

## WHAT FACTORS ARE RESPONSIBLE FOR LOW INCLINATION TOWARDS ENTREPRENEURSHIP IN THE BUSINESS STUDENTS OF ISLAMABAD?

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### Abstract

**PURPOSE:** The goal of the study is to determine the factors which are actually responsible for low inclination towards entrepreneurship in business students of Islamabad.

**DATA & METHODOLOGY:** Five Universities recognized by Higher Education Commission. Muhammad Ali Jinnah University, International Islamic University, Bahria University, and SZABIST. were randomly selected. Data was collected from the business students of these universities, which are located in Islamabad. The information to be collected on variables was range from determining simply the presence or absence of a variable to ranking the variables on a given scale depending upon the nature of the variable. Our study is Descriptive and Exploratory nature and Z-test Analysis was carried out in order to unearth the relationship between Hypothesized Factors (Lack of innovation and creativity, Lack of risk tolerance, lack of resources, unsupportive social environment, Lack of support from self - employed people, the lack of promotion of self - employment from teachers, Lack of entrepreneurship education, Low number of self - employed parents, Lack of required human skills, Long working hour) and low inclination towards entrepreneurship in business students of Islamabad.

**FINDINGS:** Our business students who are pursuing their business and management education at various public and private institutions throughout the country. Being the business student they are the most relevant people to the field of business and are taught how to

manage and run a business successfully. They are expected to have a high level understanding of the dynamics of business and consequently should be expected to start their own business after completing their business studies.

But our study proves that the inclination towards entrepreneurship among business graduates still remains very low. There is only a small proportion of current business students which are interested in doing their own business. A vast majority is still planning their career to become employees in organizations.

**RESEARCH LIMITATIONS:** The sample size consisting of 20 respondents from each university is relatively small as compared to hundreds of students enrolled in these universities, which slightly limits the generalizability of the findings.

**ORIGINALITY VALUE:** To the best of the researcher's knowledge this study is a unique study of its kind in the Business Sector that studies the low inclination towards entrepreneurship in business students of Islamabad.

**MAIN CONTRIBUTION:** The study concludes that the aptitude of our students towards entrepreneurship is not very strong. Through now the state of affairs is seemingly changing but still the general inclination towards self - employment remains very low. The relative rates of self - employment in our country remains very low as compared to those of U.S.A and many other developed countries.

**KEYWORDS:** Entrepreneurship, Hypothesized Factors, Business Students of Islamabad

**PAPER TYPE:** Research Paper

### INTRODUCTION

Entrepreneurship or doing your own business has remained one of the biggest occupations and a source of income since the earliest economies and markets emerged on the face of earth. In the primitive and old societies the men who were having various skills like making the simple weapons used those skills to ensure their continued livelihood and existence.

With the beginning of the Industrial Revolution the range of the products expanded and so did the

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range of business opportunities for a potential entrepreneur.

Today when at the start of the 21<sup>st</sup> century the technological and economical progress has probably taken its toll self – employment still remains as a stable and an increasingly attractive occupation for one to engage in. particularly in the likes of increasing unemployment in our country self – employment becomes a more attractive and rewarding career option for our people and particularly for our students.

It is a matter of common observation that despite being highly attractive the aptitude of our students towards entrepreneurship is not very strong. Through now the state of affairs is seemingly changing but still the general inclination towards self – employment remains very low. The relative rates of self – employment in our country remains very low as compared to those of U.S.A and many other developed countries

### **Literature Review:**

Entrepreneurship is the practice of starting new [organizations](#), particularly new [businesses](#) generally in response to identified opportunities. Entrepreneurship is often a difficult undertaking, as a majority of new businesses fail. Entrepreneurial activities are substantially different depending on the type of organization that is being started. Entrepreneurship ranges in scale from solo projects (even involving the entrepreneur only part-time) to major undertakings creating many job opportunities. Many "high-profile" entrepreneurial ventures seek [venture capital](#) or [angel funding](#) in order to raise [capital](#) to build the business. Many kinds of organizations now exist to support would-be entrepreneurs, including specialized government agencies, [business incubators](#), [science parks](#), and some [NGOs](#).

In common with many other academic fields of study, there exists little consensus as to a universally accepted definition of entrepreneurship, and the combination of the term with family business adds to the complexity. For example, according to [Timmons \(1994\)](#) entrepreneurship is about creating and building something of value from practically nothing. It is the process of creating or seizing an opportunity, and pursuing it regardless of the resources currently personally controlled. While Hisrich and Drnovsek (2002, p. 175) approach definition in the following manner: “the creation and management

of new businesses, small businesses and family businesses, and the characteristics and special problems of entrepreneurs”. Hence, in these definitions the roots of family business may be taken to originate in the essence of entrepreneurship, with a focus on understanding the interaction of entrepreneur and organisational contexts, structure, behaviour and resources ([Craig and Lindsay, 2002](#)). It represents a multi-dimensional approach that takes into account economic and non-economic determinants of entrepreneurship ([Morrison, 2000a](#); [Greenbank, 2001](#); [Pittaway, 2005](#)) including ideology, legitimacy, social mobility and psychological factors ([McKay, 2001](#)). This is particularly significant within the context of family entrepreneurship, which [Cromie et al. \(1999\)](#) suggest differs from economic entrepreneurship in that it incorporates a domestic dimension. Furthermore, a traditional role of entrepreneurship has been to offer alternative paths to “success” concerned with pursuing lifestyle preferences, and/or an “opt-out” route antidote to modern living ([Scase, 2000](#)). This introduces the concept of lifestyle entrepreneurship, where individual's: align entrepreneurial activity to fit with personal circumstances and style of life ([Kaplan, 2003](#)); prioritise personal over business goals ([Bolton and Thompson, 2003](#)); and are not growth motivated ([Burns, 2001](#)). [Bridge et al. \(2003\)](#) consider this to be a form of social entrepreneurship that challenges the traditional division of organizational activity into separate categories of economic or social purpose. Thus, within this context businesses are established for social purposes and not, or not primarily, to maximize financial returns to investors. Thus, within the context of entrepreneurship, family businesses may be established for social and economic purposes, and mesh domestic and business dimensions towards the attainment of lifestyle goals. Often, these businesses make a key contribution in the form of social capital that is central to the sustenance of many, especially rural, communities ([Bridge et al., 2003](#); [Irvine and Anderson, 2004](#))

Currently, the term “entrepreneurial culture” has become popular and widely accepted internationally, and is an expression of and attitude towards commerce at a business level. It can be described as one in which a positive social attitude towards personal enterprise is prevalent, enabling and supporting entrepreneurial activity.

According to Bateman (1997), those economies and regions which have flourished in the late 20<sup>th</sup> century, have in common a business culture, which can be broadly described as “entrepreneurial”. It is attuned to the needs of a changing market economy and receptive to changing demands, innovations, products, opportunities and technologies.

An entrepreneurial culture grows partly out of the current business environment of a country. Yet it is a much broader concept because alongside figure the historical experiences, beliefs, attitudes and values of the host society (Gordon, 1996). Thus, of equal significance for entrepreneurial culture are the future hopes and aspirations not only of business but society at large in a given country. Furthermore, at a basic level, entrepreneurship is recognized as a highly personalized activity. The entrepreneur is motivated to create a venture, which reflects their vision and ambitions, and is prepared to review and reorganize their social environment to make it materialize.

Internationally, it would appear that there exists a wide range and diversity of entrepreneurial cultures, each of which enable and support entrepreneurial behavior to varying degrees. According to Timmons (1994 p. 9), what is needed is a favorable environment which combines social, political and educational attributes. Therefore on the basis of the literature review we develop the following hypotheses

**H1:** Lack of innovation and creativity and low inclination towards self – employment are positively related.

**H2:** Lack of risk tolerance in the business students is positively related to low inclination towards entrepreneurship.

**H3:** Low inclination towards self – employment and lack of resources are positively related.

**H4:** Low trend towards self – employment and unsupportive social environment are positively related.

**H5:** Lack of support from self – employed people and low inclination towards self – employment are positively related.

**H6:** Low inclination towards self – employment is positively related to the lack of promotion of self – employment from teachers

**H7:** Lack of entrepreneurship education is positively related to low inclination towards self – employment.

**H8:** Low number of self – employed parents and low inclination towards self – employment are positively related.

**H9:** Lack of required human skills is positively related to low inclination towards self – employment.

**H10:** Long working hours / extra commitment demanded by your own business is positively related to low inclination towards self – employment.

## RESEARCH METHODOLOGY AND ANALYSIS

Five Universities recognized by Higher Education Commission. Muhammad Ali Jinnah University, International Islamic University, Bahria University, and SZABIST. were randomly selected. Data was collected from the business students of these universities, Which are located in Islamabad. The information to be collected on variables was range from determining simply the presence or absence of a variable to ranking the variables on a given scale depending upon the nature of the variable. Our study is Descriptive and Exploratory nature and Z-test Analysis was carried out in order to unearth the relationship between Hypothesized Factors and low inclination towards entrepreneurship in business students of Islamabad.

## ANALYSIS

**H1:** Lack of innovation and creativity and low inclination towards self – employment are positively related.

### Hypothesis

Null hypothesis P = 0

Alternative hypothesis P ≠ 0

Where “P” represent population proportion.

### Level of Confidence

1- A = 95% , α = 5% or .05

### Test Statistic

$$Z = \frac{\rho - P}{\sqrt{\frac{pq}{n}}}$$

sample proportion.

ρ shows

$$Z = \frac{0.1 - 0}{\sqrt{\frac{0.1*0.9}{100}}}$$

$$Z = \frac{0.1}{0.03}$$

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$$Z = 3.33$$

**Critical Value**

$$Z_{\alpha/2} = \pm 1.645, \quad Z_{\alpha/2} = +1.645 \quad \text{or} \quad -1.645$$

**Critical Region**

$$Z_{\alpha/2} > +1.645 \quad \text{or} \quad Z_{\alpha/2} < -1.645$$

**Result**

From the above analysis we got  $Z = 3.33$  while our critical region is 1.645. It means we reject our null hypothesis and accept our alternative hypothesis which shows that Lack of innovation and creativity and low inclination towards self – employment are positively related. As out of 100 respondents 90 responses in favor of our above statement which reflect strong relationship between lack of innovation and low creativity and low inclination towards self – employment.

*H2: Lack of risk tolerance in the business students is positively related to low inclination towards entrepreneurship.*

**Critical Value**

$$Z_{\alpha/2} = \pm 1.645, \quad Z_{\alpha/2} = +1.645 \quad \text{or} \quad -1.645$$

**Critical Region**

$$Z_{\alpha/2} > +1.645 \quad \text{or} \quad Z_{\alpha/2} < -1.645$$

**Result**

From the above analysis we got  $Z = 7.072$  while our critical region is 1.645. It means we reject our null hypothesis and accept our alternative hypothesis which shows that Lack of risk tolerance in the business students is positively related to low inclination towards entrepreneurship. This reflects strong relationship between risk tolerance in business students and low inclination towards entrepreneurship.

*H3: Low inclination towards self – employment and lack of resources are positively related.*

**Critical Value**

$$Z_{\alpha/2} = \pm 1.645, \quad Z_{\alpha/2} = +1.645 \quad \text{or} \quad -1.645$$

**Critical Region**

$$Z_{\alpha/2} > +1.645 \quad \text{or} \quad Z_{\alpha/2} < -1.645$$

**Result**

From the above analysis we got  $Z = 5.77$  while our critical region is 1.645. It means we reject our null hypothesis and accept our alternative hypothesis which shows that Low inclination towards self – employment and lack of resources are positively related. This reflects strong relationship between lack of resource and Low inclination towards self – employment.

*H4: Low trend towards self – employment and unsupportive social environment are positively related.*

**Critical Value**

$$Z_{\alpha/2} = \pm 1.645, \quad Z_{\alpha/2} = +1.645 \quad \text{or} \quad -1.645$$

**Critical Region**

$$Z_{\alpha/2} > +1.645 \quad \text{or} \quad Z_{\alpha/2} < -1.645$$

**Result**

From the above analysis we got  $Z = 4.472$  while our critical region is 1.645. It means we reject our null hypothesis and accept our alternative hypothesis which shows that Lack of social support and low inclination towards self – employment are positively related. This reflects strong relationship between Lack of social support and Low inclination towards self – employment

*H5: Lack of support from self – employed people and low inclination towards self – employment are positively related.*

**Critical Value**

$$Z_{\alpha/2} = \pm 1.645, \quad Z_{\alpha/2} = +1.645 \quad \text{or} \quad -1.645$$

**Critical Region**

$$Z_{\alpha/2} > +1.645 \quad \text{or} \quad Z_{\alpha/2} < -1.645$$

**Result**

From the above analysis we got  $Z = 4.472$  while our critical region is 1.645. It means we reject our null hypothesis and accept our alternative hypothesis which shows that Lack of social support and low inclination towards self – employment are positively related. This reflects strong relationship between Lack of social support and Low inclination towards self – employment

*H6: Low inclination towards self – employment is positively related to the lack of promotion of self – employment from teachers*

**Critical Value**

$$Z_{\alpha/2} = \pm 1.645, \quad Z_{\alpha/2} = +1.645 \quad \text{or} \quad -1.645$$

**Critical Region**

$$Z_{\alpha/2} > +1.645 \quad \text{or} \quad Z_{\alpha/2} < -1.645$$

**Result**

From the above analysis we got  $Z = 5.77$  while our critical region is 1.645. It means we reject our null hypothesis and accept our alternative hypothesis which shows that Low inclination towards self – employment is positively related to the lack of promotion of self – employment from teacher which reflect strong relationship between lack of promotion of self – employment from teacher and Low inclination towards self – employment

*H7: Lack of entrepreneurship education is positively related to low inclination towards self – employment.*

**Critical Value**

$$Z_{\alpha/2} = \pm 1.645, \quad Z_{\alpha/2} = +1.645 \quad \text{or} \quad -1.645$$

**Critical Region**

$$Z_{\alpha/2} > +1.645 \quad \text{or} \quad Z_{\alpha/2} < -1.645$$

**Result**

From the above analysis we got  $Z = 5.0$  while our critical region is 1.645. It means we reject our null hypothesis and accept our alternative hypothesis which shows that Lack of entrepreneurship education is positively related to low inclination towards self – employment which reflect strong relationship between Lack of entrepreneurship education and low inclination towards self – employment.

*H8: Low number of self – employed parents and low inclination towards self – employment are positively related.*

**Critical Value**

$$Z_{\alpha/2} = \pm 1.645, \quad Z_{\alpha/2} = +1.645 \quad \text{or} \quad -1.645$$

**Critical Region**

$$Z_{\alpha/2} > +1.645 \quad \text{or} \quad Z_{\alpha/2} < -1.64$$

**Result**

From the above analysis we got  $Z = 13.63$  while our critical region is 1.645. It means we reject our null hypothesis and accept our alternative hypothesis which shows that Low number of self – employed parents and low inclination towards self – employment are positively related. As out of 100 respondents 65 responses in favor of our above statement which reflect strong relationship between Low number of self – employed parents and low inclination towards self – employment

*H9: Lack of required human skills is positively related to low inclination towards self – employment.*

**Critical Value**

$$Z_{\alpha/2} = \pm 1.645, \quad Z_{\alpha/2} = +1.645 \quad \text{or} \quad -1.645$$

**Critical Region**

$$Z_{\alpha/2} > +1.645 \quad \text{or} \quad Z_{\alpha/2} < -1.645$$

**Result**

From the above analysis we got  $Z = 5.77$  while our critical region is 1.645. It means we reject our null hypothesis and accept our alternative hypothesis which shows that Lack of required human skills is positively related to low inclination towards self – employment which reflect strong relationship between Lack of required human skills is

positively related to low inclination towards self – employment

*H10: Long working hours / extra commitment demanded by your own business is positively related to low inclination towards self – employment.*

**Critical Value**

$$Z_{\alpha/2} = \pm 1.645, \quad Z_{\alpha/2} = +1.645 \quad \text{or} \quad -1.645$$

**Critical Region**

$$Z_{\alpha/2} > +1.645 \quad \text{or} \quad Z_{\alpha/2} < -1.645$$

**Result**

From the above analysis we got  $Z = 5.0$  while our critical region is 1.645. It means we reject our null hypothesis and accept our alternative hypothesis which shows that Long working hours / extra commitment demanded by your own business is positively related to low inclination towards self – employment which reflect strong relationship between Long working hours / extra commitment demanded by your own business is positively related to low inclination towards self – employment.

## CONCLUSION

We conclude from this report the aptitude of our students towards entrepreneurship is not very strong. Through now the state of affairs is seemingly changing but still the general inclination towards self – employment remains very low. The relative rates of self – employment in our country remains very low as compared to those of U.S.A and many other developed countries.

The same is true for our business students who are pursuing their business and management education at various public and private institutions throughout the country. Being the business student they are the most relevant people to the field of business and are taught how to manage and run a business successfully. They are expected to have a high level understanding of the dynamics of business and consequently should be expected to start their own business after completing their business studies.

But the inclination towards entrepreneurship among business graduates still remains very low. There is only a small proportion of current business students which is interested in doing their own business. A vast majority is still planning their career to become employees in organizations.

Our research is limited to Business students of Islamabad who are studying in various business

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institutes mainly in Muhammad Ali Jinnah University, International Islamic University, Bahria University, and SZABIST. As students in these institutions also show low inclination towards entrepreneurship and aspire to have progressive careers in the corporate world.

Various factors are responsible for this low inclination towards self – employment.

In this report we also determine the hypothesized factors are actually responsible for low inclination towards entrepreneurship in business students of Islamabad. Those hypothesized factors are *Lack of innovation and creativity, Lack of risk tolerance, lack of resources, unsupportive social environment, Lack of support from self – employed people, the lack of promotion of self – employment from teachers, Lack of entrepreneurship education, Low number of self – employed parents, Lack of required human skills, Long working hours, all these hypothesized factors are positively related to low inclination towards entrepreneurship. Our study is Quantitative and exploratory nature and our sample size is more than 30 so we used Z test to find the results. Our all alternative hypothesis are accepted.*

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**APPENDIX:**

**Frequency Tables**

**Have you ever invented, designed or thought of a new product or service that you think will have a commercial market if launched?**

**Invented or Thought Of a New Product**

Frequency	Percent	Yes	%	No	%
100	100%	10	10%	90	90%

**Weight age of the Risks**

Frequency	Percent	Delayed Returns	%	Uncertain Income	%	Chances of Failure	%
100	100%	20	20%	30	30%	50	50%

**Importance of the Resources for Starting the Business**

Resources	Importance of Resources	Cumulative Percentage
Financial Resources	50	50%
Human Resources	15	15%
Technical Resources	10	10%
Business Experience	25	25%

**Doing Your Own Business After MBA Is A Superior And Viable Career Option For You.**

Scale	Doing Business is Superior and Viable	Percentage
Hardly Heard	50	50%
Casually Heard	30	30%
Often Heard	15	15%
Frequently Heard	5	5%

**Lack Of Education And Training Related To Self-Employment In Course Structure Of MBA.**

Scale	Lack of Education and Training	Percentage
Strongly Disagree	----	----
Disagree	5	5%
Neither Disagree Nor Agree	5	5%
Agree	55	55%
Strongly Agree	35	35%

**Parents Self - Employed or Not Self - Employed**

Frequency	Percent	Self -Employed Parents	%age of Self - Employed	Not Self - Employed Parents	%age of Not Self - Employed
100	100%	65	65%	35	35%

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**Responsibility of Keeping Your Employees Happy is Resisting or Not**

Scale	Responsibility of Keeping Your Employees Happy	Percentage
Not Resisting at All	5	5%
Slightly Resisting	25	25%
Resisting	45	45%
High Resisting	30	30%

**Doing Your Own Business Will Create Hindrance in Your Personal and Social Life**

Scale	Doing Business creates Hindrance	Percentage
No Hindrance at All	10	10%
Some Hindrance	65	65%
Hindrance	20	20%
High Hindrance	5	5%