

Determinants of Students' Entrepreneurial Career Intentions: Evidence from Business Graduates

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Abstract

In hard times when educated persons can't get jobs, it is becoming challenge for states. It is rather harder for least and under developed countries, like Pakistan, where governments are not having sufficient resources to support the unemployed workforce. Self employment and Entrepreneurship is referred as the best solution. But entrepreneurship is not the function that might be outcome of simple efforts. It requires a regular and permanent attitude as part of personality. Attitude can be based on personality traits and demographic characteristics; it can also be reshaped with education. This research aims to study the impact of personal traits, demographic characteristics and entrepreneurship education on entrepreneurial intentions of university students of Pakistan. This research will be a value addition in Pakistani scenario as it will provide knowledge base for entrepreneurship in the country. Out of the entrepreneurial traits, Innovativeness is considered to be one of the core traits of entrepreneurs and is widely discussed by researchers. Data was collected from the sample of 276 university students. Results show strong relation between innovativeness and entrepreneurial intentions, however some demographical characteristics i.e. Gender and age, were insignificant with the intentions to become entrepreneurs, but prior experience, family exposure to business and level of exposure inclines students to become entrepreneur.

Keywords: Entrepreneurship, Innovativeness, Demographics, Entrepreneurial Intentions.

Introduction

For decades unemployment rate has been mounting. Recent world financial crisis has also resulted unemployment at vase level. In Pakistan, terrorism law and order situation has shattered all economic activities. It has created unemployment at very large scale in Pakistan. To employee these unemployed persons, is a big challenge for authorities. Unemployment rate has increased drastically in Pakistan from 13.60% in 2008 to 15.20% in 2009 (CIA-the world fact book). Now this increasing unemployment is creating lots of problems both for public and government, like law and order situation, increased crimes and many social problems. One of the most effective alternates suggested by the economists is self employment. Self employment or entrepreneurship can contribute a great amount of output thru out the world and Pakistan is no exception.

It is well said that a career that influenced by the entrepreneurship surely offers the individuals ample of opportunities to enjoy independence, reap greater financial payback and gain towards overall economy through a contribution to innovation, job enhancement, and economic development. For developing economies, entrepreneurship works like an engine for economic growth, job creation and social adjustment. There is also positive relationship between entrepreneurship intentions and personality traits (Yosuf *et al.* 2007). Gartner (1988) says that the entrepreneurs are individuals with distinctive and specific personality traits. Personality traits have direct impact on many entrepreneurial activities including the intention to launch a new business, success in business, and enhance entrepreneurial set up (Shaver and Scott, 1991).

Realizing the importance of entrepreneurship for social and economic development of Pakistan, entrepreneurship is a topic requiring a lot of attention from academicians and researchers. This paper is aimed to study impact of personality traits, demographical traits and education on the intentions of university students to become an entrepreneur in their future.

Literature Review

Entrepreneurship is said to be function of various factors e.g. personality traits, education, experience, social and economic conditions, law and order and many other issues. Various researchers have given various findings for the said factors. As this paper is concerned with the personality traits, education and demographical factors, the literature given below belongs to these factors.

Entrepreneurial Innovativeness

Innovation can be conceptualized as the “. . . process that turns an invention Into a marketable product” (Gabor 1970). In this sense Innovation is something more valuable than the invention; it consists of idea commercialization, implementation of that idea, and also includes some modification of presented products, resources, and system (Bird 1989).

Various researchers have given description of innovativeness as one of the most important trait of entrepreneurs. According to Schumpeter (1934) the entrepreneur can best be defined as a change agent, and considered the entrepreneur as “. . . an idea man and a man of action . . . involved in identifying new opportunities”. The viewpoint of Drucker (1985) is that the innovation is the most basic role of entrepreneur. He described the term innovation as “the specific tool of entrepreneurs . . . [and] . . . the means by which they exploit change . . .”. Entrepreneur may also be defined as “. . . any person who initiates and manages a business with the main purposes of profit earning and growth . . . [and] . . . is principally characterized as innovator . . .” (Carland *et al.* 1984).

As we discuss the role of entrepreneurs those who offer strategic competitiveness such as introduction of new products or services, innovative production methodologies, new markets exploration or supply sourcing, or even involves reorganizing the whole industry (Bird 1989; Carland *et al.* 1984). The empirical evidence ensures that entrepreneurs, especially the successful entrepreneurs, are much more innovative than non-entrepreneurs. According to Sexton & Bowman-Upton (1986) the students who opt entrepreneurship as a major appeared more innovative than the students of business

administration. Moreover, Carland *et al.* (1988) express the point of view that the intentions of profit and growth are the basic motive that contributes towards the innovativeness of the entrepreneurs and these motives are strong in entrepreneurs than other small business operators. Carland and Carland (1991) concluded that both male and female have higher intentions and preference for innovation and there are no significant differences exist. Buttner and Gryskiewicz (1993) analyzed the data from managers and entrepreneurs from large organizations and found that entrepreneurs tend to score higher than the average managers on Kirton's (1976) scale of innovation adaptation. Goldsmith & Tuunanen and Hyrsky (1997), while using Finnish and American sample, concluded that the people with an objective of earning profit and to achieve growth score high on Jackson's innovativeness measure as compared with those who have a primary objective of earning family income. Entrepreneurs seek profit opportunities and therefore introduce 'new combinations' or innovations (Van Praag, 1999). Goldsmith and Kerr (1991) discovered that the students who have gone through from the entrepreneurship courses proved to be much more innovative than the other students of business. Kerr (1991) also used Kirton's scale and found entrepreneurship students to be more innovative than the general business management students.

On the basis of given literature following hypothesis can be derived:

H1: Innovativeness has an impact on entrepreneurial intentions

Entrepreneurship Education and Entrepreneurial Intentions

Base and Virick (n.d.) found that education can affect students' attitudes toward entrepreneurship and their entrepreneurial self-efficacy. Lack of entrepreneurial education leads to low level of entrepreneurial intentions of students (Franke & Luthje, 2004). Entrepreneur with entrepreneurial education and experience can create higher profits from entrepreneurial businesses (Jo & Lee, 1996). Dyer (1994) has suggested that entrepreneurship courses, or training regarding start of new business, contributes towards starting a new business and it gives confidence and courage to them. Krueger and Brazeal (1994) recommended that education in entrepreneurship can improve the perceived feasibility for entrepreneurial business through increased knowledge base of students, confidence building and promoting self-efficacy. Recent research proves relationship between entrepreneurial knowledge and identification of entrepreneurial opportunities. (Shepherd & DeTienne, 2005). Some of the earlier studies refer to an individual's distinct information regarding a particular area of study (Venkataraman, 1997) or it may be the result of work experience as well (Gimeno *et al.* 1997). Entrepreneurial education program are source of entrepreneurial attitude and overall intentions to become future entrepreneur (Souitaris *et al.* 2007).

On the basis of above given literature following hypothesis can be formed:

H2: Increased education level has an impact on entrepreneurial intentions

Family Background and Entrepreneurial Intentions

Carr & Sequeira (2007) found that exposure to family business serves as an important intergenerational influence on intentions to become entrepreneur. Family characteristics have implication on emergence of new business, recognition of opportunity, start up decisions and resource mobilizations (Aldrich & Cliff, 2003). Similarly prior exposure to entrepreneurship both from the family side and personal have an impact on entrepreneurial intentions, those having their self employed father are more inclined towards entrepreneurship (Basu & Virick, n.d., & Krueger, 1993). Exogenous influences (like demographics, skills and society, traits, financial support, and culture) affect the attitudes and also the intentions indirectly and behaviors to become entrepreneurs (Shapero and Sokol, 1982). The empirical results in entrepreneurship confirm the relationship between attitudes and self employment (Kolvereid, 1996; Krueger *et al.*, 2000; Luthje & Franke, 2003). Family members in business become symbol for entrepreneur and source of financial and non-financial help; similarly financial resources in the family have direct bearing on entrepreneurial intentions. Students with intentions to become entrepreneur were

observed to be more qualified than non-entrepreneurial behavior individuals. Self employment experience was directly related with entrepreneurial intentions of students (Raijman, 2001). On the basis of above given literature following hypothesis can be formulated:

H3: Family background may influence entrepreneurial intentions

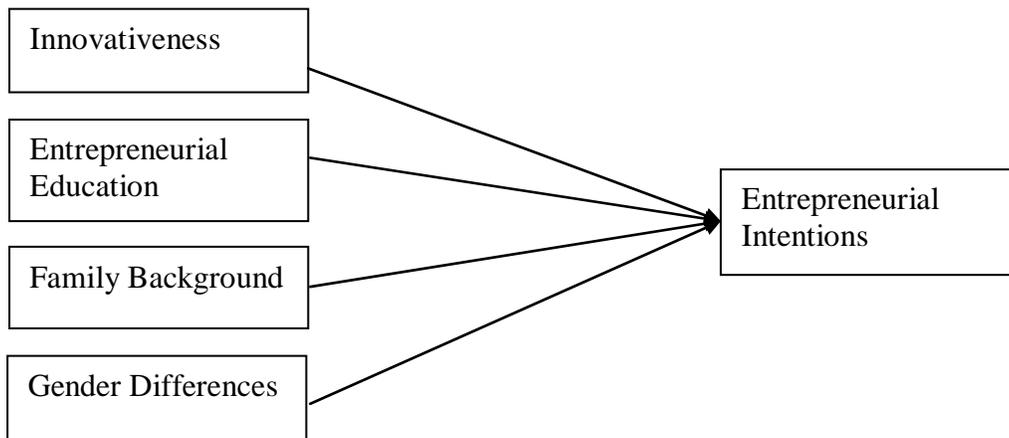
Gender Differences and Entrepreneurial Intentions

Brush (1992) found that men are more inclined towards entrepreneurial business than women with similar background. A large quantity of researches proved that women face more difficulties in venturing process as compared to their male counterparts. Particularly, women entrepreneurs face more difficulty in arranging a capital to start or to support their business (Fay & Williams, 1993) or to have angel financing (Becker-Blease & Sohl, 2007), have a lower degree of human and financial capital (i.e., education and work experience) invested for starting up the new entity (Boden & Nucci, 2000). Consequently, various studies conducted in different nations discovered that the objective success rate for women entrepreneurs is very less and they face slower rate of growth, low profits, and low sales (Brush *et al.*2006; Welter *et al.*2006). The possible reason to this difficulty faced by women entrepreneurs may be the stereotyping generally held against women who enter into such kind of activities (Marlow & Patton, 2005). The research also supports the generally held perception that to be an entrepreneur is a purely masculine characteristic of the members of society (Ahl, 2006; Lewis, 2006). Numerous studies revealed that these kinds of stereotypes regarding gender influence the intentions of men and women to involve and pursue entrepreneurial activities as their career (Gupta *et al.*2008).

On the basis of above literature we can formulate following hypothesis:

H4: Gender differences influence entrepreneurial career preferences

Theoretical Framework



Research Methodology

Sample

300 students were randomly selected from five major universities. 289 questionnaires were received back, 13 were incomplete and were not included in the study, so response consisted of 276 questionnaires (92% response rate). Out of the respondents 195 (66%) were male students and 81 (34%) female students with an average age of 22 years.

Instrument and Measurement

In order to operationalize the variables, entrepreneurial intention questions were adopted from Kolvereid (1996) and innovativeness questions were adopted from Jackson Personality Inventory (1994). Instrument included 22 items to measure the variables and their dimension, 3 items for entrepreneurial intentions, 8 for innovativeness, and 11 items for demographics.

Data Analysis

Descriptive analysis and Pearson's correlation coefficient were used to assess the relation of demographics, entrepreneurial education and personality traits (innovativeness) with entrepreneurial intentions. SPSS 17 was used for this purpose.

Research Findings

This section covers findings of the research. Table-1 provides the descriptive statistics of research, while Table-2 shows the correlation results of research.

Table-1 shows the descriptive statistics of the variables. Entrepreneurial intentions were measured at seven point Likert type scale ranging from most unlikely to most likely. The mean score for the intentions is 4.4082 which fall at the centre of the poles and shows that students were moderately inclined towards entrepreneurial career. Similarly students were moderately innovative and their score was 3.40 on five point scale. The average age of respondents was 22 years. Majority of the students were male 195 and total number of female respondents were 81. Majority of the students were not having prior personal and family business experience.

Table 1: Descriptive Statistics

	Mean	Std. Deviation
Intentions	4.4082	1.26524
Innovativeness	3.4062	.47120
Age	1.9928	.26958
Gender	1.2935	.45618
Study Year	3.0036	1.10371
Entrepreneurship course	1.2826	.45109
Prior Business Experience	1.7428	.44614
Family Business Experience	1.6486	.47829

Results of Pearson Correlation are shown in Table 2. The table indicates the relationship between demographical factors, family background, education and entrepreneurial intentions of university students.

Innovativeness is considered to be one of the primary traits of entrepreneurs. The findings strengthen the view that the more the innovative a person is more likely he is willing to take risk and start new business ($r=0.254$, $p<0.003$). The findings suggest that there is strong relation between innovativeness of students and their intentions to become entrepreneur in future. Gender does not have a significant affect on the entrepreneurial intentions of students ($p<0.733$). So we can say that gender is not predictor of entrepreneurial intentions. Similarly, entrepreneurial subjects were not determinants of entrepreneurial intentions of students ($p<0.738$). So, we can say that entrepreneurial subjects do not determine students' career intentions as entrepreneur. Study year was found to be an important predictor of entrepreneurial intentions ($r=0.133$, $p<0.005$), as with the increase in knowledge through formal education awareness and knowledge about the field and market increases, so students' preferences to become entrepreneurs also increases. Prior Business experience ($r=0.71$, $p<0.004$) and family business ($r=0.56$, $p<0.005$) experience are also one of the important predictors of

entrepreneurial intentions that have a significant relationship at 0.01 level. When there is personal experience and family business experience, students are more inclined towards entrepreneurial business.

Table 2: Pearson Correlation

<i>Variables</i>	ENTREPRENEURIAL INTENTIONS	
	<i>Pearson Correlation</i>	<i>Sig</i>
Innovativeness	.254	.003**
Age	.130	.031*
Gender	.021	.733
Study Year	.133	.005**
Entrepreneurship course	.020	.738
Prior Business Experience	.071	.004**
Family Business Experience	.056	.005**

* Correlation is significant at the 0.05 level (2-tailed)

** Correlation is significant at the 0.01 level (2-tailed)

Conclusion and Discussion

The scores indicate that overall customers are moderately interested to opt for entrepreneurial venture in future. We can't differentiate entrepreneur from non-entrepreneur on the basis of age, gender or entrepreneurial study back ground, as the findings suggest that there is no significant relationship between these variables and intentions to become entrepreneur. But family background and level of education matters while intending to become an entrepreneur. Students in senior classes are more inclined towards entrepreneurship that might be because of their increased knowledge and practical exposure with the field and market. Similarly, students with entrepreneurial experience, whether their self experience or their family experience, are more inclined towards entrepreneurial career that might be due to vigilance with the market and business and their knowledge regarding changing trends of market. As this study is conducted on only one entrepreneurial trait, its scope can be broadened and other personality traits can be used to assess relationship of personality traits and entrepreneurial intentions. Similarly, more demographical features can be included in the study to broaden its scope. This study is restricted to only one personality trait of entrepreneurs. But entrepreneurs are outcome of bundle of traits, and with various demographical characteristics.

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