Explicating Commerce Graduate Students' Intentions for Entrepreneurship: An Application of Theory of Planned Behaviour

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Abstract

This study examines the entrepreneurial intentions of commerce graduates in the context of North Gujarat region as per Theory of Planned Behaviour (TPB). For this, exploratory research design is applied to investigate the major factors affecting students' entrepreneurial intention. Using simple random sampling, primary data for this study is collected from 135 final year undergraduate commerce students by structured questionnaire through survey. For testing hypotheses, multiple regression analysis is performed. The findings of this study indicated that attitude, subjective norms and perceived behavioural control have significant positive impact on students' entrepreneurial intentions. The results of this study provide useful insights to the policy makers, educational institute and govt. to formulate strategies for the promotion of entrepreneurial activities among the students. The limitations of this study provide the scope for the future research studies.

Key Words: *Attitude, Entrepreneurship, North Gujarat, TPB, Entrepreneurial Intention*

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1. Introduction

In recent times, entrepreneurship has been given serious devotion due to its significance in economic growth, job creation, sources of innovation and productivity (Urbano and Aparicio, 2015). Therefore, developing countries like India encourages students to be involved in entrepreneurship and consider entrepreneurship as a career choice. It is widely known that in the future, undergraduates are an important source of budding entrepreneurship. The role of a government effort to instill entrepreneurial spirit among university students is to make entrepreneurship subject compulsory to all students regardless of their field of study.

Entrepreneurship is important to economic advancement, employment as well as a solution to the excessive number of university graduates and social problems. Therefore, it is important to know the factors affecting students' intentions to launch a new start-up or entrepreneurship effort. There are still limited researches on this issue even though entrepreneurship has been viewed as essential to economic development and growth (Fayolle and Linan, 2013; Karimi et al., 2014). In relation to this, there is a need to conduct further research to understand the factors affecting students' entrepreneurial intention. This research study can provide key insights to governmental institutions, agencies, academic, entrepreneurial educators, consultants and advisors to formulate appropriate strategies to foster the environment of entrepreneurship at the university level and consequently, in the society also.

2. Review of Literature

Numerous researches in the past highlighted that entrepreneurial intention can be determined by using the Theory of Planned Behavior (TPB) developed by Ajzen, I. (1991). Considering this, the present study has applied TPB as a base model with three variables (i.e. attitude, subjective norms and perceived behavioural control). The proposed research model of this study includes three independent variables are: 1) attitude, 2) subjective norms and 3) perceived behavioural control; with students'

entrepreneurial intention as a dependent variable. Figure II present the proposed research model in order to examine students' entrepreneurial intentions in the context of north Gujarat region.

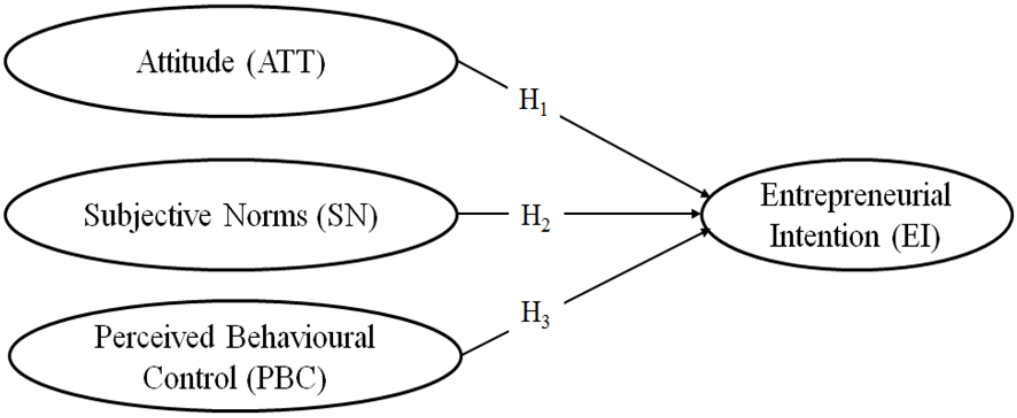


Figure I: Proposed Research Model

2.1 Attitude (ATT)

As per Ajzen (1991), attitude toward behavior refers to the degree to which an individual has a positive or negative valuation towards the behavior. Attitude toward the behavior has a direct and positive effect on entrepreneurial intentions (Kolvereid & Tkachev, 1999; Dohse & Walter, 2010; Paço, Ferreira, Raposo, Rodrigues and Dinis, 2011). Therefore, education and training should focus on changing personal attitudes than providing technical knowledge about business because the effects could be more significant to the process of business creation and to overcome the perceived barriers to entrepreneurship (Paco et al., 2011; Dohse & Walter, 2010). Considering this, the following hypothesis is formulated:

H_1: Students' attitude has a significant and positive impact on students' entrepreneurial intentions.

2.2 Subjective norms (SN)

Subjective norms (also known as social norms) refer to the perceived social pressure to perform or not to perform the desired behavior (Ajzen, 1991). The pressure from family, friends and society affect a person's behavior to be an entrepreneur. Subjective norms have been challenged by many researchers, stating the relevance in predicting entrepreneurial intention. There are some who found that subjective norm is insignificant in predicting entrepreneurial intention (Reitan, 1997; Krueger et al., 2000; Autio et al., 2001; Liñán, 2004; Liñán & Chen, 2009), some who found that subjective norm is significant (Kolvereid, 1996a; Kolvereid & Tkachev, 1999; Kolveried & Isaksen, 2006; Yordanova & Tarrazon, 2010). Keeping this in mind, the following hypothesis is postulated:

H_2: Subjective norms have a significant and positive impact on students' entrepreneurial intentions.

2.3 Perceived behavioural control (PBC)

Perceived behavioral control refers to people's perceived ease or difficulty to perform a given behavior. It is assumed to reflect the past experiences of people and anticipated the obstacles (Ajzen, 1991). The students who need entrepreneurial exposure have a higher score on perceived behavioral control (Zaidatol, Akmaliah, Lope & Pihie, 2009). The 'self-efficacy' and 'perceived behavioral control' are used interchangeably since the concept of perceived behavioral control is closely related to self-efficacy (Chen, Greene & Crick, 1998; Zaidatol Akmaliah Lope Pihie, 2009). Zaidatol Akmaliah Lope Pihie (2009) further mentioned that those who perceive entrepreneurship need to be taught in University will have a higher score on perceived behavioral control. Based on this, the following hypothesis is formulated to examine the impact of PBC on students' entrepreneurial intentions:

H_3: Perceived behavioural control has a significant and positive impact on students' entrepreneurial intentions.

3. Research Methodology

Objectives of the study	:	1) To examine the key factors affecting entrepreneurial intention of commerce graduate students in the context of North Gujarat Region 2) To clarify which factor is mainly affecting students' entrepreneurial intentions
Research Design	:	Descriptive research design
Area of the Study	:	North gujarat region covering various commerce colleges of four districts - Mehsana, Patan, Banaskantha & Sabarkantha
Sampling Unit	:	Final year undergraduate commerce students
Sampling Method	:	Simple Random Sampling Method
Sample Size	:	135 respondents
Data Collection		
Primary Data	:	This study has collected primary data through structured questionnaires which is divided into three parts: Part 1: Demographic profile of the respondents Part 2: Entrepreneurial aspects Part 3: Constructs affecting entrepreneurial intentions
Secondary Data	:	Secondary data used in this study is procured from journals; different websites; articles published in periodicals dealing with given topic; magazines, books and survey reports, etc.
Data Analytical Tools	:	Frequency, percentage, reliabilities statistics and multiple regression analysis using SPSS version 20.

4. Data Analysis and Interpretation

4.1 Demographic Profile of the Respondents

Table I depicted that a significant proportion of respondents (n = 82, 60.7%) were male with majority of them were from a group of 21-23 years (n = 52, 38.5%). With regard to father's educational qualification, majority of them have acquired bachelor degree (n = 70, 51.9%), which is followed by master degree (n = 30, 22.2%).

Table I: Demographic Profile of the Respondents

Demographic Variable	Category	Frequency	Percentage
Gender	Male	82	60.7
	Female	53	39.3
Age (in years)	≤ 20	48	35.6
	21-23	52	38.5
	24-26	20	14.8
	27-29	9	6.7
	≥ 30	6	4.4
Education Qualification (Father)	High School	10	7.4
	Diploma	14	10.4
	Bachelor Degree	70	51.9
	Master Degree	30	22.2
	Professional Degree	11	8.1

4.2 Entrepreneurial Aspect of the Respondents:

As summarized in Table II, it can be observed that most of the respondents favour being self- employed after the completion of their course (n = 110, 81.5%), however, only a few respondents (n = 25, 18.5%) were not interested in self-employment after the course completion. Majority of the students, who were not willing to take up business preferred employment in the public sector (n = 71, 52.6%), which was followed by private sector (n = 64, 47.4%). The main factor that motivates the students to choose a job is job security (n = 62, 45.9%) which is followed by providing constant support to the family (n = 39, 28.9%) and regular income (n = 34, 25.2%).

Moreover, it is cleared that out of total respondents, most of them have an intention to start a business (n = 78, 57.8%). Moreover, 49.6 percent (n = 67) respondents have undergone an entrepreneurial training program and this might be the main reason for them to have a positive attitude towards entrepreneurship. Moreover, table II highlights the details of respondents' expected support from the educational institutions to start

own business. The main support that the students may expect from educational institutions to start your own business is that the education institute should change course content as per current market needs (n = 57, 42.2%) which is followed by introduction of entrepreneurship as a subject (n = 40, 29.6%), give greater emphasis on industrial training (n = 22, 16.3%) and organize guest lecture from the industry expert (n = 16, 11.9%).

Table II: Entrepreneurial Aspect of the Respondents

Question	Category	Frequency	Percentage
Do you favour to be self-employed after study?	Yes	110	81.5
	No	25	18.5
If no, then in which sector do you prefer employment?	Private	64	47.4
	Public	71	52.6
What factors motivate you to choose a job?	Regular income	34	25.2
	Job security	62	45.9
	Constant support to the family	39	28.9
Do you have any intention to start a business?	Yes	78	57.8
	No	57	42.2
Have you undergone any entrepreneurial program?	Yes	67	49.6
	No	68	50.4
What support you expect from educational institutions to start your own business?	Change in course content as per current market needs	57	42.2
	Introducing entrepreneurship as a subject	40	29.6
	Emphasis on industrial training	22	16.3
	Guest lecture from industry	16	11.9

4.3 Reliability Statistics

In order to prove internal reliability of survey questionnaire, Cronbach's alpha test of reliability is performed. Applying this test specified whether the items pertaining to each construct are internally consistent and whether they can be used to measure the same construct or dimension. According to Garson (2002), Cronbach's alpha should be 0.600 or above for preliminary research. Table III depicts the reliability results of all the constructs which are found to be highly consistent.

Table III: Reliability Statistics of the Scale

Code	Variable Name	No. of Statement	Cronbach's Alpha
Independent Variable (IV)			
ATT	Attitude	4	0.697
SN	Subjective Norms	5	0.727
PBC	Perceived Behavioural Control	5	0.758
Dependent Variable (DV)			
EI	Entrepreneurial Intention	3	0.643

4.4 Multiple Regression Analysis

The model summary table reports the strength of relationship between the model and the dependent variable. R indicates correlation between observed and predicted value of the dependent variable. Larger value of R indicates stronger relationship and also indicates that model fit the data well. R square is the proportion of variation in dependent variable explained by regression model. The higher value of R Square indicates that model having good predictive ability.

Table IV: Model Summary

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	0.741[a]	0.549	0.539	0.48768

Note: *a. Predictors: (Constant), PBC, SN, ATT*

As summarized in Table IV and V, it is observed that three independent variables (i.e. ATT, SN, PBC) indicate positive (R = 0.741) and statistically significant relationship (P = 0.000 < 0.05) with dependent variable (i.e. EI). The independent variables accounted for 54.90 percent (R^2 = 0.549) of variance in dependent variable.

Table V: ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.

1	Regression	37.925	3	12.642	53.153	0.000[b]
	Residual	31.156	131	0.238		
	Total	69.081	134			

Note: *a. Dependent Variable: EI*

b. Predictors: (Constant), PBC, SN, ATT

From table VI, it can also be observed that the most significant factor impacting students' entrepreneurial intention is perceived behavioural control with largest std. beta coefficient (0.517) which is followed by other significant factors in order of its impact on students' entrepreneurial intentions: subjective norms (std. beta coefficient = 0.210) and attitude (std. beta coefficient = 0.132). The observed t values of perceived behavioural control, subjective norms and attitude are found to be significant at 0.01, 0.05 and 0.10 levels. Thus, there was sufficient statistical evidence to support H_1, H_2 and H_3. No issues of multi-collinearity were evident as all displayed tolerance values were above 0.2 and VIF (variance inflation factor) statistics were not more than 10.

Table VI: Regression Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.373	0.274		1.362	0.176		
	ATT	0.132	0.076	0.132	1.754	0.082*	0.611	1.636
	SN	0.227	0.079	0.210	2.886	0.005**	0.651	1.536
	PBC	0.517	0.075	0.517	6.842	0.000***	0.603	1.658

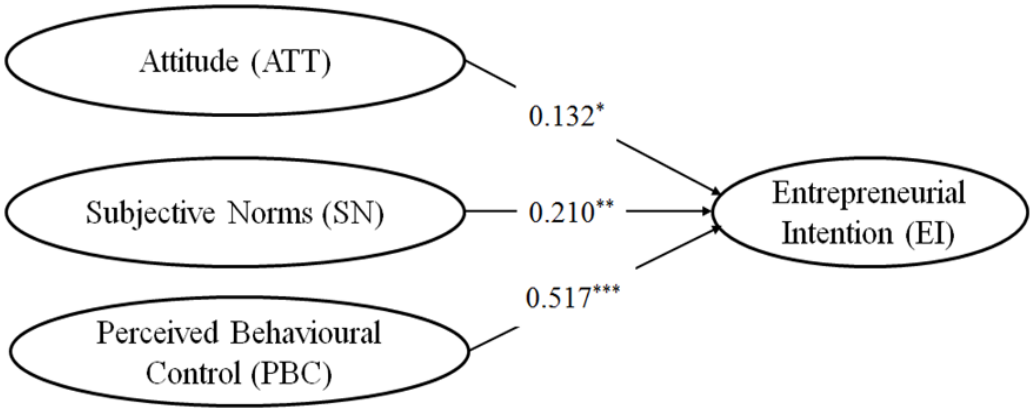
Note: *a. Dependent Variable: EI;*

**** indicates 1% sig. level, ** indicates 5% sig. level; * indicates 10% sig. level*

5. Discussion, Implications, Limitations and Scope for Future Researches

The purpose of this study is to examine the factors affecting entrepreneurial intentions of commerce graduate students in the context of north Gujarat region using the theory of Planned Behaviour (TPB) model. As per TPB model, human intentions or behaviors are influenced by attitude and belief. This theory is extensively used to predict and explain a wide range of people's behaviors and intentions. As entrepreneurship is a source of economic growth, innovation and employment, it is essential to have an understanding of the factors affecting students' intention to become an entrepreneur.

This study revealed that all the three factors (i.e. attitude, subjective norms and perceived behavioural control) have a significant positive impact on students' entrepreneurial intention in the context of north Gujarat region. More specifically, perceived behavioural control is the main factor affecting students' entrepreneurial intentions positively (consistent with Zaidatol et al., 2009), which is followed by other factors in order of its significant positive impact: subjective norms (in line with Kolveried & Isaksen, 2006; Yordanova & Tarrazon, 2010) and attitude (similar to Dohse & Walter, 2010; Paço, Ferreira, Raposo, Rodrigues and Dinis, 2011). The research model of this study with regression coefficient is presented in Figure II. The results of this study provide useful information to the various parties namely government, policymaker, universities and research scholar to understand the factors affecting students' entrepreneurial intentions.



*Note: *** indicates 1% sig. level, ** indicates 5% sig. level; * indicates 10% sig. level*

Figure II: Research Model with Regression Coefficients

In order to facilitate new venture creation for young generation, government should provide necessary finance with supporting infrastructures and remove the impediments in the entrepreneurial career path (Bagheri & Pihie, 2011). The universities should organize more entrepreneurial activities and workshops that can enhance students' perceived behavioral control, for instance, projects like business proposal, managing small business in campus, providing opportunities for students to involve in managing their own business and get prior business experience (Ismail et al., 2009). Furthermore, this study provides research scholars with detailed information about entrepreneurial intention among undergraduates in higher learning institution. By examining students' entrepreneurial intentions, researchers can identify entrepreneurial activity easily. Regarding theoretical model, researchers are able to contribute to literature about theory of TPB. The proposed research model may be referred by other researchers in future studies.

This empirical study has evidence one limitation of sample size which creates scope for future researches. Since this study has taken samples from various colleges / universities of four districts from North Gujarat Region only, its findings may not be generalized for whole Gujarat state or even other states of India. Considering this, future research may consider taking large sample size along with the inclusion of other public and private universities from Gujarat state or even other states of India to have better generalization of research findings.

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