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RESEARCH ARTICLE

FACTORS AFFECTING ENTERPRENUERIAL INTENTION IN COLLEGE STUDENTS IN INDIA

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ABSTRACT

Entrepreneurial intention can be defined as willingness of a person to start new business. (Bird, 1988 & Thompson, 2009). Entrepreneurship is an engine for economic growth, a remedy for unemployment, and a way to create employment. The purpose of this study was to find out various factors that affect the entrepreneurial intention of college students in India. The study is exploratory and qualitative in nature. Content Analysis of previous researches was done to identify the factors which affect EI in college students. It was found that both Internal and External Factors affect the Entrepreneurial intention among college students in India. The Internal factors included Personality traits, Entrepreneur Education, Prior Business Experience, Relational support, Age and Gender. External factors included the entrepreneur utility, situational and environmental factors.

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INTRODUCTION

Entrepreneurship intention has been defined as the growing and conscious desire of an individual to initiate a new venture or create new core value in existing organization Entrepreneurial intention is a concept that deals with individuals interest in owning a business in future. It is a process in which people recognize opportunities, utilize the opportunities through invention and innovation, and eventually gain satisfaction from it. As rightly quoted by Krueger *et al.*, (2000) entrepreneurial intention comes first before they become entrepreneurs. The economic and social growth of any nation depends on the growth of entrepreneurs as it creates job opportunities for other people, reduces the unemployment rate in times of economic recession. But very few students adpire to become enterprenuer. Brenner, Pringle & Greenhaus (1991) reported that although 55% of the respondents preferred business as a career, only 5% of the students specified the willingness to operate their own business. However, many empirical international studies report that the most difficult period for new business is the first four years of operation, which is termed 'death valley' as people starting new venture are not able to succeed due to the lack of enterpreneural education or training, lack of adequate support or previous business experience (Backes-Gellner & Werner, 2003; Knaup & Piazza, 2007, pp. 3-10; Sandner, Block, & Lutz, 2008, pp. 753-777; Storey, 1994, pp. 139-150). Hence it is important to identify the factors affecting

entrepreneurial intention among students so that proper policies can be framed by educational institutions to promote EI among students. Following were the objectives of this study:

1. To explore the factors that promote Entrepreneurial intention among college students through previous research.
2. To discuss the reason of low Entrepreneurial intention among college students through study of previous studies.
3. To Suggest measures to improve Entrepreneurial intention among business graduates in India.

MATERIAL AND METHODS

The study is exploratory and qualitative in nature. Content Analysis of previous researches was done to identify the factors which affect EI in college students. It was found that both Internal and External Factors affect the Entrepreneurial intention among college students in India. The Internal factors included Personality traits, Entrepreneur Education, Prior Business Experience, Relational support, Age and Gender. External factors included the entrepreneur utility, situational and environmental factors.

RESULTS AND DISCUSSION

Factors affecting EI may be internal that is personality traits or external that is the general environmental factors such as culture, political and economic factors.

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Internal factors

Personality Traits: One of the approaches in determining potential entrepreneurs is by assessing their personality. Gartner (1988) states that the entrepreneurs are people which have a specific set of personality. Scale of Big Five personality trait is treated as the most stable scale to measurable personality trait. (Goldberg, 1981; Peabody, 1987) concluded that personality traits significantly and positively influences entrepreneurship. This study only focus on the five dimensions of the personality traits which are neuroticism, extraversion, conscientiousness, openness and agreeableness. Many studies have emphasized that people with creative innovation, self confidence, self efficacy, risk taking capacity have high intentions of becoming entrepreneurs. Because people who are confident in their skills and capabilities see good ideas in a set of circumstances and turn them into business opportunities. On the other hand, if the individuals have negative perception regarding the environment of the business, they may not decide to become entrepreneur. (Luthje & Franke, 2003; Kristiansen & Indarti, 2004).

Entrepreneurship education: There are many studies which found that there is a positive impact of entrepreneurship education on EI .(e.g., Block, Hoogerheide, &Thurik, 2013; Souitaris *et al.*, 2007; Walter & Dohse, 2012), Authors such as Barringer, Jones, and Neubaum (2005), Fayolle, Gailly, and Lassas-Clerc (2006), Mueller (2011) or Packham, Jones, Miller, Pickernell, and Thomas (2010) found that entrepreneurship education helps in acquiring the required skills and better entrepreneurial attitude. Findings of (Mumtaz *et al.*, 2012; Turker and Selcuk, 2009) reported that entrepreneurial educational equip the students with necessary knowledge about entrepreneurship. Peterman and Kennedy, 2003 stated that Entrepreneurship education helps students in making correct career choice. Some researchers (Galloway & Brown, 2002; Katz, 2003; Kolvereid & Moen, 1997) claim that individuals with entrepreneurship training are confident to start a new venture than individuals without this training and that individuals with this training are better able to identify market opportunities (DeTienne & Chandler, 2004).

Prior Entrepreneur Experience: Kolvereid (1996) stated that people with prior business experience have higher entrepreneurial intention Findings of Krueger 1993 mentioned that people who are exposed to a family business, develops better attitude towards entrepreneurship. Drennan, Kennedy, and Renfrow (2005) found that childhood experiences also effect the entrepreneurial attitude and generates self-employment.

Relational support: It refers to the approval and support from the family, friends, and others to involve in entrepreneurial activities (Türker and Selçuk, 2009). Family and friends are the person that have a great influence on individual career choice because they are considered as fund providers and role models. Nandaand Sorensen, 2009 explained the importance of role models in sharing necessary information and providing guidance and support. Postigo *et al.* 2006 stated that by having a good example and support, the students are more prone and confident to become an entrepreneur. There is evidence that business owners tend to have strong supporters whereby the support from their family seems to be particularly important. Sometimes they can be supportive, and sometimes they can be negative. Support and encouragement from family members,

relatives and friends is associated with development of entrepreneurs. Previous researches proved that relational support in form of parents, any relative, family member or friend increases the likelihood of self-employment . Exposure to entrepreneurs provides a person not only with familiarity, but with an experienced network that can provide advice, insight, and encouragement.

Age and Gender: Several studies supported that males had significantly higher entrepreneurial intention than females (Mazzarol *et al.*, 1999; Kolvereid, 1996; Mazzarol, Volery, Doss & Thein 1999) Research has also proved that willingness to start own business declines with age. Findings of Reynolds (1997) stated that as many as seven out of ten companies in the USA have been established by individuals between the ages of 25 and 34. So age is also one of the factor affecting the EI.

The entrepreneurial utility: The entrepreneurial utility means the advantages of self-employment. If people will get more benefit in terms of income or financial returns in starting a new venture as compared to available employment opportunity in market, then only they will develop intention to be entrepreneurs in future.

External Factors: External factors refers to all the environmental or situational factors which are not under personal control of an individual. It can be related with government policy, availability of financial resources, support from financial institutions etc.

Factors that cause low Entrepreneurial Intention are as follows: Individuals planning to establish a business face a number of difficulties. Smith and Beasley (2011) found that low Entrepreneurial Intention among students can be due to lack of business knowledge, lack of relational support or advisory support from external agencies, the lack of financial resources. Scuotto and Morellato (2013) stated that lack of informal cooperation and digital competency could be possible cause of low EI among people. Another important factor of low EI among graduates as stated by Tan, could be the fear of failure or social stigma due to failure.

Conclusion

It was found that review of literature that various factors affected the Entrepreneurial intention among business graduates in India. The Internal factors Included Personality traits, Entrepreneur Education, Prior Business Experience, Relational support, Age and Gender. External factors included the entrepreneur utility, situational and environmental factors.

Suggestion: The educational system of universities must make the study of Entrepreneur Course Compulsory. Furthermore, resources such as financial resources, human resources, technological resources as well as social networking resources are necessary for the establishment of a business venture The absence of these resources can influence entrepreneurial intention.

Scope of Future Research

Further studies can be done to determine the factors that discriminate between students with strong entrepreneurship intention and those having weak entrepreneurship intention.

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