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Predicting Entrepreneurial Intention of the Commerce Student: An Empirical Evidence from Gujarat State

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Abstract

Entrepreneurs and entrepreneurship are arguably the pillars on which economic health of societies was built. Their role has been highlighted in opportunity creation through new ventures and maintenance of existing ones (Evans, 1942; Leibenstein, 1968). To become an entrepreneur, an individual needs to take action in identifying opportunities, deriving a plan to take advantage of the opportunity, executing the plan, and constantly monitoring and adjusting the plan. What then impels some but not others toward action and keeps them going? We believe a person's developing sense of self as an entrepreneur represents a powerful motivating force that can help explain why some individuals choose and continue to engage in entrepreneurial activity and why others do not.This study concludes that risk propensity, instrumental readiness and entrepreneur knowledge has the significant influence on the self-efficacy. where impact of the instrumental readiness was not founded statistically significant. Self-efficacyhas the positive impact on the entrepreneur intention of commerce student.

Keywords: Entrepreneur Intention, Regression analysis, Self efficacy

Introduction

Entrepreneurship is a worldwide phenomenon with economic growth across the globe that is rendered by the emergence of new and innovative business start-ups. This new and innovative business idea is developed by entrepreneurs.

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Most nations have recognized this fact and are providing some focus and thought into building programs conducive for entrepreneurship and providing the right environment for entrepreneurship to evolve. India too is working and progressing at a significant pace towards this.India has improved its ranking in the World Bank's Doing Business Report by 30 spots over its 2017 ranking and is ranked at 77 among 190 countries in 2019 edition of the report. Also India is one name among those economies which has shown improvement in more than three areas identified by World Bank for liberating the business.

Economy	Ease of doing business rank	Change in ease of doing business score	Reforms making it easier to do business									
			Starting a business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting minority investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency
Afghanistan	167	+10.64	✔				✔	✔	✔			✔
Djibouti	99	+8.87	✔			✔	✔	✔			✔	✔
China	46	+8.64	✔	✔	✔	✔		✔	✔	✔		
Azerbaijan	25	+7.10		✔	✔	✔	✔	✔	✔	✔		✔
India	77	+6.63	✔	✔	✔		✔		✔	✔		
Togo	137	+6.32	✔	✔	✔	✔			✔		✔	
Kenya	61	+5.25				✔	✔	✔	✔			✔
Côte d'Ivoire	122	+4.94	✔	✔			✔		✔		✔	
Turkey	43	+4.34	✔	✔			✔		✔	✔	✔	✔
Rwanda	29	+4.15	✔		✔	✔	✔			✔	✔	✔

Source: World Bank "Doing Business Report 2019"

Inspite of the fact that India has came far from what it was used to be before two decade, an ugly truth which follows the development is that there still exist need of more and more entrepreneurs and start ups. World Bank, in its report Systematic Country Diagnostic (SDC) for India stated that "Between 2005 and 2012, the economy added roughly 3 million jobs a year, far too few for an economy with close to 13 million people entering the working age population every year". According to the report published in economic times on June 6th 2018, Prime Minister of India Shri Narendra Modi while addressing the startup entrepreneurs and innovators stated that "youth in India is becoming job creator", which is call of the hour for India as job creation is one of the ways to crunch out issues like unemployment and poverty. New businesses play a significant role in job creation and have give positive contribution to the economy too.

Entrepreneurs - Then and now

Many new-age entrepreneurs today don't come from traditional business families. And that reflects in their mindset. Authority is not linked with ownership while rapid growth is their mantra. Entrepreneurs have been setting up businesses in India since kingdom come. It is no secret that these entrepreneurs have originated from a dominant caste only by developing a sustainable eco-system that

matched the needs of the traditional businesses. The core of this eco-system is the incubation facility within the business that enabled the next generation entrepreneur to dabble in incremental innovation, funded by angel funding drawn from the surplus generated by the cash cow of the business. Business mentoring from the experienced elders substituted for any classroom learning. The mind-set of the community was that business was a 'dhandha' , (living), requiring hands-on exposure which was more useful than classroom based 'Higher Education', that 'jugaad' (improvisation), substituted for frugal innovation, backed up by the belief that , no matter what business, profits could be extracted by the sleight-of-hand expertise of the chartered accountant.

Those from non-business communities lacked the vital eco-system for creating a start up. Education, particularly technical education, drew them as a means for joining 'service' and pursuing a rising career which they considered superior to business However, the emergence of technology as the key driver of a venture and the consequent necessity of professional education for new venture creation has forever botched up the age old divergence in mindset. The primary accountability is to considerably enhance the 'ease of doing businesses. That apart, much is expected from the follow up steps to the Start Up India initiative launched on 16th January. In a fundamental way, the vision for Start Up India parallels that of the Green and White Revolutions, which had champions – Dr Swaminathan and Dr Kurian - to both set the vision and execute sustainably at the grass-root level. So now India generates entrepreneurs from all communities, whether first generation entrepreneurs from non-business communities or next generation members from traditional family businesses. In addition to developing new and innovative business idea, entrepreneurs have also developed certain skills, attitudes, and behavior which enable them to perform their roles in the society (Inegbenobor, 2006). Researches of entrepreneurial intention and behavior focused on commerce students and nascent entrepreneurs had limitation in applying for entrepreneur students.

Literature Review

The decision for an individual to become entrepreneur depends on various factors. Many studies pointed out how these factors play an important role in motivating and restraining people to become entrepreneur. The motivating factors become entrepreneur can be an existing opportunity for profit making. This may attract young people to start-up their own business. Background of the person plays important role in shaping the behavior of entrepreneur. Analyzing factors that influence individuals' decision to become entrepreneur and launch their own business will provide an important guide for policy makers.

Some researchers suggested that the background factors role which basically consisted of personality aspects (personality traits), entrepreneurial learning and environment support in creating intention and

entrepreneurial behavior development. Research conducted by (Lüthje & Franke, 2003) personality traits as antecedent of entrepreneurial behavior, which has indirect role towards entrepreneurial intention and does not develop self-efficacy construction effect. Kristiansen & Indarti (2004); Ayodele (2013); Karabulut (2016) , conducted background factors, i.e., need for achievement, locus of control (personality) and instrumental readiness (environment) as direct antecedent toward entrepreneurial intention. (Zhao, Seibert & Hills, 2005), is focusing on the role of self-efficacy as mediating between propensity and entrepreneurial learning toward entrepreneurial intention and conclude that self efficacy significantly mediate the effect of risk propensity on the entrepreneur intention. Risk propensity is an essential factor in entrepreneurship as an indicator in the decision process. Individual who has the courage to take risks optimistic to be able to control the situation (Zhao, Seibert & Hills, 2005; Barbosa, Gerhardt & Kickul, 2007).

Liñán (2004) proposed that the education of an entrepreneur should be based on strengthening the participant's intention of becoming an entrepreneur. Jones et al.'s (2008) conclusion also that entrepreneurial education can positively reinforce students' attitudes towards an entrepreneurial career choice in a developing country. Entrepreneurial knowledge is a construct that represents the experience gained from others (vicarious experience) plays a role in fostering a person's cognitive abilities and will improve the efficacy oneself to entrepreneurship (Boyd & Visikis, 1994; Zhao, Seibert & Hills, 2005).

Entrepreneurial intention may also be influenced by background factors, such as personality, values, beliefs and environment (contextual elements or contextual factors). Research conducted by Kristiansen and Indarti (2004), and Ramayah and Harun (2005) made a person's background factor such as locus of control, need for achievement, instrumental readiness as an antecedent which has a direct influence on entrepreneurial intention. Many research conclude that Instrumental readiness has influence toward entrepreneurial intention mediated by the self efficacy Kristiansen & Indarti (2004), Taormina & Lao (2006), Ramayah & Harun (2005).

Internal locus of control is also one of the personality traits which influence the intention. Internal LoC shows that a person believes his/her decisions can control his/her life. According (Ayodele, 2013), the higher the internal locus of control a person, the higher the entrepreneurial intention. Many research also conclude that Locus of control has significant influence toward entrepreneurial intention (Gupta & Muita, 2012; Sajilan, Hadi & Tehseen, 2015, Ramayah & Harun 2005)

Self-efficacy is a construct indicating that behavior, cognition, and the environment influence each other in a dynamic fashion, thus allowing individuals to form beliefs about their ability to perform specific tasks. Entrepreneurial self-efficacy (ESE) is, therefore, viewed as having the capabilities that

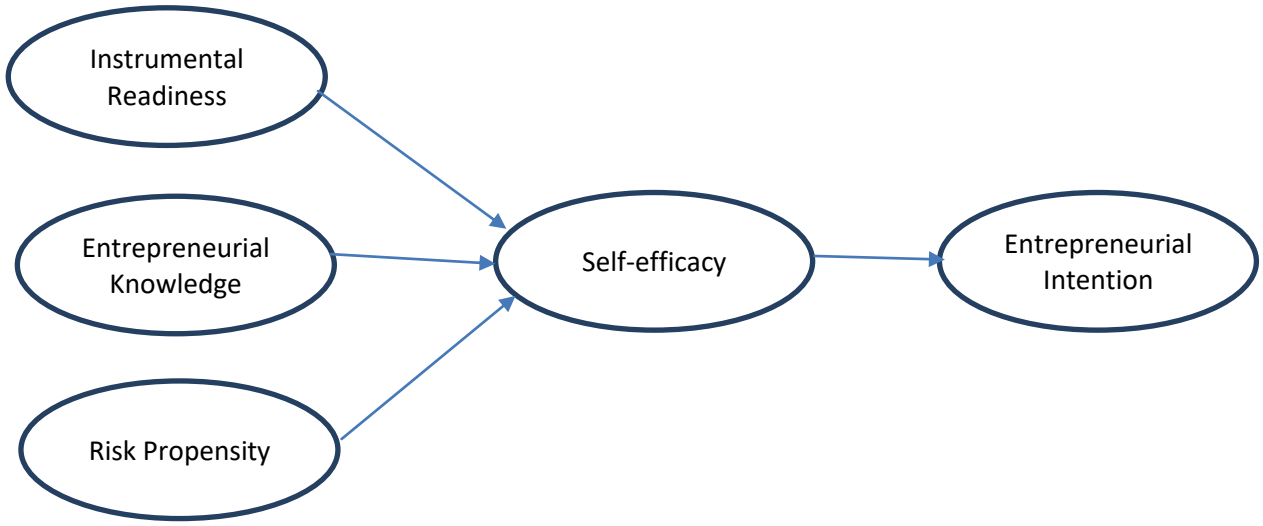
can modify a person's belief in his or her likelihood of completing the tasks required to successfully initiate and establish a new business venture. Self-efficacy is considered as a variable that gives the most impact on entrepreneurship intentions or someone decides to entrepreneurship based on the belief in his ability to entrepreneurship. Self efficacy has positive influence toward entrepreneurial intention Kristiansen & Indarti (2004), Ramayah & Harun (2005), Sequeira et al (2007), Segal et al (2005), Taormina & Lao (2006), Zhao et al (2006), Shook & Bratianu (2008), Linan & Santos (2008), Fini et al (2007), Basu & Virick (2009).

Ajzen (1985) in his theory of planned behavior defined intentions as an individual's perception of the performance of a particular behavior. Intention is a good predictor for behaviour (Ajzen, 2008). Entrepreneurship requires a strong individual character to embody entrepreneurship intentions into behavior. Several previous studies conducted by Kim & Hunter (1993); Monsen et al. (2010); Renko et al. (2011); Chou et al. (2011) proves that the intention entrepreneurship positive effect on entrepreneurial behavior.

Research Gap in Existing Literature

Hence it can be said that entrepreneurial orientation stands for an amalgamation of personal and psychological traits, values, attributes and attitudes vigorously associated with a thrust for entrepreneurship. In case of individuals, demographic variables also can modulate for being entrepreneurial. Many studies have been carried out which shows the impact of the various personality trait on the entrepreneur intention and many of done using demographic variable also but very few study has taken place in the western part of India for the commerce students.

Research Model



Research Methodology

A total of 241 commerce students participated in the present study. Samples are selected from all three the semester (First, third and Fifth). Samples are selected on the basis of the judgement of the researchers. Single cross sectional descriptive research design method is used for this study. . Data were collected from primary and secondary sources. To get an insight into the research area and to develop the hypothesis, the information was collected from various books, journals, and websites and research projects. Structured Questionnaire was administered to respondents to get information.

Instrumental readiness is measured using a three item scale which adopted from Darmanto and Yuliari (2018). Instrumental readiness is access capability of entrepreneurial supporting factors like capital, network, and information. Each of the items measured in seven -point response format. The indicator of entrepreneurial knowledge is related to how many students can absorb entrepreneurial knowledge based on data information, intelligence, skill, idea, intuition or insight, either sourced from inside or outside campus (Ackoff, 1989; Liñán et al., 2005; Lindsay et al., 2007; Zhao et al., 2005).Where Entrepreneurial self-efficacy is defined as a process of increasing students' entrepreneurial capability, so that they have belief and readiness to realize a career as an entrepreneur. Entrepreneurial self-efficacy scale is adopted from Mat, S. C., Siti Mistima, M., & Mohd, N. (2015). Each of the items measured in seven -point response format.Risk propensity is defined as an individual tendency to take or to avoid risks (Sitkin & Pablo, 1992; Sitkin & Weingart, 1995). The measurement of risk propensity and the indicators adapted from (Fini et al., 2009; Gaddam, 2008; Lüthje & Franke, 2003; Sitkin & Weingart, 1995).The indicator on measuring variable of entrepreneurial intention includes the aspect of preference to choose a career as entrepreneur, recommendation to choose a career as entrepreneur to others, will realize business in next year. This is measured through three items by adopting from Mat, S. C., Siti Mistima, M., & Mohd, N. (2015) and Kristiansen and Indarti, (2004).

Analysis

Demographic Profile of the Respondent

Demographic profile of the respondents indicate that majority of the respondent were male (69.3%), Majority of the respondents live in the urban area (66.7%). 47.4 % of the student were in the last year of their commerce study (5^{th} Semester). Majority of the respondents has the family income of more than 5 lakh (58.3%).

Model 1

Model 1 tries to find out the impact of the Risk Propensity, Instrumental Readiness, Entrepreneurial Knowledge on the self-efficacy through the multiple regression analysis.

Table 1 Model 1- ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	266.674	3	88.891	1428.350	.000b
	Residual	26.698	429	0.062		
	Total	293.372	432			

Table 1 indicate that F value of proposed model is 1428.350with sig value of 0.0000 which conclude that proposed model is statistically significant at 5 percent level of significant.

Table 2 Model 1 Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.953	0.909	0.908	0.24947
a. Predictors: (Constant), Risk Propensity, Instrumental Readiness, Entrepreneurial Knowledge				

Model summary table show the R square value of 0.909, Which indicate that Predictors: namely Risk Propensity, Instrumental Readiness and Entrepreneurial Knowledge can explain approximately 90.9 % percent of the variance in the dependent variable (Self efficacy).

Table 3 Model 1 Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-0.074	0.075		-0.999	0.318
	Instrumental Readiness	0.387	0.009	0.612	41.389	0.000
	Entrepreneurial Knowledge	0.309	0.013	0.353	23.774	0.000
	Risk Propensity	0.326	0.010	0.473	31.846	0.000
a. Dependent Variable: Self-efficacy						

Table 3 provide the individual effect of the independent variable on the self-efficacy. All the three independent variables namely Risk Propensity, Instrumental Readiness and Entrepreneurial Knowledge has shown the positive impact on the self-efficacy.

Instrumental Readiness has accounted highest impact on self-efficacy with the standardized beta weight of 0.612, followed by Risk Propensity e with the standardized beta weight of 0.473 and Entrepreneurial Knowledge with the standardized beta weight of 0.353. Overall regression model 1 can be written as below

Self-efficacy = - 0.074 + 0.612(Instrumental Readiness) + 0.353 (Entrepreneurial Knowledge) + 0.473 (Risk Propensity)

Model 2

Model 2 tries to find out the impact of the self-efficacy on the Entrepreneurial Intention of the students through the simple regression analysis.

Table 4 Model 2 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	245.645	1	245.645	1980.236	.000b
	Residual	53.465	431	0.124		
	Total	299.110	432			

a. Dependent Variable: Entrepreneurial Intention

b. Predictors: (Constant), Self-efficacy

Table 1 indicate that F value of proposed model is 1980.236with sig value of 0.0000 which conclude that proposed model is statistically significant at 5 percent level of significant.

Table 5 Model 2 Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.906	0.821	0.821	0.35221

a. Predictors: (Constant), Self-efficacy

Model summary table show the R square value of 0.821, Which indicate that self-efficacy can explain approximately 82.1 % percent of the variance in the Entrepreneurial Intention of the students.

Table 6 Model 2 Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.395	0.089		4.455	0.000
	Self-efficacy	0.915	0.021	0.906	44.500	0.000
a. Dependent Variable: Entrepreneurial Intention						

Table 3 indicate that self-efficacy has the positive impact on the entrepreneurial intention of the students with the beta weight of 0.906. T value of 44.500 with sig value of 0.000 which indicate that self-efficacy has the statistically significant impact on the Entrepreneurial Intention.Overall regression model 2 can be written as below

Entrepreneurial Intention = 0.395 + 0.906 (Self-efficacy)

Table 7 Hypothesis summary			
Sr. no	Hypothesis	P value	Conclusion
1	There is no significant impact of Instrumental readiness on the self efficacy.	0.000	Ho Rejected
2	There is no significant impact of Entrepreneur knowledge on the self efficacy.	0.000	Ho Rejected
3	There is no significant impact of risk propensity on the self efficacy.	0.000	Ho Rejected
4	There is no significant impact of self efficacy on the entrepreneur intention.	0.000	Ho Rejected

Conclusion

The main objective of the study was to find out the effect of the various entrepreneur factors on the entrepreneur behavior of commerce students. This study concludes that Instrumental readiness, risk propensity and entrepreneur have the positive impact on the self efficacy. High risk taking ability and high entrepreneur knowledge leads the high entrepreneur self efficacy. Instrument rediness has emerged as the most impart factors which create the entrepreneurial self-efficacy among the commerce student. Furthermore, this study also conclude that entrepreneurial intention can be predicted through the self-efficacy

Implication of the study

This research provides the useful implication to society by providing more detail insight in to the concept of the entrepreneur behavior. Risk taking capacity and the knowledge about the entrepreneur is essential for self believe for success in business. Finding of the study will help to the policy makers on the entrepreneur in understanding individual behavior. Like past study this study also found that risk propensity, entrepreneur knowledge, self-efficacy influence on the entrepreneur intention which will be use full to the government and policy maker.

Limitations of the Study and Further scope of the study

The study is limited to specific group of students and specific sample size. This study mainly focuses on the personality traits and psychological variables, future study can be done using various demographic variables also. future study can be done using gender, financial stability, education level etc., as the moderating variables. Comparative analysis can be done between different cities and state also.

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