

INTENTIONS TO BECOME AN ENTREPRENEUR: SURVEY FROM UNIVERSITY STUDENTS OF KARACHI

Nadia Nazir Awan
Nawaz Ahmad

ABSTRACT

The term Entrepreneurship is similar to Self-employment and is certainly the engine of economic growth. Entrepreneurs creates job opportunities in the market and help reducing the unemployment rate. The process of Entrepreneurship begins from development of intention so the main idea of the study is to examine the intentions of university students of Karachi while setting up their new business. To achieve this purpose, Ajzen theory of Planned Behavior is applied. The study is conducted through primary research where data was obtained using survey questionnaire. Fourteen different universities of Karachi have participated in the study where convenience sampling is used to obtain responses from 250 participants. Statistical model SPSS is used to apply different test such as multiple regression and descriptive statistics. Results clearly show that the Ajzen theory is extremely valuable for this study. Moreover, overall model is significant and all constructs particularly personal attitude and perceived behavioral contributes significantly in determining entrepreneurial intentions of university students. Subjective Norms proved to be insignificant in this research and does not influence student's intentions in any manner. University students, if provided the opportunity or financial support, showed willingness of starting their business. Recommendations for researchers, institutions and policy makers have been highlighted. Future studies should be carried out on a huge level in order to understand the overall perspective of Pakistani students.

Keywords: Personal Attitude, Perceived behavioral control, Subjective Norms, Entrepreneurial intentions, Ajzen theory,

1. INTRODUCTION

With globalization, the universal financial issues and change in the technology makes the economy more vulnerable. Business enterprise is accepted to offer approaches to assistance to face new monetary, social and economic difficulties. Thus, in this scenario, entrepreneurship can be proved as a best way to reduce cost, adopt technology based on business needs and cope up with economic downturns.

Looking at the developing and poor nation of Pakistan, it's been facing a number of issues for a couple of years. On top of all, security threats and law and order situation was the toughest ones to deal with. These have resulted into many issues including Unemployment (Ahmed et al., 2010). According to CIA-the world fact book, (2015) Unemployment rate in the last year was 6.5% which is substantial. In order to reduce this rate, economist provides a perfect substitute which is self-employment. Self-employment is same as carrying out a new business with the help of factors of production. This is termed as "Entrepreneurship" For a country where the more than 50% of the population is youth, it's crucial to determine whether they have any intentions to be an entrepreneur or not.

Hebert & Link, (1989) asserts that Entrepreneur has the ability to bear risk in order to begin his business. Entrepreneurship performs a chief role in the strengthening the economic position of the country. It assists the country to remain competitive in the age of globalization. On the other hand, one has to bear that failure to carry out new venture results into huge financial, psychological and other losses (Zhao, Seibert, and Lumpkin.,2010). The substantial work in this field is not limited to gender, education, culture, age etc. (Samuel, Ernest, & Awuah, 2013).

1.2 SCOPE

This paper aims to study the application of Ajzen theory on the entrepreneurial intentions of university students of Karachi.

1.3 OBJECTIVES

The main goal of this study is to add value to the research work in the area of entrepreneurship by analyzing students' intentions of establishing a new business. This study also seeks to identify the main factor that have a significant impact on students in becoming an entrepreneur.

1.4 STATEMENT OF THE PROBLEM:

The research attempts to examine whether the theory proposed by Ajzen could be useful in determining student's choices of starting a new venture.

1.5 RESEARCH QUESTIONS

- a. Does personal attitude influence entrepreneurial intentions of students?

- b. How do subjective norms have an impact on student's decisions to become an entrepreneur?
- c. How does the perception affect student's choices of carrying out a new business?

2. CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW

For more than five decade ago, entrepreneurship was restricted to personality type (McClelland, 1961). During 1980-1990s, researcher figured out the substantial role of individual intentions. But then, there has been a disagreement among the scholars in comparison of several personality and other variables. Ajzen, (1987) emphasizes the role of individual intentions in determining entrepreneurial intentions. This was a crucial time when considerable numbers of researches had been carried out all over the world using different models to determine key influencing factors of entrepreneurial intentions (Peng & Keng, 2012; Malebana, 2014; Ozaralli & Rivenburgh, 2016). However, two distinguishing models for these studies are Ajzen theory of planned behavior and Shapero model of entrepreneurial event (Krueger, Reailly and Carsrud, 2000).

The former theory focuses on Ajzen individual's attitudes and emphasizes that it constitute the important influencing factors of their entrepreneurial intentions while as the latter stresses on the role of social and cultural factors (Krueger et al. 2000). Substantial amount of research work is done in the field of entrepreneurship where mostly scholars have applied Ajzen theory to test the intentions of students while deciding to be an entrepreneur (Ahmed et al, 2010; Linan, 2008; Melabana, 2014). Ajzen believes that there are three main variables that have a significant impact on entrepreneurial intentions are personal attitude, subjective norms and perceived behavioral control. Each of those mentioned predictors are discussed below.

2.1 PERSONAL ATTITUDE:

This is the first construct of Ajzen theory and it reflects that individual has a certain valuation which could either be positive or negative for becoming an entrepreneur (Ajzen, 19991). Linan (2008) carried out a mass study on students of Spain and found out the personality attributes influence the students behavior to some extent. This idea is being second by Ahmed et al, (2010) where the scholars used primary research on Pakistani students and conclude that this factor is an important influential factor but this is primarily based on innovativeness.

Walter and Dohse (2011) came up with a little different view that individual attitude does affect the intentions provided that there are role models to influence him. This finding was the end result of research work done on German students. A year later, Peng, Lu and Hang (2012) supported the idea based on their study on Chinese students that personal attitude does affect student intentions to begin a business but didn't focus on the role of this attribute only. Conversely, Malebana (2014) emphasizes the role of personal attribute while determining the entrepreneurial intentions of university students. His work was based on the students of South Africa where he found out that this attribute has the most explanatory power and can have a significant impact on student's decisions'.

A recent work in this field has been done in USA and Turkey together and the scholars formed a strong opinion that individual personality characteristics matters and impact the intentions when it is together with optimism and innovativeness (Ozeralli & Rivenburgh, 2016)

2.2 SUBJECTIVE NORM

This is the second construct of Ajzen theory and it indicates whether the individual takes a social pressure could be from family, friends etc. to begin his business or not. Generally, students considered Entrepreneurship as the best option for their career. This is mainly because of the fact that their family, friends would be on supporting side for starting a new venture (Malebana, 2014). However, Linan (2008) rejects the role of social factors in shaping students entrepreneurial decisions and a recent study supported these findings and concluded that subjective norms play the weakest role and cannot be considered as explanatory variable to determine student's intentions. (Ozaralli & Rivenburgh, 2016)

Ahmed et al. (2010) consider the role of subjective norms only if the family background is also having entrepreneurial knowledge and experience. Krueger et al. (2000) also believes that Subjective norms have an insignificant impact. This has also been supported by Peng et al. (2012) who proposed that there is no doubt that students get influenced from their social factor but there is no significant role of family background in shaping students decision of becoming an entrepreneur (Peng et al., 2012)

However, one additionally needs to consider that social standards could be relied upon to differ crosswise over societies, i.e., in a few nations, social standards are more strong of entrepreneurial movement than in others (McGrath and MacMillan, 1992; Davidsson and Wiklund, 1997; Krueger and Kickul, 2006).

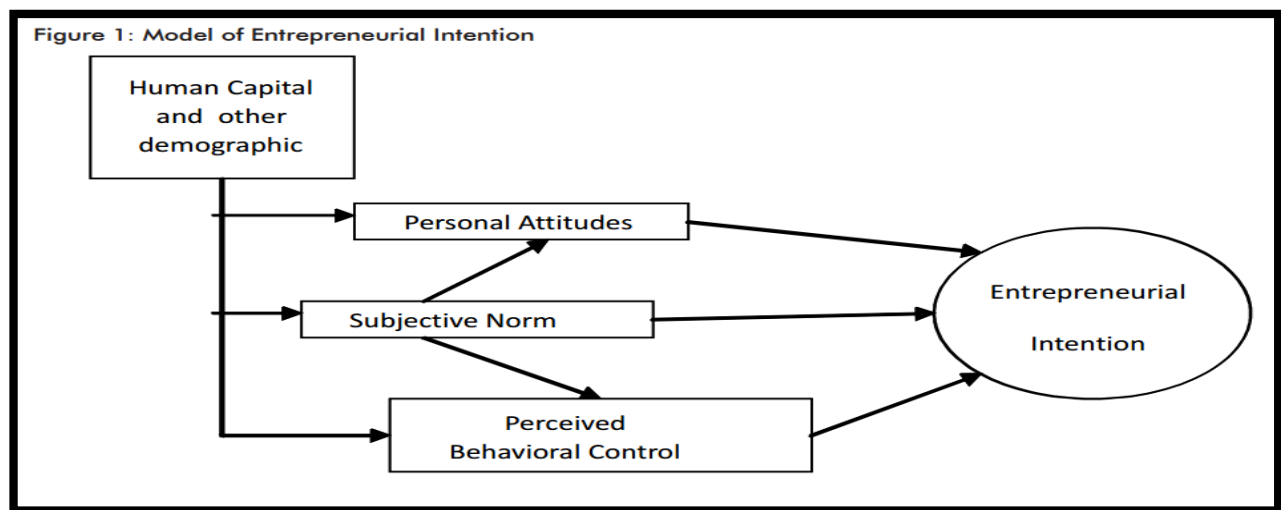
2.3 PERCEIVED BEHAVIORAL CONTROL (PBC)

According to Ajzen (1991) PBC refers to the perception of the individual related starting a new business. The research work done in Spain by Linan (2008) continuously calls attention to PBC as main and sole determinant of predicting students intentions Peng et al. (2012) reinforced the concept by saying that individual's perception is crucial and is the basis of his behavior. Malebana (2014) discusses that if a student's perceives that starting a new venture would be an easy job then he is going to start in near future.

Apart from the theory that provides us three concrete constructs to determine the impact on students intentions, two important linking variables are emerged from different studies i.e. Entrepreneurship subject and training related to starting a new firm (Linan, 2008; Malebana, 2014;)

To sum up literature review, More or less, studies have identified and recognized the role of personal attitude, subjective norms, and perceived behavioral control in determining student's intentions of establishing a new business. Thus, Ajzen theory has proved to be the best theory of predicting entrepreneurial intentions of university students.

The following picture depicts the conceptual model of Entrepreneurial intentions.



3 METHODOLOGY

3.1 DATA

Data is collected using both primary and secondary sources. This study was conducted on university students of Karachi including both graduate and post graduate students. For primary data, survey was conducted based on the questionnaire which is adapted from EIQ of Linan & Chen (2009).

3.2 VARIABLES

- Personal Attitude (PA) – It reflects whether the individual has a certain valuation (either positive or negative) for becoming an entrepreneur.

- Subjective Norm (SN) – It indicates whether the individual takes a social pressure (friends, colleagues, family etc) to begin his business or not.

- Perceived behavioral control (PBC) – It reflects the perception of the individual related starting a new business. It could either be perceived as easy or difficult.

Entrepreneurial Intention (EI), which is defined as the willingness and commitment to carry out a new business. (Linan & Chen, 2009).

3.3 INCLUSION CRITERIA

The inclusion criteria were the students studying at graduate and post graduate level in Karachi. Students at college and school level were excluded from the research.

3.4 SAMPLE AND SAMPLING TECHNIQUE

A total of 250 questionnaires were filled by the students from 14 different universities of Karachi. For this purpose, convenience sampling has used.

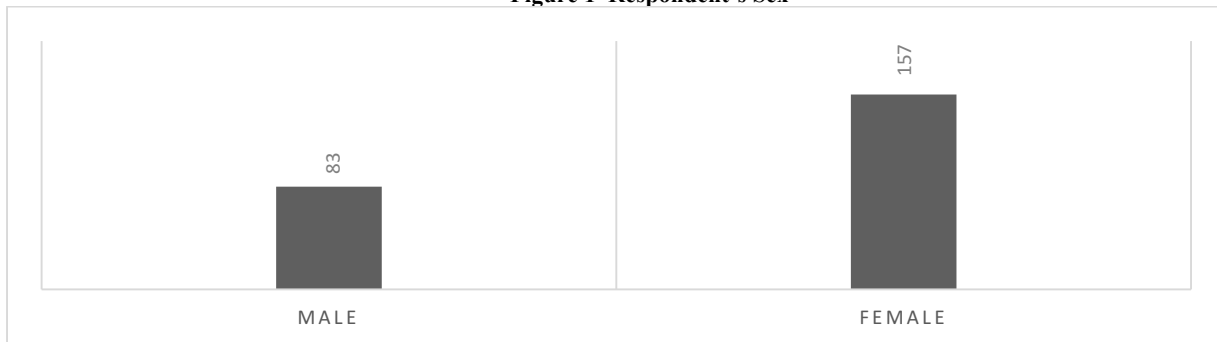
3.5 MODEL AND STATISTICAL TECHNIQUE

- SPSS 17 was used to analyze the responses from research participants.
- The statistical techniques used were Descriptive analysis and Multiple Regression

4. RESULTS AND DISCUSSION

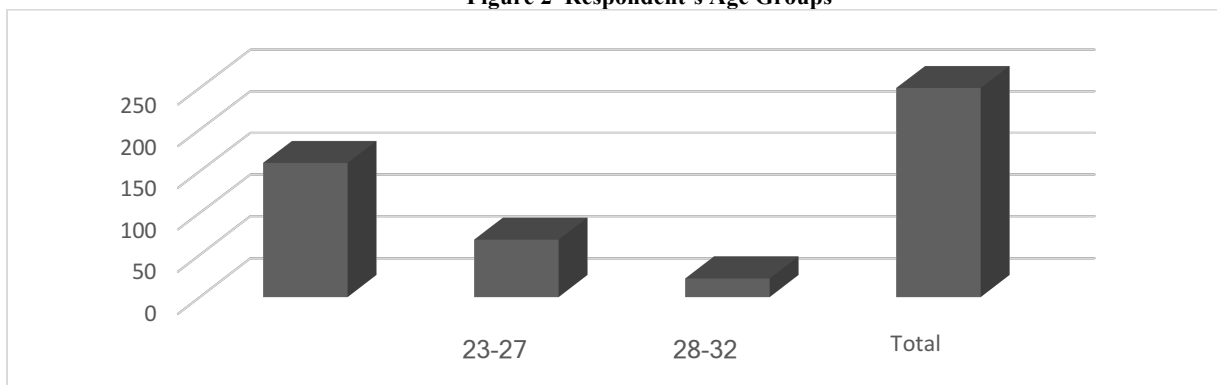
4.1 GRAPHICAL ANALYSIS

Figure 1 Respondent's Sex



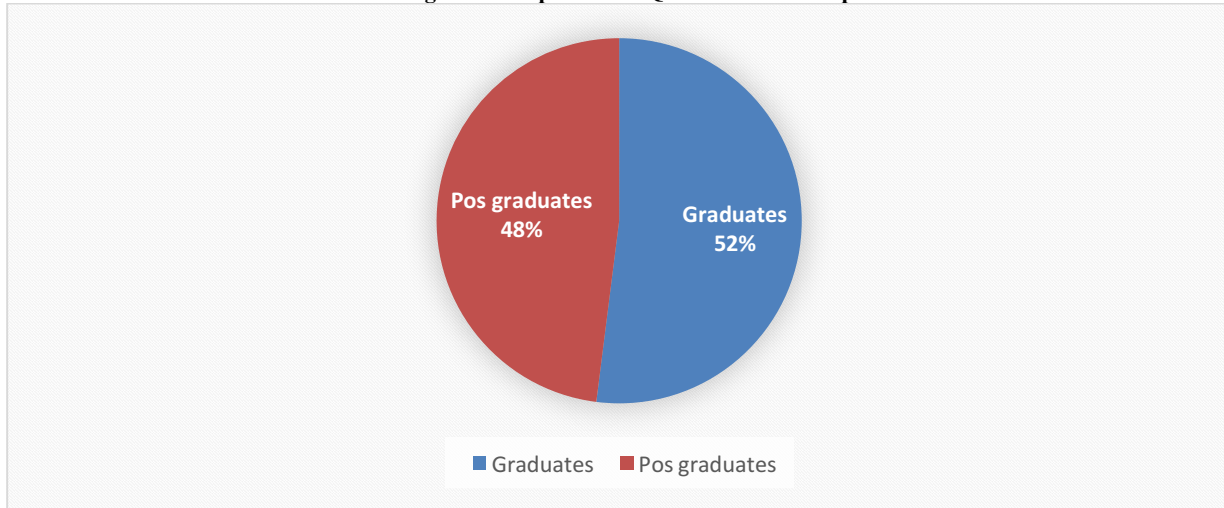
The above bar chart depicts that number of females who participated in this study were far more than males. Out of total, females respondent were 157 and males were 83 only.

Figure 2 Respondent's Age Groups



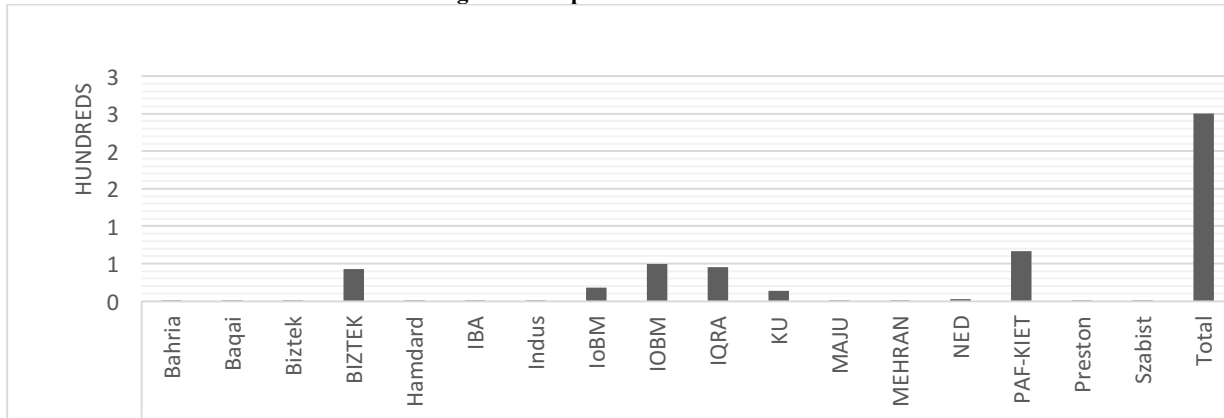
This bar chart shows the number of respondents belonging to three different age groups. More than 60% of our research participants were falling in first age group i.e 18-22. Approx 27% respondents were a part of second age group while as only 8% participants were belonging to the third age group category.

Figure 3 Respondent’s Qualification Group



The above bar chart reflects the numbers of graduate and post graduate participants of our study. It clearly shows that the number of graduate students were slightly more than postgraduates. In terms of numbers, 130 participants were graduates while as remaining 120 were post-graduates.

Figure 4 Responses from Universities



The above graph depicts 14 different universities participated in the study. As shows above, students who participated in a very large number were either from PAF-Kiet or IoBM. Then almost equal number of students participated from Biztek, KU and Iqra university. However, students from remaining institutes were in small numbers.

4.2 DESCRIPTIVE ANALYSIS

Table 1. Descriptive Statistics

<u>Particulars</u>	<u>Personal Attitude (IV1)</u>	<u>Subjective Norms (IV2)</u>	<u>Perceived Behavioral control (IV3)</u>	<u>Entrepreneurial Intentions (DV)</u>
N	250	250	250	250
Range	6	6	6	6
Sum	1361	1280.5	1311.5	1359
Mean	5.444	5.122	5.246	5.436
Std. Deviation	1.324	1.134	1.223	1.372

Skewness	-1.039	-0.665	-0.845	-1.169
Kurtosis	0.863	0.683	0.762	1.014

The average response received from the participant is 5. In order to determine departure from symmetry Skewness has been determine which shows that data is negatively skewed because all of the values are less than zero. Further in order to determine the peak of distribution kurtosis has been calculated which shows that it is platykurtic because all values are less than 3.

4.2.1 CRONBACH ALPHA

Table 2. Reliability Statistics

Variables	Cronc bach Alpha	Total items
Personal Attitude	0.911	4
Subjective Norms	0.833	4
Perceived Behavioral Control	0.840	4
Entrepreneurial Intentions	0.922	4

The above table shows Cronbach's alpha values of all variables. It is basically a measure of internal consistency and shows how strongly the items are related as a group. It is also considered a tool for measuring scale reliability. Reliability statistics shows that all construct have alpha greater than 0.80 which means it is reliable.

Table 3. Correlation

	IV1	IV2	IV3	DV	Sig value
IV1	1.00	0.64	0.586	0.699	0.000
IV2	0.64	1.00	0.615	0.606	0.000
IV3	0.586	0.615	1.00	0.734	0.000
DV	0.699	0.606	0.734	1.00	0.000

4.3 INFERENCEAL ANALYSIS

Table 4. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.808 ^a	.653	.649	.81342

a. Predictors: (Constant), IV3_mean, IV1_mean, IV2_mean

Adjusted R square in the above table is .649 which shows that approximately 65% of the variation in dependent variable is explained by predictors. The difference between R square and adjusted R square is 0.004 which shows that sample size is adequate.

Table 5. ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	305.959	3	101.986	154.139	.000 ^a
	Residual	162.767	246	.662		
	Total	468.726	249			

Predictors: (Constant), IV3_mean, IV1_mean, IV2_mean

ANOVA table tells us important information about over all models. The cut off value of F is 4 while as the actual value of F is 154 and significance level is less than 1% which means the model is significant.

Table 5. Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-.036	.264		-.135	.893		
Personal Attitude	.389	.053	.376	7.287	.000	.531	1.883
Subjective Norms	.089	.059	.079	1.494	.137	.503	1.989
Perceived Behavioral Control	.564	.061	.466	9.274	.000	.560	1.787

The above table reflects the significance of each individual independent variable in describing the dependent variable. The unstandardized coefficient (B) value demonstrates both the relationship and magnitude between entrepreneurial intentions and independent variables PA, SN and PB. The positive values of beta indicate that there is appositive relationship between the predictor and dependent variable. The sig value is 0.000 means all constructs of Ajzen theory except subjective norms are making significant contribution to the model. Moreover, there is not significant association among predictors i.e. no multi-collinearity as shown by Variance Inflationary Factor (VIF) that the value of VIF is less than 2 for all variables.

4.5 DISCUSSION

This research is based on survey conducted in the month of March 2016 from 14 different universities of Karachi. The aim was to figure out which factors contribute most while a student take step to start his own business. Together with findings, it reflects that students were extremely motivated and had a high intention to become entrepreneur. Specifically, Individual attitude and Perceived behavioral control were the two main determinants highlighted by our research which has also supported by number of studies (Angriawan, Cnners, Furdek & Ruth, 2012; Linan, 2008; Malebana, 2014; Peng & Hui Keng, 2012).The crux of these researches also focusses on the same constructs which proves that these two are extremely important factors which are affecting students intentions of becoming an entrepreneur This means that if an individual wants to begin his business in near future, he would definitely be able to achieve that. No matter there is a social pressure or family obstacles, his attitude will have an influence on his actions. Social pressure will not become obstacle. Thus, our findings supports the earlier studies carried out in this area (Ozaralli & Rivenburgh, 2016; Peng et al., 2012)

Nevertheless, there are number of research which emphasizes the role of social factors such as Zain, Akram & Ghani, 2010 highlighted the role of family is shaping students career decisions. In addition to that, a research study carried out in 2010 considers the role of personal or family experience in leading students become entrepreneur because you have exposures and based on that you take wise decisions (Ahmed et al, 2010).

5. CONCLUSION

This paper systematically investigates the impact of three constructs namely personal attitude, subjective norms and perceived behavioral control on graduate and post graduate students of Karachi to determine their entrepreneurial intentions. The results were taken from samples of fourteen universities of Karachi and indicate that all variables are significantly correlated to each other and variables namely personal attitude and perceived behavioral control contribute significantly in determining entrepreneurial intentions of students.

5.1 LIMITATIONS

Following are the two important limitations of this study,

- Data has been gathered using convenience sampling. Hence, it might not represent the intentions of all students of Karachi.
- The inclusion criteria of the study were to focus on university students. Thus, this research work reflects the intentions of university students only. However, it doesn't mean that students in secondary grade or colleges can't become entrepreneur

5.2 RECOMMENDATIONS

The recommendations are as follows,

- The Government institutions should devise policy to provide jobs opportunity to individuals in order to reduce the rate of unemployment.
- Awareness program should be created at university level in the form of Entrepreneurship course which will provide students the fundamentals required to understand the dynamics of Entrepreneurship and in turn help students start their own business.
- The research should be conducted on a very large scale to capture the entrepreneurial intentions of Pakistani graduates

- Since Ajzen TPB was used to carry out this research. Studies can also be done to find out the key determinants of entrepreneurial intentions among graduate and post graduate students by using other models such as Shapero's model etc.
- This paper unlocks room for future research in order to determine other factors which could affect intentions of students while starting a new business. These factors are not limited to entrepreneurial support, culture and entrepreneurship education etc.

References

- Ahmed, I., Nawaz, M. M., Ahmad, Z., Shaukat, M. Z., Usman, A., Rehman, W. U., & Ahmed, N. (2010). Determinants of students' entrepreneurial career intentions: Evidence from business graduates. *European Journal of Social Sciences*, 15(2), 14-22.
- Ajzen, I. (1987). Attitudes, traits, and actions: Dispositional prediction of behavior in personality and social psychology. *Advances in experimental social psychology*, 20(1), 1-6. Retrieved from <https://www.researchgate.net/publication/264667904>
- Ajzen, I. (1991) Theory of planned behavior. *Organizational Behavior and Human Decision Processes* 50, 179-211. doi: 10.1016/0749-5978(91)90020-T
- Angriawan, A., Conners, S. E., Furdek, J., & Ruth, D. (2012). An empirical examination of entrepreneurial intent in the equine industry. In *Proceedings of the Academy of Entrepreneurship* (Vol. 18, No. 1, pp. 1-8).
- Central Intelligence Agency. (2015). Pakistan. In *The world factbook*. Retrieved from <https://www.cia.gov/library/publications/the-world-factbook/geos/pk.html>
- Davidsson, P., & Wiklund, J. (1997). Values, beliefs and regional variations in new firm formation rates. *Journal of Economic psychology*, 18(2), 179-199.
- Dohse, D., & Walter, S. G. (2012). Knowledge context and entrepreneurial intentions among students. *Small Business Economics*, 39(4), 877-895. doi: 10.1007/s11187-011-9324-9
- Hébert, R. F., & Link, A. N. (1989). In search of the meaning of entrepreneurship. *Small Business Economics*, 1(1), 39-49. doi:10.1007/bf00389915
- Krueger, N. F., Reilly, M. D., & Carsrud, A. L. (2000). Competing models of entrepreneurial intentions. *Journal of business venturing*, 15(5), 411-432.
- Linan, F. (2008). Skill and value perceptions: how do they affect entrepreneurial intentions?. *International Entrepreneurship and Management Journal*, 4(3), 257-272.
- Liñán, F., & Chen, Y. W. (2009). Development and Cross-Cultural application of a specific instrument to measure entrepreneurial intentions. *Entrepreneurship theory and practice*, 33(3), 593-617.
- Malebana, J. (2014). Entrepreneurial intentions of South African rural university students: A test of the theory of planned behaviour. *Journal of Economics and Behavioral Studies*, 6(2), 130-143.
- Ozaralli, N., & Rivenburgh, N. K. (2016)ntrepreneurial intention: antecedents to entrepreneurial behavior in the USA and Turkey. *Journal of Global Entrepreneurship Research*, 6(1), 1-32.
- Peng, Z., Lu, G., & Kang, H. (2012). Entrepreneurial intentions and its influencing factors: A survey of the university students in Xi'an China. *Creative Education*, 3(08), 95-100
- Samuel, Y. A., Ernest, K., & Awuah, J. B. (2013). An assessment of entrepreneurship intention among Sunyani Polytechnic Marketing students. *International Review of Management and Marketing*, 3(1), 37.
- Zain, Z. M., Akram, A. M., & Ghani, E. K. (2010). Entrepreneurship Intention Among Malaysian Business Students/L'ESPRIT D'ENTREPRISE CHEZ LES ETUDIANTS EN COMMERCE MALAISIENS. *Canadian social science*, 6(3), 34.
- Zhao, H., Seibert, S. E., & Lumpkin, G. T. (2010). The relationship of personality to entrepreneurial intentions and performance: A meta-analytic review. *Journal of management*, 36(2), 381-404. doi:10.1177/0149206309335187

Nadia Nazir Awan
Institute of Business Management (IoBM),
Karachi – Pakistan
awan.nadia@yahoo.com

Nawaz Ahmad
Institute of Business Management (IoBM),
Karachi – Pakistan
nawaz.ahmad@iobm.edu.pk

Appendix

Questionnaire

Variable	Items
Entrepreneurial intention	I am ready to do anything to be an entrepreneur. My professional goal is to be an entrepreneur. I will make every effort to start and run my own business. I am determined to create a business venture in the future.
Attitude towards becoming an entrepreneur	Being an entrepreneur implies more advantages than disadvantages to me. A career as an entrepreneur is totally attractive to me. If I had the opportunity and resources, I would like to start a business. Amongst various options, I would rather be an entrepreneur. Being an entrepreneur would give me great satisfaction.
Perceived behavioural control	To start a business and keep it working would be easy for me. I am able to control the creation process of a new business. I would have complete control over the situation if I start and run a business. I am prepared to do anything to be an entrepreneur. I know all about the necessary practical details needed to start a business. If I wanted to, I could easily start and run a business. If I tried to start a business, I would have a high chance of being successful.
Subjective norms	My friends would approve of the decision to start a business. My immediate family would approve of the decision to start a business. My colleagues would approve of the decision to start a business.