes and 0 for no. Correlation and regression analyses were used to analyze data.

IV. Results

The effects of personal characteristics on subjects' entrepreneurial intention were analyzed using the t-test analysis. As shown in Table 1, the results of t-tests proved that there was no significant difference between males and females in term of entrepreneurial intention.

The results also showed that students with parents or relatives who own a business entity did not report significantly higher level of entrepreneurial intention than students with parents or relative with no business ownership. Finally, the t-test also indicated that those students who have taken entrepreneurship course reported significantly higher entrepreneurship intention than other students.

Table 1. The differences in the entrepreneurial intention by selected demographic factors

Variable		N	Mean	t-value
Gender	Male	51	3.54	1.13
	Female	79	3.42	
Entrepreneurial experience	Yes	50	3.89	1.22
	No	80	3.8	
Entrepreneurial parents	Yes	34	3.52	1.3
	No	96	3.31	
Whether have taken entrepreneurial courses	Yes	105	3.81	2.01*
	No	25	3.4	

Table 2 presents the overall means, standard deviations, and correlations of the variables in this study. The entrepreneurial intention measure was found to be significantly and moderately correlated to each of the independent variables, though close support ($r=.49, p<.01$) appeared to show slightly stronger bivariate relationships with the dependent variable. However, perceived barriers and neuroticism were not significantly correlated with entrepreneurial intention.

Table 2. Inter-correlation among study variables

Variables	Means	SD	1	2	3	4	5	6	7	8	9
1. Perceived barriers	3.1	0.72	-0.82								
2. Perceived support	3.24	0.68	0.12	-0.75							
3. Close support	3.42	0.6	0.13	.35**	-0.81						
4. Extraversion	3.59	0.71	0.03	0.05	.32**	-0.8					
5. Conscientiousness	4.01	0.74	0.06	0.1	.32**	.23*	-0.9				
6. Agreeableness	3.92	0.69	0.03	.28**	.42**	.25*	.55**	-0.82			
7. Openness	3.72	0.72	0.06	0.2	.31**	.21*	.39**	.41**	-0.85		
8. Neuroticism	3.46	0.69	0.01	0.09	0.1	0.01	.31**	0.16	0.06	-0.85	
9. EI	3.71	0.81	0.03	.32**	.52**	.28**	.26*	.25*	.25**	0.18	-.87

* $p<.05$; ** $p<.01$

Alpha reliability in parentheses

Table 3 presents the results of hierarchical multiple regression analysis predicting entrepreneurial intention. Given the divergent theories on entrepreneurship, it would be difficult to control all possible antecedents of entrepreneurship. According to Crant (1996) such demographic factors as gender and parental role models are appropriate control variables for a study of individual differences in entrepreneurship intention. As can be seen, together the three control variables accounted for 10 percent of the variance in entrepreneurial intention. The contextual factors explained an additional 34 percent of the variance in entrepreneurship intention. However, only close support ($Beta = .41, p<.01$) significantly predicted the criterion variable. In the third step, personality factors contribute an additional 11 percent of the variance in entrepreneurial intention. However, only extraversion ($Beta = .26, p<.05$) and openness ($Beta = .24, p<.05$) significantly predicted the entrepreneurial intention.

Table 3. Results of Hierarchical Regression Analysis

Variables	ΔR2	Overall R2	β	F value
Control Variables	-	0.16		3.04*
Gender			0.07	
Entrepreneurship course			.32*	

Entrepreneurial parents			0.11	
Contextual Factors	0.34	0.36		7.02**
Perceived Barriers			0.04	
Perceived Support			0.22	
Close Support			.41**	
The Big Five Personality	0.15	0.48		4.61**
Agreeableness			0.07	
Extraversion			.26*	
Conscientiousness			0.18	
Neuroticism			0.05	
Openness			.24*	

*p<.05; **p<.01

V. Discussion and Conclusions

This study provides general support to the relationship between the Big-Five Personality, contextual factors and entrepreneurship intention. Findings on specific personality factors are further discussed below.

This study shows that university students' extraversion and openness are invaluable in understanding entrepreneurial intention among students. The findings that openness significantly predicted entrepreneurship intention are consistent with previous literature (e.g., Singh & DeNoble, 2003). Open individuals tend to be curious, imaginative, adventures and receptive to business opportunities. These characteristics are important in becoming successful entrepreneurs.

Extraversion is also significantly and positively related to entrepreneurship intention. Extraversion describes the extent to which people are active, energetic and enthusiastic. The findings of this study are also consistent with previous studies that extraversion is positively related to interest in enterprising occupations (Costa, McCrae & Holland, 1984).

This study has also shown that there is a difference between students who have taken entrepreneurship course and those who do not in terms of entrepreneurial intention. The findings of this study may have policy implications especially for those providing assistance to entrepreneurs and small business owners. Furthermore, entrepreneurship curriculum in Indian institutions should include these characteristics (e.g., adventures, active) as part of the syllabus.

Unfortunately, the reason why neuroticism, agreeableness and conscientiousness are not related to entrepreneurial intention is not obvious. Nevertheless, it is possible to speculate on several potential explanations. The bivariate analysis shows a moderate correlation between these independent variables and the criterion variable. However, this relationship is not strong enough to hold up in the multivariate analysis.

Furthermore, the finding also indicated the role of close support that should not be neglected in nurturing the emergence of entrepreneurs. The impact of support from family and friends on entrepreneurship tendency is more obvious in a collectivist culture like India that emphasizes on cohesiveness.

The study has also contributed to the Eastern entrepreneurship body of knowledge especially in graduate entrepreneurial intention. However, the findings of this study need to be taken with precaution because of the low percentage of male respondents and is clearly not representative for the general population. Another limitation to this research is the small size of sample that did not permit generalization.

Future research should focus on the unanswered questions in terms of what factors help in realizing the intention to do business. Another important question that this study did not attempt to answer is the implication of some variables as moderators. Since research on entrepreneurship is expanding, perhaps there are some variables that may moderate the relationship between the independent variables used in this study and the entrepreneurship intention. These questions are outside the scope of this study; however, future research into these questions would shed light on this important question.

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