

# Factors Predicting Entrepreneurial Intent Among Delhi-NCR Students

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## ABSTRACT

This study aims to investigate the factors contributing towards entrepreneurial intention among the professional students of Delhi and National Capital Region (NCR). An attempt has been made to analyze and identify the factors influencing the entrepreneurial intention of these students. A sample of 940 students was taken from professional courses through a well structured questionnaire. Statistical techniques such as averages, percentages and regression were performed to analyze the data. Results revealed that there exists a significant relationship between attitudinal factor ( $r = 0.747$ ) and behavioral factor ( $r = 0.550$ ) towards entrepreneurial intention. Further, it was found that attitudinal factor and behavioral factor lays direct impact towards entrepreneurial intention.

**Keywords:** Entrepreneurship Intention, development, attitudinal and behavioral factors

## 1. INTRODUCTION

It is said that an economy is an effect for which entrepreneurship is the cause. Entrepreneurship development has therefore become a matter of great concern in all countries. But the real problem is how to develop entrepreneurship among students. Entrepreneurship development programs or EDPs in short, are deemed to offer the solution to this problem.

The question that arises is whether these characteristics are inborn in the students or whether they can be induced and developed. The need for achievement might be an answer. The need to achieve motivated people to work hard and moneymaking was incidental. Money was only a measure of achievement, not its core motivation. Entrepreneurship among students is getting importance as the current economic situation of demand job provider's play a dominant role in nation's economy as India is struggling to provide job and income security to its citizens. Entrepreneurship provides significant role in the global as well as domestic economy by industrializing rural and backward areas, as a supplier of input to large industries, creating employment opportunities. Entrepreneurship education is becoming more prominent, with many students seeking out extra-curricular activities and taking on additional classes in order to learn more about how to succeed in business.

Collaboration and multi-disciplinary working is becoming more the norm, increasing the average student's exposure to entrepreneurial activities and thinking. In order to realize India's potential for innovation and to grow from grassroots to the large firms, certain key actions such as reforms in higher education, investment in research and building formal and informal

academia – industry linkage have become very important. In management institutions, now a day's transformation is being seen of developing job givers rather than job seekers. Here comes the need to study the entrepreneurial intention among students of various colleges and institutes. Given this importance, it is no surprise that reams of research have been devoted to understanding the phenomenon of entrepreneurship and the factors that lead a person to be an entrepreneur. It is argued many times that what are the factors those lays any impact on the entrepreneurial intention. Decision to become an entrepreneur is a voluntary and conscious one. It is essential to study the ways which govern the decision of a student to become an entrepreneur. This will help in identifying their entrepreneurial intentions. Entrepreneurial intentions are influenced by family business background has been proved by researchers that students from Business background are more inclined towards becoming an entrepreneur. Moreover, there are factors those are responsible for a person to be an entrepreneur. This study highlighted behavioral and attitudinal factors for entrepreneurial intent. Where behavioral factor is a combination of creativity and risk taking and attitudinal factor is a combination of personal traits, curiosity and locus of control.

## 2. LITERATURE REVIEW

Literature review on entrepreneurship education shows that there are two schools of thought regarding the conceptual framework for teaching entrepreneurship. One is the "new venture creation" and the other is known as "innovation" (Saks & Ganglion, 2002). Entrepreneurship education tries to develop in the participants the intention to perform entrepreneurial behaviors, entrepreneurial knowledge and desirability of the entrepreneurial activity (Liñán, 2004). There are various entrepreneurial education scope and structure among higher education in Malaysia. College students are trained as preparation to enter the business world according to their areas of study. However, whether they would be officers or entrepreneurs after graduation would be determined by their intent. An intention is an anticipated outcome guided by planned actions. The theory of planned behavior is linked between attitudes and behaviors (Ajzen, 1991). Intentions predict deliberate behaviors because behavior can be planned. Intention is assumed to take hold of emotional factors that influence behavior and indicate one's effort to try to perform intentional behavior. In the context of entrepreneurship, intension is identified as the important property for establishing an organization (Kantz & Gartner, 1988) and as a predictor of new reliable enterprise (Krueger, Michael & Casrud 2000). Many studies on college students' intention to become entrepreneurs

have been conducted. Christian (2000), studied on Batak students' intention to be entrepreneurs and found that 65% of the respondent had intention to be entrepreneurs. Another study on Balinese students' intention showed that out of 105 respondents, 39.5% stated their intent to be an entrepreneur and 35% more stated their desire to be entrepreneurs (Lie, 2004). Study by Christine (2004) on Chinese students' intention to be entrepreneurs found that out of 105 respondents, 33.66% stated their intent to be entrepreneurs and 13.86% desired to be entrepreneurs. Similar study done by Gerald (2006) on Javanese students' intention to be entrepreneurs found that out of 194 respondents, 30.4% stated their intent to be entrepreneurs and 22% stated their desire to be entrepreneurs. Personality trait is becoming popular as an explanation of entrepreneurial behaviors and intentions. Personality trait is described as constructs to explain regularities in people's behavior. Contemporary theorist identifies five fundamental personality dimensions which are extroversion, neuroticism, agreeableness, and conscientiousness and openness to experience. Traits predicting behavior include risk taking, achievement motivation and locus of control. The concept of locus of control refers to a generalized belief that a person can or cannot control his or her own destiny. Those who ascribe control of events to themselves are identified as having an internal locus and those who attribute control to outside forces are categorized as having external locus of control (Spector, 1997). Gifford (2003), in a study theorizes that the influence of locus of control on perceptual alertness is the potential ability to see opportunities in the environment and explains the influence of locus of control on entrepreneurs. He concluded a person who has internal locus of control has greater amounts of perceptual alertness which leads to spontaneous learning. Curiosity has also been identified as a major motivator of behavior in domains such as educational, occupational and recreational areas (Reio&Wiswell, 2000). A study conducted by Kashdan and Roberts (2004) found that highly curious individuals are more motivated to explore new environments to obtain diverse cognitive, perceptual, or sensational information to satisfy their curiosity. An entrepreneur is a person who creates new business by taking risks and uncertainties in order to gain some benefits and growth in business by identifying the opportunities and combining different resources required to establish the new business (Zimmerer& Scarborough, 2004). Brockhaus (1980) identified that risk to tolerance or ambiguity tolerance does not affect entrepreneurs differently. However, Ghosh and Block(1993) identified that risk and ambiguity have distinguished effects on entrepreneurial behavior. High creativity in running enterprise is a need for an entrepreneur. An entrepreneur should be ready to keep thinking and finding new opportunity in coping with problems and expanding the enterprise. Scott(1999) conducted a study on 36 entrepreneurial start-ups addressing specifically to the role of creativity in business start-ups. This study summarized case findings of these thirty-six start-ups and determined that where the fits are strong novelty generating components of creativity. Study by Riyanti (2007) found that an entrepreneur's creativity generally leads to creative innovations. The study by Autio, Keeley, Klofsten, &Ulfstedt, (1997) investigated entrepreneurial intention of university students in various cultural contexts indicated that the encouragement from university environment affects the entrepreneurial confidence of university students. Educational support through professional education in universities is an efficient way of obtaining necessary knowledge about entrepreneurship. This is supported by the study done by Wang

and Wong (2004) who pointed out those entrepreneurial dreams of many students are hindered by inadequate preparation of the academic institution. The school and education system also play a critical role in identifying and shaping entrepreneurial traits (Ibrahim &Soufani, 2002). Other studies have pointed out that entrepreneurship education, especially education that provides technological training, is crucial to enhance entrepreneurs' innovation skills in an increasingly challenging environment (Galloway &Brown, 2002 ; Garavan&O'Conneide, 1994).Therefore, previous studies have shown variables that might affect entrepreneurial intention. The area of this study covers behavioral and attitudinal factors and how these influence the intentions of students to become entrepreneurs.

### 3. RESEARCH METHODOLOGY

#### 3.1 Objectives

This paper therefore has the following objectives:

- To examine the relationship of attitudinal and behavioral factors with intention to be an entrepreneur.
- To study the impact of behavioral factors (creativity & risk taking) on Entrepreneurial Intent.
- To study the impact of attitudinal factors (personal traits, curiosity & locus of control) on Entrepreneurial Intent.

Following hypotheses were formulated on the basis of above mentioned objectives

Ho1: There is no significant relationship of attitudinal and behavioral factor with entrepreneurial intent.

Ho2: There is no significant impact of behavioral factor towards entrepreneurial intent.

Ho3: There is no significant impact of attitudinal factors on Entrepreneurial Intent.

#### 3.1.1 Research Design

This empirical research seeks to predicts the factors for Entrepreneurial Intent

#### 3.1.2 Instrument

This study was carried out through a survey method, using questionnaires as the main instrument. This sample consists of respondents among students from three courses (MBA, MCA, MCom.) in Delhi NCR. A convenience sample was selected to obtain response from the students. The questionnaire consists of 2 sections to measure the studied elements. Section A consists of 3 items on the demography information i.e. gender, course and family background. Section B contains 62 items firstly, to measure attitudinal factor (personal traits, curiosity and locus of control) and behavioral factors (creativity and risk taking). 5-point Likert scale was used where '1' indicates Strongly Disagree and scale '5' indicates Strongly Agree. A pilot study was carried out using the questionnaire and for analysis of item. The reliability of the questionnaire was measured. The internal consistencies of scale were assessed through Cronbach's alpha. The components of factor affecting entrepreneurial intention show the reliability value 0.852. Implication from this value indicates that all of the items used for each component in the questionnaire have a high and consistent reliability value.

#### 3.2 Population

All post graduate students from selected (MBA, MCA, MCom.) courses of different colleges of NCR were made part of the study.

### 3.2.1 Administration

The questionnaire was administered on students of professional / traditional courses of postgraduate colleges located in Delhi NCR. A total of 1200 questionnaires were distributed out of which 955 were recovered giving a return rate of 79.5 percent but 940 questionnaire were found usable for data analysis.

### 3.2.2 Data Analysis & Findings

The data collected was analyzed using percentages, frequencies correlation and regression. The dependent variable was entrepreneurial intention and, while the predictor variables were attitudinal and behavioral.

### 3.2.3 Results

Demographic Profile of the Respondents are presented in table 1

**Table 1: Profile of the Respondents**

Demographic Variables		Frequency	Percentage
<b>Gender</b>	Female	357	38
	Male	583	62
<b>Courses</b>	MBA	682	73
	MCA	146	16
	M Com.	112	12
<b>Family Background</b>	Service	517	55
	Business	235	25
	Professionals	188	20

It is clear from the above table that majority of the respondents were male (62%) and were pursuing M.B.A (73%) having service (55%) as their family background.

### 3.3 Analysis of Data

Ho1: There is no significant relationship of attitudinal and behavioral factor with entrepreneurial intent. Correlation coefficients were calculated using Pearson correlation on the data with the help of SPSS, version 20.0. The results of the correlation among entrepreneurial intention, attitudinal factor and behavioural factor are presented in Table 2.

**Table 2: Coefficient of Correlation**

Coefficient of Correlation				
		Entrepreneurial Intention	Attitudinal Factor	Behavioral Factor
Entrepreneurial Intention	Pearson Correlation Sig. (2-tailed) N	1 940	.747** .000 940	.550** .000 940
Attitudinal Factor	Pearson Correlation Sig. (2-tailed) N	.747** .000 940	1 .000 940	.457** .000 940
Behavioral Factor	Pearson Correlation Sig. (2-tailed) N	.550** .000 940	.457** .000 940	1 .000 940

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

Table 2 shows the results of correlation among attitudinal factor, behavioural factor and entrepreneurial intention at the 0.01 significance level. The results indicate that there is a positive and significant correlation between attitudinal factor and entrepreneurial intention ( $r=0.747$ ), behavioural factor and entrepreneurial intention ( $r=0.550$ ).

Further to explore the level of relationship between factors (attitudinal & behavioural) and entrepreneurial intention next step is to analyse the variables by performing regression test on it.

Ho2: There is no significant impact of behavioral factor towards entrepreneurial intent.

The regression analysis was performed on the data obtained from the selected respondents. Here behavioural factor has 2 dimensions as creativity and risk taking. Where, behavioural factor (creativity & risk factor) served as an independent variable and entrepreneurial intent as a dependent variable. Linear regression analysis was performed to predict the impact of behavioral factor towards entrepreneurial intent.

**Table 3: Model Summary**

Model Summary Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
<b>1</b>	.621 <sup>a</sup>	.385	.384	6.365

**a. Predictors: (Constant), Creativity, Risk Taking**

Results on table 3 show the adjusted  $R^2$  which indicates the percentage of the variance in the entrepreneurial intention explained by behavioural factor. Adjusted R square = .384

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indicates that the Intuition accounts for 38.40% of the variance in the entrepreneurial intention

**Table 4: Results of ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	23943.241	2	11971.6205	651.5628	.000 <sup>b</sup>
	Residual	17216.188	937	18.3737		
	Total	41159.429	939			
<b>a. Dependent Variable: Entrepreneurial Intention</b>						
<b>b. Predictors: (Constant), Behavioral Factor</b>						

Table 4 shows the results of ANOVA. Since F = 651.5628, P = .000 p < 0.005 model is significant.

**Table 5: Results of Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.428	.888		6.114	.000
	Creativity	.143	.020	.185	7.189	.000
	Risk Taking	.491	.022	.574	22.284	.000

The resulting regression equation is:

$$EI = 5.428 + .143Cr + .491R \quad \text{..... (1)}$$

Where,

- EI = Entrepreneurial Intention
- Cr = Creativity
- R = Risk Taking

The equation (1) indicates that if creativity changes by one unit, there will be 0.143 units change in the entrepreneurial intention keeping risk taking constant. The coefficient is positive, which indicates the direct impact on entrepreneurial intention. The t-value for each individual regression coefficient in the model is reported to assess whether the behavioural factor is a significant predictor for the entrepreneurial intention. The results of the t-value confirm that creativity (t = 7.189; p = .000 < 0.05) and risk taking (t = 22.284; p = .000 < 0.05) are significant predictors of entrepreneurial intention. Further, Risk taking (β=.574) has the highest impact on the entrepreneurial intention followed by creativity (β=.185). A significant model emerged (F<sub>2, 937</sub> = 651.5628, p < 0.0001, Adjusted R square=.384). It can be inferred that creativity and risk taking have a significant impact on entrepreneurial intention.

Ho3: There is no significant impact of attitudinal factors on Entrepreneurial Intent.

The regression analysis was performed on the data obtained from the selected respondents. Here attitudinal factor has 3 dimensions as personal traits, curiosity & locus of control. Where, attitudinal factor (personal traits, curiosity & locus of control) served as an independent variable and entrepreneurial intent as a dependent variable.

Linear regression analysis was performed to predict the impact of behavioral factor towards entrepreneurial intent.

**Table 6: Model Summary**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.941 <sup>a</sup>	.886	.885	2.748
<b>a. Predictors: (Constant), Personal Traits, Curiosity &amp; Locus of Control</b>				

Results on table 6 show the adjusted R<sup>2</sup> which indicates the percentage of the variance in the entrepreneurial intention explained by attitudinal factor. Adjusted R square = .885 indicates that the Intuition accounts for 88.5% of the variance in the entrepreneurial intention

**Table 7: Results of ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	54675.432	3	18225.144	2414.234	.000 <sup>b</sup>
	Residual	7065.899	936	7.549		
	Total	61741.331	939			
<b>a. Dependent Variable: Entrepreneurial Intention</b>						
<b>b. Predictors: (Constant), Personal Traits, Curiosity &amp; Locus of Control</b>						

Table 7 shows the results of ANOVA. Since F = 2414.234, P = .000 p < 0.005 model is significant.

**Table 8: Results of Regression Coefficients**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.136	.516		15.770	.000
	Personal Traits	.681	.009	.915	79.870	0.000
	Curiosity	.054	.008	.075	6.564	.000
	Locus of Control	.042	.012	.037	3.367	.001
<b>a. Dependent Variable: Entrepreneurial Intent</b>						

The resulting regression equation is:

$$EI = 8.136 + .681PT + .054C +$$

.042 LOC ..... (2)

Where,

EI = Entrepreneurial Intention

PT = Personal Traits

C = Curiosity

LOC= Locus of Control

The equation (2) indicates that if personal traits changes by one unit, there will be 0.681 units change in the entrepreneurial intention keeping other independent variables constant. The coefficient is positive, which indicates the direct impact on entrepreneurial intention. The t-value for each individual regression coefficient in the model is reported to assess whether the attitudinal factor is a significant predictor for the entrepreneurial intention. The results of the t-value confirm that personal traits ( $t = 79.870$ ;  $p = .000 < 0.05$ ); curiosity ( $t = 6.564$ ;  $p = .000 < 0.05$ ) & locus of control ( $t = 3.367$ ;  $p = .000 < 0.05$ ) are significant predictors of entrepreneurial intention. Further, personal traits ( $\beta = .915$ ) has the highest impact on the entrepreneurial intention followed by curiosity ( $\beta = .075$ ) and locus of control ( $\beta = .037$ ). A significant model emerged ( $F_{3, 936} = 2414.234$ ,  $p < 0.0001$ , Adjusted R square = .885). It can be inferred that personal traits, curiosity and locus of control have a significant impact on entrepreneurial intention.

#### 4. RESULT

The results indicated that there is a positive and significant correlation between attitudinal factor and entrepreneurial intention. Adding to this it was found that behavioural factor and entrepreneurial intentions share positive correlation too. Further it was found that behavioural factors; creativity and risk taking are significant predictors of entrepreneurial intention. For attitudinal factors, it was found that personal traits, curiosity and locus of control have significant impact on entrepreneurial intention. Various researches on entrepreneurship also focuses on attitude and individual characteristics of the entrepreneurs (Kuratko and Hodgetts, 2004; Norasmah and Halimah, 2007). Student's personal characteristics such as leadership attributes, task performance attitude, achievement attitude & risk taking attribute were found to have positive influence on their entrepreneurial inclination (Asamani & Mensah, 2013). Attitude is a crucial element if a person is to achieve something; as such, it is an important support for further development of one's willingness to venture into entrepreneurship (Kuratko & Hodgetts, 2004). Students attitude influences the entrepreneurial intention (Moi et al.).

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