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

Muhammad Safdar Sial¹
Aqsa Chaudhary²

Abstract

PURPOSE: The goal of the study is to determining 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 prove 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

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
What factors are responsible for low inclination towards entrepreneurship in the business students in Islamabad?

range of business opportunities for a potential entrepreneur.
Today when at the start of the 21st 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 20th 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- $\alpha = 95\%$,  $\alpha = 5\%$ or .05

**Test Statistic**

$$Z = \frac{\rho - P}{\sqrt{ \frac{pq}{n} }}, \quad \rho \text{ shows sample proportion.}$$

$$Z = \frac{0.1 - 0}{\sqrt{ \frac{0.1*0.9}{100} }}, \quad \rho = \frac{0.1}{0.03}$$

$$Z = \frac{0.1}{0.03}$$
What factors are responsible for low inclination towards entrepreneurship in the business students in Islamabad?

\[ Z = 3.33 \]

**Critical Value**
\[ Z_{\alpha/2} = \pm 1.645 , \quad Z_{\alpha/2} = +1.645 \text{ or } -1.645 \]

**Critical Region**
\[ Z/2 > +1.645 \text{ or } Z/2 < -1.645 \]

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

**Critical Region**
\[ Z/2 > +1.645 \text{ or } Z/2 < -1.645 \]

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

**Critical Region**
\[ Z/2 > +1.645 \text{ or } Z/2 < -1.645 \]

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

**Critical Region**
\[ Z/2 > +1.645 \text{ or } Z/2 < -1.645 \]

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

**Critical Region**
\[ Z/2 > +1.645 \text{ or } Z/2 < -1.645 \]

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

**Critical Region**
\[ Z/2 > +1.645 \text{ or } Z/2 < -1.645 \]

**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**

\[ Z_{\alpha/2} = \pm 1.645 \]

**Critical Region**

\[ Z_{\alpha/2} > +1.645 \text{ or } Z_{\alpha/2} < -1.645 \]

**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**

\[ Z_{\alpha/2} = \pm 1.645 \]

**Critical Region**

\[ Z_{\alpha/2} > +1.645 \text{ or } Z_{\alpha/2} < -1.645 \]

**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**

\[ Z_{\alpha/2} = \pm 1.645 \]

**Critical Region**

\[ Z_{\alpha/2} > +1.645 \text{ or } Z_{\alpha/2} < -1.645 \]

**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 and 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**

\[ Z_{\alpha/2} = \pm 1.645 \]

**Critical Region**

\[ Z_{\alpha/2} > +1.645 \text{ or } Z_{\alpha/2} < -1.645 \]

**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 and 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...
What factors are responsible for low inclination towards entrepreneurship in the business students in Islamabad?

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.

References:
A contextualisation of entrepreneurship, Alison Morrison, Strathclyde Business School, University of Strathclyde, Glasgow, UK
A system model for corporate entrepreneurship, Jin Chen, College of Management, Zhejiang University, Hangzhou, People's Republic of China
Zhaozhi Zhu, Hangzhou University of Commerce, Hangzhou, Wang Anquan, College of Management, Zhejiang University, Hangzhou, People's Republic of China
Entrepreneurship and ethics, Tibor R. Machan, Leatherby Centre for Entrepreneurship and Business Ethics, School of Business and Economics, Chapman University, Orange, California, USA
Promoting entrepreneurship – changing attitudes or behaviour?, Poul Dreisler, Associate Professor at the University of Aarhus, Aarhus, Denmark, Per Blenker, Associate Professor at the University of Aarhus, Aarhus, Denmark, Kent Nielsen, Associate Professor at the University of Aarhus, Aarhus, Denmark.
Researching entrepreneurship and education, Harry Matlay, UCE Business School, Birmingham, UK
Social entrepreneurship: a different model, Roger Spear, Co-ops Research Unit, Open University, Milton Keynes, UK
Entrepreneurship among business graduates: does a major in entrepreneurship make a difference?
Lars Kolvereid, Professor, Bodø Graduate School of Business, Bodø, Norway
Øystein Moen, Associate Professor, Norwegian University of Technology, Trondheim, Norway
Entrepreneurship education and training: can entrepreneurship be taught? Part I
Colette Henry, Dundalk Institute of Technology, Dundalk, Co Louth, Ireland
Frances Hill and Claire Leitch, School of Management, Queen’s University Belfast, Belfast, Northern Ireland, UK
Barriers to Entrepreneurship in Emerging Domestic Markets: Analysis and Recommendations, James R. Barth, Glenn Yago and Betsy Zeidman
John G. Burch (Business Horizons, September 1986)
Journal of Entrepreneurship 2006; 15; 169;
Narendra C. Bhandari
M. Kirzner, Competition and Entrepreneurship, University of Chicago Press, 1973
Entrepreneurship (By: Robert D. Hisrich, Michael P. Peter, Dean A. Shepherd)
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?

<table>
<thead>
<tr>
<th>Invented or Thought Of a New Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>100</td>
</tr>
</tbody>
</table>

Weight age of the Risks

<table>
<thead>
<tr>
<th>Weight age of the Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>100</td>
</tr>
</tbody>
</table>

Importance of the Resources for Starting the Business

<p>| Importance of the Resources for Starting the Business |
|-----------------|------------------|------------------|</p>
<table>
<thead>
<tr>
<th>Resources</th>
<th>Importance of Resources</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Resources</td>
<td>50</td>
<td>50%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>15</td>
<td>15%</td>
</tr>
<tr>
<td>Technical Resources</td>
<td>10</td>
<td>10%</td>
</tr>
<tr>
<td>Business Experience</td>
<td>25</td>
<td>25%</td>
</tr>
</tbody>
</table>

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

| 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.

| 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

<table>
<thead>
<tr>
<th>Parents Self – Employed or Not Self – Employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>100</td>
</tr>
</tbody>
</table>
What factors are responsible for low inclination towards entrepreneurship in the business students in Islamabad?

<table>
<thead>
<tr>
<th>Scale</th>
<th>Responsibility of Keeping Your Employees Happy</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Resisting at All</td>
<td>5</td>
<td>5%</td>
</tr>
<tr>
<td>Slightly Resisting</td>
<td>25</td>
<td>25%</td>
</tr>
<tr>
<td>Resisting</td>
<td>45</td>
<td>45%</td>
</tr>
<tr>
<td>High Resisting</td>
<td>30</td>
<td>30%</td>
</tr>
</tbody>
</table>

Responsibility of Keeping Your Employees Happy is Resisting or Not

<table>
<thead>
<tr>
<th>Scale</th>
<th>Doing Business creates Hindrance</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Hindrance at All</td>
<td>10</td>
<td>10%</td>
</tr>
<tr>
<td>Some Hindrance</td>
<td>65</td>
<td>65%</td>
</tr>
<tr>
<td>Hindrance</td>
<td>20</td>
<td>20%</td>
</tr>
<tr>
<td>High Hindrance</td>
<td>5</td>
<td>5%</td>
</tr>
</tbody>
</table>

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