

Determinants of Entrepreneurial Intention among Management Undergraduates in University of Ruhuna

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Abstract

The majority of university undergraduates prefer to gain employment rather than initiating their own new ventures. The research aims to identify undergraduates' entrepreneurial intention to start a new venture by exploring what determinants affect the decision to go towards self-employment. In this study, the researcher examined the impact of perceived educational support, perceived relational support, perceived structural support, personal attitude, and perceived behavioral control with the entrepreneurial intention of the management undergraduates in University of Ruhuna. A well – structured questionnaire was used to gather the majority of secondary data, and the sample comprised 130 undergraduates, who study in the Faculty of Management and Finance, University of Ruhuna. Multiple regression analysis and ANOVA test analysis were used to identify the impact on entrepreneurial intention. The findings of the research indicated that personal attitude and perceived behavioral control have a significant impact on the entrepreneurial intention of undergraduates in the Faculty of Management and Finance, University of Ruhuna. The study specialization area is the only demographic element taken into consideration that differs among the entrepreneurial intention of undergraduates. Based on the results, the university can promote entrepreneurship and business plan competitions, offer incubation opportunities, and provide practical implication and training programs to create positive attitudes and behaviours towards entrepreneurial activities. Government and non- government organizations can facilitate a positive entrepreneurial environment by providing business assistance to enhance the entrepreneurial intention of students.

Keywords: *Perceived behavioral control, perceived educational support, perceived relational support, perceived structural support, personal attitude*

1. Introduction

In a developing country like Sri Lanka, the role of entrepreneurship development is more important than that in developed countries, so far as the creation of self -employment opportunities and reduction of unemployment situations are concerned (Nishantha, 2008). In Sri Lanka, large numbers of students graduate from universities every year, but only a small number of them have an idea to start their own business. The desire for a paid job is one of the major problems for the unemployment rate among young (25–34) university graduates in Sri Lanka. The total unemployment rate in Sri Lanka increased to 4.9% in the second quarter of 2019 from 4.7% in the first quarter of 2019 (Department of Census and Statistics- Sri Lanka). The situation then creates unfavorable surroundings for young graduates, the public and the government as well. Increasing the student's entrepreneurial intention is the best option for this issue.

In Sri Lanka, undergraduates from University of Kelaniya, University of Colombo, University of Sri-Jayawardenapura, South Eastern University of Sri Lanka, and Eastern University of Sri Lanka have been tested on the concept of entrepreneurial intention (Ummah, 2009). However, University of Ruhuna has not been yet tested for student's entrepreneurial intention. The problem was why we cannot see new venture creators, innovative thinkers, and new business startups among university students. They have a good knowledge of business administration, but they do not have an intention for entrepreneurial activities. Most of them engage in a job, rather than in business startups. That was reason to examine the determinants of the entrepreneurial intention among management undergraduate in University of Ruhuna.

Main Objective: To identify the determinants of entrepreneurial intention among management undergraduate in University of Ruhuna.

1.1. Hypotheses

Hypotheses	Supported Reference
H1: Perceived educational support has a positive impact on entrepreneurial intention.	Nabila, Ambad, Haryani, & Ag, 2016)
H2: Perceived relational support has a positive impact on entrepreneurial intention.	

H3: Perceived structural support has a positive impact on entrepreneurial intention.

H4: Personal attitude has a positive impact on entrepreneurial intention.

H5: Perceived behavioral control has a positive impact on entrepreneurial intention.

1.2. Hypotheses Related to Demographic Factors

H6: Entrepreneurial Intention differs among different gender groups

H7: Entrepreneurial Intention differs among different Study Specialization area

H8: Entrepreneurial Intention differs among different Year of education

H9: Entrepreneurial Intention differs among different Entrepreneurial status

H10: Entrepreneurial Intention differs among different living areas

2. Literature Review

The intention is defined by Bird (1989) as a conscious state of “mind that directs attention towards a specific goal”. Students with entrepreneurial education have shown higher perceived entrepreneurial motivation than the students without enterprise courses (Solevik, 2013). Subsequent studies also show that “entrepreneurship education can possibly support graduates to become good entrepreneurs” Pickernell et al. (2011), as it increases entrepreneurial awareness among students, which can encourage them to adopt entrepreneurship as a career and to start new business ventures (Kirby, 2004).

Structural support mentioned in this study is defined as the policymakers’ support for the student’s perceived entrepreneurial assistance; support from the Sri Lankan economy, public, private and non-governmental agencies. This includes financial aid, rules and regulations imposed on the entrepreneurs, and business opportunities (Turker & Selcuk, 2009). Attitude is the reaction of an individual to an object in the environment; in this study of the object is entrepreneurship (Utami, 2017).

Specifically, Sommer and Haug (2011) found out that “perceived behavioral control was the strongest predictor of entrepreneurial intention, in which they referred perceived behavioral control to important entrepreneurial resources in the entrepreneurial process”.

3. Methodology

This study used a descriptive research design and a quantitative research approach, as it involves collecting and converting data into numerical form. The sample population was all registered Management and Finance Faculty undergraduates in 1st year, 2nd year, 3rd year and 4th year in 2019 at University for Ruhuna. The sample was made with 10% of the students from each batch, i.e. 130 respondents. Simple random sampling technique was used to select the sample. A structured questionnaire was used to collect primary data. The questionnaire included 32 questions, and the researcher used five-point Likert scales, which depicted a range from strongly disagree to strongly agree to measure the item investigated. Questionnaires were administrated by distributing a Google form.

Standard multiple regression analysis was run to formulate the extent of the impact of an independent variable on the dependent variable, entrepreneurial intention of the undergraduates. One-way ANOVA test was run to identify differences among groups with each demographic factor.

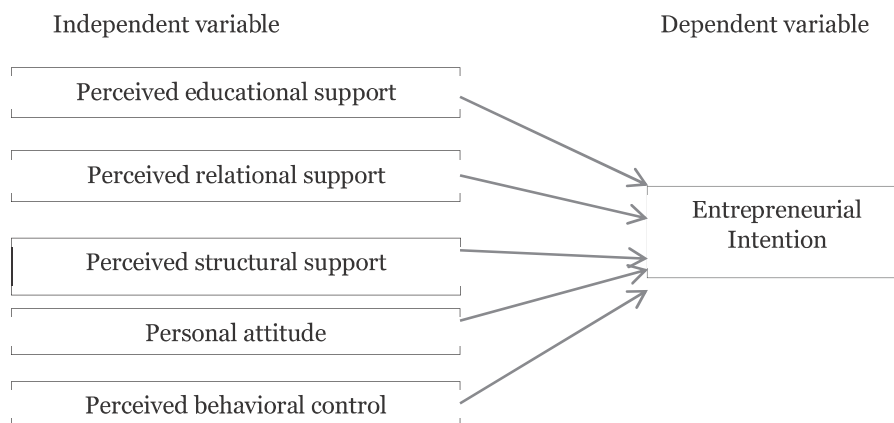


Figure 1: Conceptual Framework

Source: Literature Review

4. Results

4.1. Multiple Regression Analysis

According to the R square value given in the table, this independent variable is capable of explaining 50.1% percent of the changes in the dependent variable: entrepreneurial intention.

ANOVA table presents the fitness of the model. Model fitness is significant and below the threshold level of 0.05 ($P < 0.05$). Based on the statistical data provided in the coefficient table, personal attitude and perceived behavioral control have a significant impact on entrepreneurial intention. But perceived educational support, perceived relational support, and perceived structural support have no significant impact on entrepreneurial intention. The personal attitude appears to have the highest impact of beta value .532, which suggests that if personal attitude changes in one unit, the resulting entrepreneurial intention change will be by .532 conversely. Perceived behavioral control, with a beta value of .293, and being significant with 95% confidence level, has a positive impact on entrepreneurial intention.

Table 1: Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.708 ^a	.501	.481	.693

Source: Survey, 2020

Table 2: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	59.773	5	11.955	24.899	.000 ^b
	Residual	59.535	124	.480		
	Total	119.308	129			

Source: Survey, 2020

Table 3: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.682	.477		-1.429	.156
	PES	-.037	.073	-.037	-.516	.607
	PRS	-.077	.087	-.065	-.892	.374
	PSS	.017	.109	.012	.158	.875
	PA	.778	.111	.532	6.988	.000
	PBC	.436	.124	.293	3.506	.001

Source: Survey, 2020

Perceived educational support, perceived relational support, perceived structural support have no significant impact on entrepreneurial intention, because the significant value is greater than the threshold (0.05).

4.2. ANOVA test for Demographic Variables and Entrepreneurial Intention

	Sum of Squares	df	Mean Square	F	Sig.
Gender	.000	1	.000	.000	.989
Study Specialization area	11.583	3	3.861	4.516	.005
Year of the Education	3.900	3	1.300	1.419	.240
Entrepreneurial Status	5.836	1	5.836	6.583	.011
Living Area	.022	1	.022	.024	.877

Source: Survey, 2020

This is supported by the above ANOVA table, in which the significance levels are .989 and .877, which fails to reject the null hypotheses. There are no significant differences between the mean values. The F value is less than 1, there is a high probability of accepting the null hypothesis. Therefore, gender and living area are not statistically significant factors that determine entrepreneurial intention. There is a significant difference in the mean values for entrepreneurial intention between groups, as the significance value tends to be less than the 0.05 threshold level as .005 ($P > 0.05$). Therefore, study specialization area is a statistically significant factor that determines entrepreneurial intention.

The significance levels are .240 and .011, which fails to reject the null hypothesis; there are no significant differences between the mean values. Therefore, the year of education and entrepreneurial status are not statistically significant factors that determine entrepreneurial intention.

5. Conclusion

According to the study, perceived educational support was not recognized as an influential factor for entrepreneurial intention of undergraduates of University of Ruhuna. Literature findings of (Nabila et al., 2016), state that educational support also was not an influential factor for entrepreneurial intention. But most of the studies conclude that there is high influence of

education on entrepreneurial intention. Thus, due to the research studies in foreign context universities, perceived educational support, perceived relational support has a significant impact on entrepreneurial intention. But in the Sri Lankan context, perceived educational support, and perceived relational support have no significant impact on entrepreneurial intention. A similar situation can be seen about perceived structural support, because there was no significant impact of it on entrepreneurial intention in this study and in literature findings of Nabila et al (2016). According to the result of Busige Nishantha (2009) there was a significant relationship between attitude and entrepreneurship. However, based on the study, personal attitude and perceived behavioral control have a significant impact on entrepreneurial intention in the Sri Lankan context and also in foreign contexts. Moreover, differences in the study specialization area of management undergraduates at University of Ruhuna have a significant impact on their entrepreneurial intention.

The university can motivate the students to become entrepreneurs by offering incubation opportunities, promoting entrepreneurship and business plan competitions, evaluating student's entrepreneurial effectiveness through practical implication, developing practical skills and creative thinking ability. In the Sri Lankan context, there are many obstacles for management undergraduates to engage in entrepreneurial activities. Therefore, government and non- government organizations must provide financial assistance, information and technology assistance, advisory and consultancy services to create a positive entrepreneurial environment around the university students; and it will help to enhance entrepreneurial intention.

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