

IMPACT OF ENTREPRENEURIAL SKILLS AND FAMILY OCCUPATION ON ENTREPRENEURIAL INTENTIONS

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ABSTRACT: *This study is based on Ajzen's theory of planned behavior; it is an attempt to identify the role of entrepreneurial skills on the individuals' intention to choose self-employment, instead of looking for an organizational employment. Theory of planned behavior has remained often braced in the pitch of entrepreneurship. Though, very petite is yet to known about the role of personal entrepreneurial skills and entrepreneurial intention. Aim of this study is to get an insight of the existence and reach of the effects of entrepreneurial skills on the entrepreneurial intentions. To explore in the deep avenues of entrepreneurial intention an empirical analysis is conducted on a sample of 205 fresh graduates. Researcher used the structural equation modelling to test the hypothesis of this study. Findings of the study generally confirmed previous studies, since Entrepreneurial skills play a substantial role in entrepreneurial intention. Further implication may be devised in several more areas, especially for entrepreneurial education.*

Keywords: Entrepreneurial Skills, Occupational Skills, Entrepreneurial Intention, Entrepreneurship, Entrepreneurship Intention model, Entrepreneurial Development, Theory of Planned Behavior

INTRODUCTION

Entrepreneurial intention is a result of cognitive process. Several studies have been frequently applied theory of planned behavior [1] to explain the decision making process, which leads to creation of a new business. Particularly, authors such as Krueger [2, 3], Kolvereid [4–6], Fayolle [7, 8] and Liñán [9-11] used theory of planned behavior for analyzing the entrepreneurial intentions and entrepreneurial decision making. Somewhat these studies agree that intention to choose self-employment depends on characters' personal attitude, perceived behavioural control towards entrepreneurship, and the effect of perceived social norms towards entrepreneurship. Despite this, there is still much to be explored regarding the way in which entrepreneurial intention is formed. Authors such as [11,12] argue that personal beliefs and social values effect the motivational drive towards becoming an entrepreneur. Hence if the social environment is more supportive towards entrepreneurial activity, it is plausible that an individual will be more inclined towards choosing self-employment as a career option. Similarly to the external environment, personal attributes of an individual may also effect entrepreneurial intention [13]. There is high probability of strong connection between Entrepreneurial skills and perceived behavioural control. Hence, individuals having a strong grip of a specific Entrepreneurial skill will more probably feel that they can start their own business, instead of working for some other organization. Other than this, it can also be argued that a strong grip on Entrepreneurial skills would also be associated to a higher attitude towards entrepreneurship. This study is aimed to explore the effect of perceived Entrepreneurial skills on the entrepreneurial intention. Referring back to the literature, it is expected that Entrepreneurial skills will have high effect on perceived behavioural control towards entrepreneurship and personal attitude towards entrepreneurship. Measurement of relation between Entrepreneurial skills and entrepreneurial intention

as cognitive construct is somehow very challenging. Literature review reveals different scales and variables used by different researchers such as [11, 14]. For this study, data is collected from 205 fresh graduates. All participants are in the last phase of their Entrepreneurial training. It is now especially important point for all participants, as they all are at point to make a decision for choosing their career path of self-employment vs. organizational employment. It is expected that findings of this study will help to explore deep in this area. Findings of this study will be of interest for those involved in promoting entrepreneurship and entrepreneurship education. It can be predicted that Entrepreneurial skills will have note able effect on entrepreneurial intention. It is expected that findings of this study will help more individuals who have decided to choose self-employment as their career path, they should develop some Entrepreneurial skills before going to that entrepreneurial field. For the ease of readers, this paper is organization in following sequence. Succeeding to this part of introduction, next portion will describe the conceptual framework and hypothesis for this study. Third part explains the methodology used for testing the hypothesis. Next portion presents the findings and results of the empirical analysis. And in the end there is conclusion and brief discussion of the results.

THEORY AND HYPOTHESIS

Personal intention is considered a main key element in decision making for a career choice [15]. In this regard previous entrepreneurial research has been conducted on two main different contexts: Influence of social factors; and result of personal traits of an individual [16]. For both of these approaches, some theoretical models explain the phenomenon of cognitive intentions such as: Entrepreneurial Event Model [17] and the Theory of Planned Behavior [1]. Both of these models have been widely adopted by researchers; such as [18–24] to analyze the role of

entrepreneurial intention in business creation. Shapero's model and theory of planned behavior both are based upon cognitive thinking of respondents. Shapero's model emphasises on the element of entrepreneurial event, which is emerged by the perceived desirability (desire of being one's own boss) and feasibility (perceived financial viability of the venture). These personal perceptions play a key role in determining and individuals career choice [17]. Shapero's model was empirically tested by various studies, such as [3], [13, 19]. Ajzen's Theory of Planned Behavior talks about the three different determinants of human intention, which are: Attitude, Perceived Behavioural Control and Subjective Norms [1]. Many researchers have found empirical support for the said theory and its implementation in the field of entrepreneurship, such as [3,9,13, 19, 25]. Above referred studies reveal that Ajzen's Theory of Planned Behaviour and Shapero's Entrepreneurship Event Model have similarity in two elements. Perceived desirability of Shapero's model is similar to the personal attitude of Ajzen's theory, and perceived feasibility of Shapero's model is similar to the perceived behavioural control of Ajzen's theory [9, 13, 20, 26]. Based on these two models, Krueger and Brazeal proposed a new model named, Entrepreneurial Potential Model [27], which is used in some studies such as [13, 19], [20]. Some researchers have done comparative studies of Ajzen's and Shapero's model, and results were always consistent for the applicability of these models. Few studies report variation in findings, which can be a result of different measuring scales, because there is no standard scale defined for measuring entrepreneurial intentions [13, 19, 20, 28]. Other than these main variables, demographic or exogenous variables have indirect effects on entrepreneurial intention, because they can effect attitude and perceived behavioural control of the potential entrepreneurs [3, 28]. In addition to the demographic factors, there are few other factors which can effect entrepreneurial intention, such as: family background, legal requirements, financial assistance, prior industrial exposure, Entrepreneurial skills and other factors which can vary from place to place [20, 29]. Conceptual model of this study is built on three direct variables, attitude, social norms, and perceived behavioural control, based on the Ajzen's Theory of Planned Behavior. Personal attitude refers to the personal attractiveness towards a proposed behavior [1, 4, 30]. The second direct variable is social norms, many researchers have reported a weak relationship of subjective norms [18]. Perceived behavioural control is the third factor which have relatively high influence on the entrepreneurial intention [9, 31]. On this base following are hypothesis proposed for this study:

H1a: Personal attitude positively affects entrepreneurial intention.

H1b: Subjective norms positively affect entrepreneurial intention.

H1c: Perceived behavioural control positively affects entrepreneurial intention.

H1d: Subjective norms positively affects personal attitude.

H1e: Subjective norm positively affects perceived behavioural control.

Perception about entrepreneurial skills indicates the self-confidence of respondents about the certain skill is which are critical for being an entrepreneur. The entrepreneurial skills used in this study are adapted from [10, 32, 33]. It is expected that high level of entrepreneurial skills will positively influence the personal attitude towards entrepreneurship, subjective norms and perceived behavioural control. This leads us to the following three additional hypotheses:

H2a: Entrepreneurial skills positively affect personal attitude.

H2b: Entrepreneurial skills positively affect subjective norm.

H2c: Entrepreneurial skills positively affect perceived Behavioral control.

An individual's choice with respect to entrepreneurship is also influenced by the close family members and other institutional factors [13]. Along with other social factors an individual close family members and parental occupations are an unintended factors which can influence entrepreneurial intention [13, 25, 34]. In entrepreneurship intention model, these factors are referred as external factors which can influences one's desire to become a future entrepreneur. Parental occupation can be on of the most influential external factor, which leads to the next hypothesis of this study:

H3: Parental occupation affects entrepreneurial intention.

For the ease of readers, the above discussion and hypothesis portrayed in this conceptual model proposed for this study is available in Figure 1.

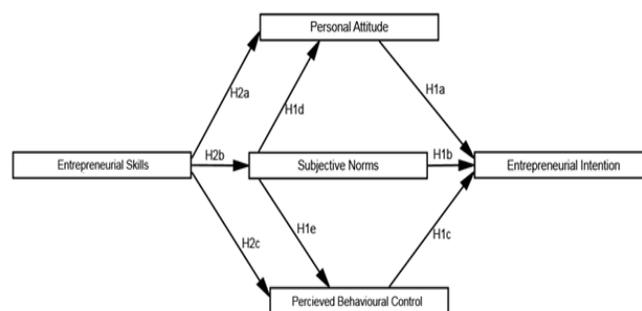


Figure 1: Conceptual Model of Study

METHODOLOGY

This study is carried out on a sample of alumni of vocational and Entrepreneurial training schools. Using the convenience sampling method, which is very frequently used in entrepreneurship studies, such as [3, 8, 9, 13, 14]. A sample size of 205 was determined, from total population of 580 fresh graduates of a vocational school, at a 95% level of confidence ($Z=1.9$). Questionnaire was developed on the base of previously tested scales, given by [9, 13, 14]. To achieve a target sample of 205 respondents, 280 questionnaires were distributed, out of which 208 were collected back at a response rate of 74.28%. IBM SPSS Amos 21 is used for testing of model.

RESULTS

For cleaning the data in the beginning of the analysis, Mohalanobis distance was calculated for identification of outliers and screening of anomalous cases. In addition to this, cases with missing data were also eliminated from the final analysis. Findings from the AMOS are presented in figure 2.

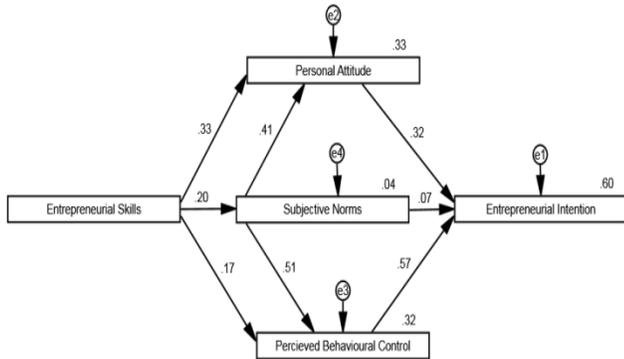


Figure 2: Findings from IBM SPSS Amos

This paper is an effort to test possible influence of Entrepreneurial skills and influences of other social factors on the motivational factors which determine the entrepreneurial intention. Fulfilling the main objectives of this paper, the findings of this paper have been very satisfactory. Entrepreneurial skills have a significant effect on all three major constructs of entrepreneurial intention (personal attitude, subjective norms and perceived behavioural control). It can be observed that Entrepreneurial skills have strongest effect on third factor which is perceived behavioural control (PBC). Moreover, an independent-sample t-test was conducted to compare the entrepreneurial intention scores for respondents with self-employed parents and respondents with organizational employed parents. There was a significant difference in the scores for respondents with self-employed parents ($M=14.20$, $SD=3.18$) and ($M=12.97$, $SD=3.42$) for respondents with parents having organizational employment. An $ETA=3.31\%$ with shows a moderate affect.

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