

AN ASSESSMENT OF ENTREPRENEURIAL INTENTION AMONGST MBA STUDENTS: A STUDY BASED ON FAMILY TRADITION AND PERSONALITY TRAITS

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Abstract

Entrepreneurship is gaining prominence in schools and colleges across the world. Almost all management post graduate degree program in our country teach the subject through lecture, experiential or a combination of both the methods. The purpose is to make the student aware about the subject and may be to make their entrepreneurial intention stronger. It has been found that individual's intention influences subsequent behavior. Therefore it is pertinent to study factors that influence the formation of intention. This paper aims to determine the impact of personality traits and family tradition on entrepreneurial intention among management graduate students as a career choice. For this purpose, a questionnaire was administered to 210 management graduate students in Kolkata. The data being obtained were analyzed using chi – square, correlation and t – test. The analysis results revealed that family background, family expectation, need for achievement, locus of control, risk taking propensity, tolerance of ambiguity and self – sufficiency were significant factors influencing the entrepreneurial intention among respondents.

Keywords: Entrepreneurial intention, family tradition, personality traits, Kolkata, chi – square

1. Introduction

An environment where entrepreneurship can prosper and where entrepreneurs can try new ideas and empower others needs to be ensured. Education needs to address the development of skills required to generate an entrepreneurial mindset and to prepare future leaders for solving more complex, interlinked and fast – changing problems. During liberalization, which started in India in 1991, India exerted greater effort to promote and nurture entrepreneurship. Entrepreneurship is considered as a key to the ever growing problem of unemployment among graduates. Conversely, it has been found that this career choice is not privileged by younger people who observe entrepreneurship as their second or even last choice of employability (Thrikawala 2011). During the recent past there has been a growing challenge about how well educational systems especially B – Schools prepare young management graduates for entrepreneurship. In today's world of work, it is necessarily being felt that, with jobs reaching a saturation point creating entrepreneurs would go a long way in the creation of jobs and also development of the economy. Therefore, management education system is considered necessary to uncover obstacles that inhibit the expansion and growth of entrepreneurial activities Management education provides a potential fertile ground to inculcate business knowledge both in terms of theoretical and practical, developing decision making skills, developing entrepreneurial attitudes among students, filling gap between the demand and supply of human resources i.e. management professionals to the industries. Along with this, it is considered necessary to examine the entrepreneurial inclination of students. This will help to discover the hidden entrepreneurs from amongst the otherwise academically talented crop of students.

2. Literature Review and Hypothesis Formation

2.1 Family Tradition

Due to parents' role as knowledge transferors to their children, the existence of role models in the close family is determinant in the choice of the future professional career of young adults. This transference of knowledge and experience can take place either by exposure, in which the self-employed parents act as role models for their children, or by closure, providing financial or social capitals for the foundation of a new venture (Mungai & Velamuri, 2011). The family, and especially father and mother, exercises great power over the desirability and feasibility for the process of the creation of a new company (Shapero & Sokol, 1982). In this sense, determining the influence of the close family on the entrepreneurial intention and the transfer of business knowledge in students of management degree is the main objective of this study.

There are empirical evidences of parental transferences and support to their descendants across many different cultures. To cite a few examples, the transference of public working positions from parents to sons in Italy has been found by Scoppa (2009), the providing of material resources and services from parents to their young adult children in Taiwan and Philippines (Agree, Biddlecom, Chang, & Perez, 2002) or the inter-generational transmission of home ownership in the Netherlands (Mulder & Smits, 2012) have also been analyzed. But the transferences from parents to children are not limited to tangible goods or working positions, being the choice of a professional career also influenced by them (Otto, 2000). In the case of self-employed parents, their influence on their children entrepreneurial intention has also been stated. Research findings (Bosma, Hessels, Schutjens, Praag, & Verheul, 2012; Carr & Sequeira, 2007; Laspita, Breugst, Heblich, & Patzelt, 2012; Oren, Caduri, & Tziner, 2013) show a positive correlation between parental occupation as entrepreneurs and he

likelihood that their children will become entrepreneurs themselves. They claim that parents are in a unique position to influence the future behavior of their children, becoming role models for them. Other studies have focused on the role model of the entrepreneur father and the influence it has on their children to become entrepreneurs. Lindquist et al. (2013) found that both biological and adoptive entrepreneur parents increase over 60% the chance of having children who are themselves entrepreneurs. It is worth noting that the influence of the adoptive parents is twice than that of the biological parents. Based on the above literature, the null hypothesis in the study can be stated as follows:

H₀₁: There is no significant relationship between plan of respondents after management programme and their family background.

H₀₂: There is no significant relationship between plan of respondents and family expectation after completing the management education.

2.2 Personality Characteristics

Lewellyn and Wilson (2003) said that personality traits are enduring, predictable characteristics of individual behavior that explain differences in individual actions in similar situations. Need for achievement, locus of control, risk taking propensity, self confidence, innovativeness, tolerance for ambiguity and self - sufficiency are the most frequently enumerated personality traits in the literature. For example, Bygrave (1989) presented a model that includes need for achievement, internal locus of control, tolerance for ambiguity and risk- taking propensity as vital components. This study adopts the psychological characteristics pertaining to entrepreneurship, which views entrepreneurs as individuals with unique values, attitudes and needs which drive them and differentiate them from non – entrepreneurs.

As noted by Churchill and Lewis (1986), within the field of entrepreneurship research, more empirical studies involving characteristics of entrepreneurs have been conducted than have of almost any other kind. Similarly, Herron and Robinson (1993) reported that studies of various entrepreneurial characteristics have been conducted over the years with great frequency. This is not surprising and in fact, should be expected, given that an understanding of psychological characteristics that are unique to entrepreneurs (vis a vis non entrepreneurs) is a logical first step in studying entrepreneurship. The main psychological characteristics associated with entrepreneurship in the literature are summarized as follows:

Need for Achievement

McClelland presented one of the most famous theories on entrepreneurship called need for achievement theory (Koontz and Wehrich, Management, eleventh edition, pp.381). The need for achievement was found higher in business students assessing their entrepreneurial orientation (Sagie and Elizur, 1999). Different studies conducted on entrepreneurs and non entrepreneurs show that need for achievement has a strong relation with the entrepreneurship (Hansemark, 1998). A relationship is found between need for achievement and entrepreneurship (Shaver and Scott, 1991; Yosof et al., 2007). Hence, the null hypothesis in the study can be stated as follows: *H₀₃: There is no significant relation in entrepreneurial intention of management graduates in relation to need for achievement.*

Innovativeness

Innovativeness means search for new markets, products or ideas (Utsch and Rauch, 2000). Innovation is basic for the entrepreneurs, as it differentiates between managers and entrepreneurs (Stewart et al., 1998). Entrepreneurs are the one who are in continuous search of new opportunities (Zacharakis, 1997). Innovativeness is taken as one of the major characteristic in defining the entrepreneurship profile (Gurol and Astan, 2006). Koh (1996)'s study suggests the relationship of innovativeness with entrepreneurship. The second null hypothesis tested in this study is: *H₀₄: There is no significant relation in entrepreneurial intention of management graduates in relation to innovativeness.*

Locus of Control

The concept of locus of control has received considerable attention in the study of psychological differences (Lefcourt, 1976; Phares, 1976). Locus of control refers to a person's belief about control over life events (Findley & Cooper, 1983). Individuals with internal locus of control can personally control events and situations (Koh, 1996; Hansemark, 1998). Individuals with external locus of control believe that they cannot control circumstances such as luck, fate and others affect their performance. Locus of control was used to distinguish between entrepreneurs and employees (Engle et al., 2002). The following third null hypothesis is also tested in the study: *H₀₅: There is no significant relation in entrepreneurial intention of management graduates in relation to locus of control.*

Risk – Taking Propensity

A person's risk taking propensity can be defined as his/her orientation towards taking chances in uncertain decision making contexts. Risk taking and uncertainty is the characteristic which differentiates between entrepreneurs and non entrepreneurs (Yusof et al., 2002). Risk taking is considered a major characteristic of entrepreneurs and is widely discusses in

entrepreneurship literature (Cunningham and Lischeron, 1991; Koh, 1996). Accordingly, The fourth null hypothesis tested in the study is: H_{06} : *There is no significant relation in entrepreneurial intention of management graduates in relation to risk – taking propensity.*

Tolerance for Ambiguity

The tolerance for ambiguity means responding positively to ambiguous situations. A person with tolerance for ambiguity finds ambiguous situations more challenging and strives to control to perform well (Kol, 1996; Gurol and Atsan, 2006). The entrepreneurial managers have high tolerance for ambiguity as compared to non – entrepreneurial, as indicated by the study of Entranlgo et al. (2000). Hence, the following null hypothesis tested in the study: H_{07} : *There is no significant relation in entrepreneurial intention of management graduates in relation to tolerance for ambiguity.*

Self – Confidence

Self confidence is an important characteristic for entrepreneurship (Gurol and Astan, 2006). Entrepreneurs seek for challenging and demanding tasks, which require greater confidence. It is shown that entrepreneurs demonstrate high level of confidence with respect to others (Koh, 1996; Yusof et al. 2006) . Empirical studies in the entrepreneurship literature have found entrepreneurs to have a higher degree of self – confidence relative tp non – entrepreneurs (Ho & Koh, 1992). Therefore, another null hypothesis tested in the study can be stated as follows: H_{08} : *There is no significant relation in entrepreneurial intention of management graduates in relation to self - confidence.*

Self – Sufficiency

In understanding the personality of entrepreneurs, it is shown that entrepreneurs are emotionally more unstable, more suspicious, more timid and more apprehensive than non – entrepreneurs. They are also found to be more tender minded, more liberal and more self – sufficient than non – entrepreneurs as found by Caird (1988). Hence, the following null hypothesis tested in the study: H_{09} : *There is no significant relation in entrepreneurial intention of management graduates in relation to self - sufficiency.*

3. Objectives of the Study

From the literature review, it can be seen that theoretical and empirical research in the academic and professional entrepreneurship literature has associated psychological characteristics with entrepreneurship. The objectives of the study are

1. To study the entrepreneurial intention in relation to family tradition of management graduate students.
2. To study the entrepreneurial intention in relation to personality traits of management graduate students.

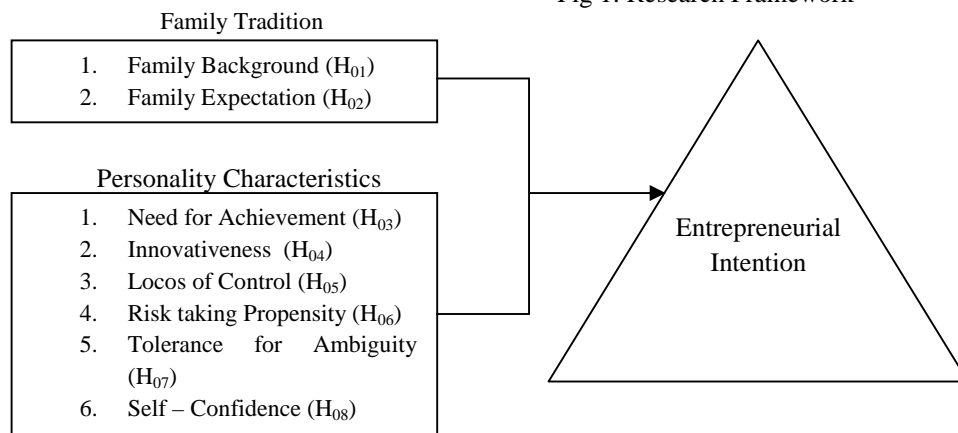
4. Research Methodology

4.1 **Data Sources:** Primary and secondary data were used for this study. Primary data were collected through questionnaire and structured interviews. Secondary data were collected from texts, journals and magazines.

4.2 Research Design

This study used a mixed method design, which is a procedure for collecting, analyzing and mixing both quantitative and qualitative data at some stage of the research process within a single study, to understand a research problem more completely. A major tenet of pragmatism is that quantitative and qualitative methods are compatible. Thus, both numerical and text data, collected sequentially or concurrently, can help better understand the research problem (Ivan Kova & Stick 2002). The research framework employed in the study is presented in *Fig 1*.

Fig 1: Research Framework



The priority in this design was given to the quantitative method, because in this study the quantitative research was used to answer the research question as

1. “Is there any relation between family tradition and entrepreneurial intention of management graduate students and to what extent?”
2. “Is there any relation between personality characteristics and entrepreneurial intention of management graduate students and to what extent?”

5. Results and Findings

5.1 Data Analysis Method

Statistical methods have been employed to compare the data collected from 98 respondents. These methods include descriptive analysis and correlation analysis. Descriptive statistics (means, standard deviations and frequency distribution) are computed to develop a profile of the sample. Chi square tests of independence are conducted to investigate the association between family tradition and entrepreneurial intention of management graduates. To analyze the data and test the seven null hypotheses specified in the study, t – tests of significant differences are performed to investigate the relationship between entrepreneurial intention of management graduates and their personality characteristics.

5.2 The Demographics of the Sample

The results of the analysis on demographic variables are presented in table 1. A total of (67%) respondents are male with (33%) females. Majority (43%) belong to the family income group of 30, 000 and above with the least family income group being less than 10, 000 (7%). The results show that the fathers of majority (51%) work in the public sector followed by those whose fathers are self – employed (29%) and then in the private sector (20%). Majority (61%) of their mothers are home – makers, (6%) have their mothers been self – employed, followed by public sector (19%), and then those in the private sector (14%). When respondents were asked of the sectors they will like to work after graduation, majority were (76%) inclined towards highly paid jobs followed by self – employment (24%). (Table 1)

Table 1: Descriptive Statistics of Samples and Variables

Variables	Entrepreneurial Aspiration
Means	
Need for Achievement(H ₀₃)	4.37 (0.43)
Innovativeness(H ₀₄)	2.02 (0.64)
Locus of Control(H ₀₅)	4.02 (0.61)
Risk Taking Propensity(H ₀₆)	3.52 (0.47)
Tolerance for Ambiguity(H ₀₇)	3.55 (0.62)
Self - Confidence(H ₀₈)	2.36 (0.53)
Self - Sufficiency(H ₀₉)	4.19 (0.49)

Gender	Frequency	Percentage
Male	107	67
Female	53	33
Total	160	100
Average Monthly Household Income	Frequency	Percentage
Less than 10,000	11	7
10,000-19,999	37	23
20,000-29,999	43	27
30, 000 & Above	69	43
Total	160	100
Employment Status	Frequency	Percentage
Students	150	94
Worker – Students	10	6
Total	160	100
Sector Where Father Works	Frequency	Percentage
Private	44	27.5
Public	80	50

Self – Employed	32	20
Not Responded	04	2.5
Total	160	100
Sector Where Mother Works	Frequency	Percentage
Private	22	14
Public	30	19
Self – Employed	10	6
Others (Housewife)	92	57
Not Responded	06	4
Total	160	100
Sector Where Respondents like to Work	Frequency	Percentage
Paid Jobs	122	76
Self – Employed	38	24
Total	160	100

5.3 Reliability

The internal consistency of the research instrument should be tested by reliability analysis (Ndubisi, 2006). Nunnally (as cited in Ahsan et al., 2009) suggested that the minimum alpha of 0.6 sufficed for early stage of research. The cronbach's alpha in this study was 0.721 (higher than 0.6), the constructs were therefore deemed to have adequate reliability.

5.4 Chi Square Tests of Independence

Chi Square tests of independence are done to investigate whether significant differences exist in entrepreneurial intention with respect to their family tradition (family background and family expectation). These results are presented in Table 2.

Table 2: Results of Chi Square Test of Independence

2.1 Family Business Background

	Yes	No	Not Responded	Row Total
Salaried Job holder	7	112	3	122
Business Owner	25	12	1	38
Column Total	32	124	4	160
	Chi Square	65.73		
	DF	2		
	p value	0.00001		

2.2 Family Expectation

	Yes	No	Cant say	Row Total
Salaried Job holder	114	6	2	122
Business Owner	30	5	3	38
Column Total	144	11	5	160
	Chi Square	7.21		
	DF	2		
	p value	0.0271		

5.5 Correlation Analysis

In this analysis, the elements of personality characteristics (need for achievement, innovativeness, locus of control, propensity to take risk, tolerance of ambiguity, self – confidence, self – sufficiency) were transformed into sub – scales. The mean, standard deviation, correlation values are measured in *Table 3*. A meaningful high correlation values was obtained among the sub – scales, representing and measuring the entrepreneurial characteristics.

Table 3: Correlation Matrix

Variables	Mean	SD	Correlation Matrix						
			1	2	3	4	5	6	7
Need for	4.37	0.43	1						
Innovativeness	2.02	0.64	0.24	1					
Locus of Control	4.02	0.61	0.46	0.57	1				
Risk Taking	3.52	0.47	0.43	0.38	0.4	1			
Tolerance for	3.55	0.62	0.58	0.48	0.5	0.54	1		
Self - Confident	2.36	0.53	0.37	0.36	0.3	0.67	0.5	1	
Self - Sufficiency	4.19	0.49	0.56	0.46	0.6	0.79	0.6	0.7	1

5.6 Hypothesis Testion t Test

The hypotheses of the study were tested conducting t test to examine statistically the difference. Based on the obtained results shown in Table 4, H_{03} was rejected which mean that there is a significant relation in entrepreneurial intention of management graduates in relation to need for achievement. H_{04} was accepted which means that no significant relation exists between entrepreneurial intention of management graduates and innovativeness. H_{05} was rejected which means that significant relation exists in entrepreneurial intention of management graduates with respect locus of control. H_{06} was rejected which means that significant relationship exists in entrepreneurial intention with respect to risk taking propensity. H_{07} was rejected which means that significant relationship exists in entrepreneurial intention of management graduates on the basis of tolerance for ambiguity. H_{08} was accepted which means that no significant difference exists between inclined and non – inclined students with respect to self – confidence. H_{09} was rejected which means that significant difference exists between inclined and non – inclined students on the basis of self – sufficiency.

Table 4: Results of t tests of Significant Differences

Variable	N	p - value
Need for Achievement(H_{03})	160	0.0465
Innovativeness(H_{04})	160	0.8757
Locus of Control(H_{05})	160	0.0005
Risk Taking Propensity(H_{06})	160	0.0016
Tolerance for Ambiguity(H_{07})	160	0.0228
Self - Confidence(H_{08})	160	0.6386
Self - Sufficiency(H_{09})	160	0.0009

Table 5: Hypothesis Testing

NO	Hypothesis	Results
H ₀₁	There is no significant relationship between plan of respondents after management programme and their family background.	Rejected
H ₀₂	There is no significant relationship between plan of respondents and family expectation after completing the management education.	Rejected
H ₀₃	There is no significant relation in entrepreneurial intention of management graduates in relation to need for achievement.	Rejected
H ₀₄	There is no significant relation in entrepreneurial intention of management graduates in relation to innovativeness	Accepted
H ₀₅	There is no significant relation in entrepreneurial intention of management graduates in relation to locus of control	Rejected
H ₀₆	There is no significant relation in entrepreneurial intention of management graduates in relation to risk – taking propensity	Rejected
H ₀₇	There is no significant relation in entrepreneurial intention of management graduates in relation to tolerance for ambiguity	Rejected

H ₀₈	There is no significant relation in entrepreneurial intention of management graduates in relation to self - confidence	Accepted
H ₀₉	There is no significant relation in entrepreneurial intention of management graduates in relation to self - sufficiency	Rejected

6. Limitations and Further Scope of Research

In interpreting the results of the study, this study presents some limitations. First, the study employs a self – structured questionnaire. Thus the possibility of response bias and non – response bias exists. Second, the sample size is limited to understand the entrepreneurial characteristics among students in a comprehensive manner. Third, the study focuses only on MBA students in Kolkata. Other populations (e.g. non MBA students and MBA students in other States) could have also been considered which might exhibit different opinions. The limitations highlighted above suggest possible scope for further research. In particular, future research can analyze the relationship between psychological characteristics and entrepreneurial inclination which include other factors such as financial, environmental support, precipitating events, pull and push factors, demonstration effects etc. with its keen interest, entrepreneurship is set to be an important area for academic and professional research in the future.

7. Conclusion

There is a relatively low level of interest in entrepreneurship among MBA students in Kolkata. The study used to trait the entrepreneurial characteristics (need for achievement, innovativeness, locus of control, propensity to take risk, tolerance for ambiguity, self – confidence and self – sufficiency) as noted by literature. As we move forward into the 21st century it is important to reflect on the great contributions that entrepreneurs have made to the well being of our people and the wealth of our economy. B –Schools have a significant role to play in the growth of India as a nation because they are the breeding grounds for future entrepreneurs. The B –Schools help in increasing knowledge base, by identifying opportunities and by pointing out ways to overcome barriers imposed by ones environment. Therefore, the government should take appropriate measures to develop entrepreneurship education in India. Entrepreneurship development is a major contributory factor towards the development of any national economy. Developing economy like our country even more and more imitating entrepreneurs can play major role in such endeavor. It appears that the present management education is not concentrating on developing entrepreneurship in our society. Therefore, researcher feels that more stress be given on entrepreneurship development in management education with sole objective of developing national economy.

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