“Effect Of Demographic Factors On Entrepreneurial Intention Of Management Students In Nagpur University, India”

Dr. Dipesh Daddelal Uike

Abstract: Entrepreneurial Intention inspects a desire of and individual to start a new business. If the desire is high then the individual is motivated to go for a new business. The individual’s motivation is affected more or less by different demographic factors. This study focuses on the impact of demographic factors such as family business experience, region, category, specialization, and gender on entrepreneurial intention of management students of Nagpur University in India. The survey sample includes 200 students from different reputed management colleges of Nagpur University. Factors analysis and multiple regression analysis were conducted to the data. It was found that demographic factors had a positive effect on the entrepreneurial intention. It was also found out that the region and specialization of students are the most influencing factors among the given demographic factors that affect entrepreneurial intention.

Keywords: Demographic Factors, Entrepreneurial Intention, Family Business Experience, Gender, Region, Specialization, Management Students

1. Introduction

Entrepreneurial intention displays the internal goals of a person who has a desire to become an entrepreneur. People who have a desire of becoming an entrepreneur or have entrepreneurial intentions usually take calculated risks, assemble all required resources and start their own business ventures. It is the internal entrepreneurial intentions of the people that drive them to take entrepreneurial actions. Bird (1998) have a belief that entrepreneurial intention is the level of mind which motivates a person for taking action towards opening a business and becoming an entrepreneur. Linan and Rodriguez (2011) described that intention directs the person to take an action for entrepreneurship. Khan (2013: 187-188). Hmieleski and Corbett (2006: 48) trust that entrepreneurial intention sets a person to grow their business. Pruet (2012: 94) trusts that entrepreneurial intentions are a roadmap for someone to make a career in business. Intention models are established on attitude concepts. For a person an attitude plays an important role for his behaviour. Attitude is directly linked with the intention. The desires of the person give rise to intention. Bruyat (1993) he states that entrepreneurial intention and will are equivalent. Fayolle (2000: 405) describes that “intention is a determination to take actions”. Bird (1988, 1992) discloses that an intention is comparable to independence and determination. He (1988, 1992) adds that an intention is mind state which guides the devotion, dreams, efforts and dedication of a person towards his goals. Bird (1988) he states that the determination helps to accomplish organizational goals. He (1988) enhances that the intention is based on ethics, needs, principles and needs of the entrepreneur (Hajer and Habib, 2013: 673-674). Lau, Chan, and Man (2000) think that if entrepreneurial characteristic are boosted for entrepreneurship development then it can affect people’s entrepreneurial intention. Baron (2004) recognizes that psychological attributes can also tell us about entrepreneurial intention. Rauch and Frese (2007) trust that need for achievement, locus of control, self-efficacy, propensity to take risk and tolerance for ambiguity are psychological attributes linked with entrepreneurship. Bygrave (1989) stated one model where internal locus of control, risk taking capability, innovativeness and tolerance of ambiguity are the factors of entrepreneurial intention. Robinson et al. (1991) disclosed that innovativeness, achievement, self-confidence and locus of control can envisage entrepreneurial attitudes (Sánchez, 2013: 449-450). Entrepreneurial intentions are influenced by complete thinking and logical thinking. The thought process should motivate one to business plans, investigating opportunities and all goal-driven behaviours (Boyd and Vozikis, 1994: 63-65). Entrepreneurial intention should consist of development of business plan, getting resources and such attitude should be directed by goals. Entrepreneurial intentions also involve thinking, visualization and spirits of entrepreneurs. Entrepreneurship intentions are the initial stage of entrepreneurship. Entrepreneurial intention is affected by internal and external factors. The factors are such as government policies, rules and regulation, market and finance. Krueger et al. (2000) trusts that it is thought process that is responsible for intentions. They (2000) also said that entrepreneurship can be effectively explained by the entrepreneurial intentions. Autio et al. (1997) verified Davidsson’s model (1995) which anticipated that economic and psychological elements are important factors and have impact on university student’s entrepreneurial intentions. They (1997) established that the other intentional factors such as outlooks, trust and consideration influenced behaviour. Brockhaus (1982) and Robinson et al. (1991) explain that entrepreneurial intentions can be studied well by the other concepts such as entrepreneurial attitude and behaviour, because entrepreneurial intentions are related to behaviour not to the attributes of individual (Gaddam, 2008: 38-39). Kakkonen (2011: 227) describes that if students want to become entrepreneur then they
must have a quality of determination and motivation and should have an intention for that. She (2011) discovered university students’ business aptitude and entrepreneurial intention. She (2011) observed that students’ business potential was good but their attitude for entrepreneurial intention was not that good (Kakkonen, 2011: 225-227). Entrepreneurial Intention and AntecedentsEntrepreneurial Intentions (EI) are internal state of mind that motivates entrepreneur to take effort and put his knowledge, experience and ideas towards a business (Bird, 1988). Entrepreneurial intentions are very significant for an individual to open a new business and start the process of entrepreneurship. Intention is considered as one of the important attributes of individual’s behaviour in social psychology (Abraham and Sheeram, 2003), Low and MacMillan’s definition of entrepreneurship as “formation of new enterprise” (Low and MacMillan, 1988), we can define entrepreneurial intention as one’s feeling, vision and experience and actions to start a new business. We are able to define entrepreneurial intention (EI) as the intention to start a new business. Entrepreneurial intention can be explained with the help of three important models that are widely referred in literature. First is Theory of Planned Behaviour (TPB), which noticed three antecedents of intention and behaviour (Ajzen, 1991). The second model is called as Entrepreneurial Attitudes Orientation (EAO). Robinson at al.(1991) focussed more on entrepreneurial attitude and given less importance to personality and demographic elements than attitude. This formed by four sub scales those are achievement, innovation, self-esteem and personal control. The other three types of reaction are conative, affective and cognitive. The third model that is widely referred is Leadership Effectiveness Analysis (LEATM). This model is generated for measuring people’s aptitude who wants to open their own business.

2. Literature Review
Entrepreneurship education: In the literature review it has been seen that there are two variables, these are those variables that positively affect the entrepreneurship intention of the students. The variables are entrepreneurship education and perceived behaviour control, the first variable is high in impact (Fayolle et al., 2006). Empirical study supports the idea that students’ educational and structural support is positively related to their entrepreneurial intention (Turkey et al., 2009). Empirical reports also revealed that entrepreneurial intention is highly enhanced by the impact of entrepreneurship education and this is one of the factors among the other factors such as family exposure to business, entrepreneurial experience, attitude and subjective norms (Basu&Virick, 2008). The concluding is backed by the study done by Peterman and Kennedy (2003), where they found that entrepreneurship education is important factor for entrepreneurship intentions models. Additionally, according to Linen (2008), apparent skills are more important than principles and skills for entrepreneurship measurement intention. He also says that students who are getting entrepreneurship education show more entrepreneurial intention than those who don’t get education. Age, gender, self-efficacy, environmental factors: On the other side, other literature also suggested that there are other more important factors which are positively correlated to entrepreneurial intention and not much to entrepreneurship education. Indarti et al., (2010) has suggested that age, gender, self-efficacy, environmental factors, are also important factors and are positively associated in deciding entrepreneurial intention. Gender: As far as gender is considered, it has been observed that males have higher entrepreneurial intentions than female (Heilbronn, 2004). But the results have been disproved by the other finding by Wilson et al., (2007), where it is claimed that MBA females’ self-efficacy is higher than MBA males’ self-efficacy. Religion: With respect to religion, entrepreneur used to study religion for making decision (Dodd &Gotsis, 2007). But this idea has been disproved by the other research findings which showed that entrepreneurial participation are negatively influenced by the religious criteria (Carswell& Rolland, 2004).

Financial resources: Rajman (2001) suggested that financial resources in the family is an important factor and have impact on entrepreneurial intentions. Many of the studies have revealed that there is positive relation between family income and career development of youngsters (Alibaygi&Pouya, 2011; Mortimer, 1992) and their attitude of opening their own business (Hundley, 2006; Henley, 2005). The financial status of the family is also one of the important factors in entrepreneurial intention development. The financial status of the family has direct impact on the younger’s entrepreneurship choice (Hsu et al., 2007).

Household incomes: Study by Millman et al., (2010) also established that household incomes play an important role in developing one’s entrepreneurial intentions. Household incomes and entrepreneurial intentions are directly related to each other. A study done by Nandamuri and Gowthami (2013) verified eleven different entrepreneurial skills of management students and observed that household income positively impact nine skills out of eleven skills. Family size: According to Schulerberget al., (1984), family size has a great impact on the entrepreneurial intentions. Family size seems to have impact on young career ambitions because mostly it is observed that parents with big families tend to spend less money on their older children in attending college, but when older children become little bit independent the younger children in family receive more money than his older one as the financial strain is less. A study by Cetindamaret et al., (2012) in Turkey country found that there is a positive correlation between family size and the probability of getting into entrepreneurship only when id there are more than seven people in the family size.

UK (Altinay et al., 2012) and Malaysia (Tong et al., 2011) stated that entrepreneurial intentions of children in family are positively impacted by entrepreneurial families or parents. Lindquist et al., (2012) revealed that if parents are entrepreneur then 60 percent chance is there that their own birth children will become an entrepreneur. Davidsson explained that in Sweden 40 percent children of self-employed parents have their own small (Davidsson, 1995). Family business background is also very significant in developing entrepreneurial intention. In several other studies also the importance of family business background are shown (Hout & Rosen, 2000).

Objectives

- To study about entrepreneurial intention of management students.
To study about demographic factors such as gender, specialization, family business experience, region and category of management students.

To study about the impact of demographic factors on entrepreneurial intention of management students.

Research Model
The research model of the study is as follows in figure 1:

![Research Model](image)

Hypothesis
The hypotheses of the study are as follows:

H1: Demographic Factors Affect Entrepreneurial Intention
1. H1a: Family Business Experience Affects Entrepreneurial Intention
2. H1b: Gender Affects Entrepreneurial Intention
3. H1c: Specialization Affects Entrepreneurial Intention
4. H1d: Region Affects Entrepreneurial Intention
5. H1e: Category Affects Entrepreneurial Intention

Research Methodology
Type of Research
- Research type is exploratory research.
  - Method of Data Collection
    - Primary data
      - Structured Questionnaire method.
      - In-depth Interview method.
    - Secondary data
      - Journals.
  - Sample Design
    - Geographical area/ Universe: Nagpur University located in Nagpur city, Maharashtra state, India is considered.
    - Sampling Unit: The units are management students studying in Nagpur University.
    - Dependent Factor: Entrepreneurial Intention
    - Independent Factor: Gender: Male and Female.
      - Category: Open, OBC, SC, ST, Others.
      - Specialization: FM, MM, HR, OM.

Region: Urban, Rural.
Family Business Experience: High, Moderate, Low.
Sampling Method
For this research probability sampling is used. The design of the sample is as follows:

- Type of the probability sampling: - Simple Random Sampling.
- Sample Size: - 200 Management Students

Tools Used
- The entrepreneurial intention questionnaire (EIQ) based on theory of planned behaviour applied in entrepreneurship domain (Linan & Chen, 2006, 2009; Linan, 2008; Linan et al., 2011). The EIQ was primarily used on Spanish and Taiwanese samples. The scale was developed by Linan & Chen (2011).
- Factor analysis is used. Multiple regression analyses were conducted to find out the effects of independent variables (family business experience, gender, specialization, region and caste) on the dependent variable (entrepreneurial intention).

Data Analysis and Interpretation

<table>
<thead>
<tr>
<th>Table 1. KMO and Bartlett Test Result for Independent Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KMO and Bartlett’s Test</strong></td>
</tr>
<tr>
<td>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
</tr>
<tr>
<td>Sig.</td>
</tr>
<tr>
<td>.784</td>
</tr>
<tr>
<td>103</td>
</tr>
<tr>
<td>.000</td>
</tr>
</tbody>
</table>

Factor analysis results of independent variables are presented below in Table 2.

<table>
<thead>
<tr>
<th>Table 2. Factor Analysis Results of Independent Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factors</td>
</tr>
<tr>
<td>Factor Loading</td>
</tr>
<tr>
<td>% Variance Explained</td>
</tr>
<tr>
<td>Business Family Experience</td>
</tr>
<tr>
<td>.832</td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>.766</td>
</tr>
<tr>
<td>Region</td>
</tr>
<tr>
<td>.718</td>
</tr>
<tr>
<td>Category</td>
</tr>
<tr>
<td>.640</td>
</tr>
<tr>
<td>Specialization</td>
</tr>
<tr>
<td>.613</td>
</tr>
<tr>
<td>KMO=0.784 P=0.000</td>
</tr>
<tr>
<td>51.58</td>
</tr>
</tbody>
</table>

Reliability statistics results of dependent variables are presented below in Table 3.

<table>
<thead>
<tr>
<th>Table 3. Reliability Statistics of Dependent Variables i.e. Entrepreneurial Intention Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach's Alpha Based on Standardized Items</td>
</tr>
<tr>
<td>N of Items</td>
</tr>
<tr>
<td>.900</td>
</tr>
<tr>
<td>.901</td>
</tr>
<tr>
<td>6</td>
</tr>
</tbody>
</table>

The factor analysis was conducted in Table 2 to find out factor loadings of independent variables. Multiple regression analyses were conducted to find out the effects
of independent variables on the dependent variable (entrepreneurial intention). From Table 2 it can be observed that the factor loadings of independent variables is bigger than 0.6. A KMO value of 0.784 reveals that the data is appropriate to investigate. Since the KMO value reveals that there is a perfect correlation between the variables, so factor analysis is conducted. The Bartlett’s test 0.000 points out that the variables are suitable for factor analysis. The dependent variables’ Cronbach’s alpha given in Table 3 are acceptable for testing reliability of the scale. 51.58% of variance is explained in the factor analysis and considered good for validation. Multiple regression analysis model summary of demographic factors and entrepreneurial intention are presented below in Table 4.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.517&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.268</td>
<td>.249</td>
<td>1.166</td>
<td>1.609</td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), Family Business Experience, Specialization, Category, Region, Gender

Table 4 represents that the value of R is 0.517, which indicates a good level of prediction. The value of the R Square is 0.268. The dimensions of the demographic factors explain 27% of entrepreneurial intention. The Durbin-Watson d=1.609, which is between the two critical values of 1.5-d<2.5. Therefore, we can assume that there is no first order linear auto-correlation in our multiple linear regression data. The ANOVA table is presented below in Table 5.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>96.385</td>
<td>5</td>
<td>19.277</td>
<td>14.186</td>
<td>&lt;.000&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>1 Residual</td>
<td>263.615</td>
<td>194</td>
<td>1.359</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>360.000</td>
<td>199</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> Dependent Variable: Entrepreneurial Intention
<sup>b</sup> Predictors: (Constant), Family Business Experience, Specialization, Category, Region, Gender

Table 5 represents F-test. The table shows that the independent variables statistically significantly predict the dependent variable, F (5, 194) = 14.186 (i.e.) the regression model is a good fit of the data. The F-test is highly significant, thus we can assume that the model explains a significant amount of variance in entrepreneurial intention. The multiple regression analysis coefficients of demographic factors and entrepreneurial intention is presented below in Table 6.
Table 6. Multiple Regression Analysis Coefficients of Demographic Factors and Entrepreneurial Intention

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
<td>Sig.</td>
</tr>
<tr>
<td>(Constant)</td>
<td>5.72</td>
<td>.741</td>
<td>7.7</td>
<td>.0</td>
<td>15</td>
</tr>
<tr>
<td>Gender</td>
<td>.917</td>
<td>.223</td>
<td>-.337</td>
<td>4.1</td>
<td>.0</td>
</tr>
<tr>
<td>Specialization</td>
<td>.355</td>
<td>.120</td>
<td>.210</td>
<td>2.9</td>
<td>.0</td>
</tr>
<tr>
<td>Region</td>
<td>.930</td>
<td>.231</td>
<td>.319</td>
<td>4.0</td>
<td>.0</td>
</tr>
<tr>
<td>Category</td>
<td>.297</td>
<td>.085</td>
<td>-.243</td>
<td>3.4</td>
<td>.0</td>
</tr>
<tr>
<td>Family Business Experience</td>
<td>.391</td>
<td>.204</td>
<td>-.173</td>
<td>1.9</td>
<td>.0</td>
</tr>
</tbody>
</table>

(P<0.05), a. Dependent Variable: Entrepreneurial Intention

From Table 6, we find that gender, specialization, region, category and family business experience are significant predictors. We can also see that region (beta = 0.319) and category (beta = 0.210) have higher impact on entrepreneurial intention than other variables. Multicollinearity check is also done with the help of Tolerance > 0.1 (for all variables) or we can also see that VIF < 10 (for all variables).

Hypothesis

   H1a: Family Business Experience Affects Entrepreneurial Intention.
   p = 0.057 >0.05; H0a is accepted.
   H0a is accepted at 0.05 significance level. Thus, Family Business Experience Does Not Affect Entrepreneurial Intention.

2. H0b: Gender Does Not Affect Entrepreneurial Intention.
   H1b: Gender Affects Entrepreneurial Intention.
   p = 0.000< 0.05; H0b is rejected. Thus, Gender Affects Entrepreneurial Intention.

3. H0c: Specialization Does Not Affect Entrepreneurial Intention.
   H1c: Specialization Affects Entrepreneurial Intention.
   p = 0.003< 0.05; H0c is rejected. Thus, Specialization Affects Entrepreneurial Intention.

4. H0d: Region Does Not Affect Entrepreneurial Intention.
   H1d: Region Affects Entrepreneurial Intention.
   p = 0.000 < 0.05; H0d is rejected. Thus, Region Affects Entrepreneurial Intention.

5. H0e: Category Does Not Affect Entrepreneurial Intention.
   H1e: Category Affects Entrepreneurial Intention.
   p = 0.001 < 0.05; H0e is rejected. Thus, Category Affects Entrepreneurial Intention.

Thus, H1 is accepted. Demographic Factors Affect Entrepreneurial Intention.

Findings and Conclusions

Considerable research has established the significance of demographic factors on entrepreneurial intentions. The research study confirms the significance of our research model. The findings of the study explain the demographic factors that influence Entrepreneurial Intention development except one factor that is family business experience. The main finding of the study is how the different demographic factors of management students of Nagpur University affect their entrepreneurial intentions to start their own business. Different demographic factors affect management students’ entrepreneurial intentions with different intensity. It will help us to focus on those factors that are important and have high influence on the entrepreneurial intention. This study shows that region and specialization of management students are the most influencing factors while the others demographic factors such as gender and the category have

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moderate effects that have an impact on intentions and motivations to start a new business. This paper contributed to the literature of entrepreneurship by adding new entrepreneurial intention model (gender, specialization, region, category and family business experience) to the already existing intention models. Such research would provide insight into how to develop entrepreneurship programs keeping in mind the important demographic factors so that the entrepreneurial quality of an individual can be enhanced.

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