

Entrepreneurial Inclination among University Students: With Special Reference to University of Kelaniya, Sri Lanka

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Abstract: The purpose of this research paper is to explore the entrepreneurship profile of students of University of Kelaniya and to investigate the relationship between entrepreneurial inclination and entrepreneurial traits. In this study, six traits were identified according to the past literature. Both primary and secondary data were used in this study. Data were collected from 240 undergraduates of the University of Kelaniya by using the proportionate stratified random sampling technique. Mainly quantitative approach was used to analyze the data. Apart from the descriptive statistical technique inferential statistical tools were applied to identify the relationship between variables. The results revealed that need for achievement, locus of control, risk taking propensity, self-confidence, and innovativeness are positively affect on entrepreneurial intention. But, the tolerance of ambiguity did not positively affect on entrepreneurial inclination. This study was provided insight into entrepreneurship education, as to which entrepreneurial characteristics can be developed to raise good entrepreneurs. And educational systems need to be oriented to emphasize the value of entrepreneurship in order to promote an enterprise culture. Methods to teach entrepreneurship should also be explored further. By this study it will help to fill the gap in the existing body of knowledge and provide new knowledge in to the Sri Lankan context.

Keywords: Entrepreneurship, Entrepreneurial Traits, Entrepreneurial Inclination, Entrepreneurship Education.

I. Introduction

Entrepreneurship development is very important in any country because it creates self-employment opportunities. And it reduce the unemployment. To start a business or to be an entrepreneur, someone must have some idea about entrepreneurship. It is needed more education. The history of entrepreneurship education dated back in 1938 when Shigeru Fiji, who was the teaching pioneer at Kobe University, Japan had initiated education in entrepreneurship (Albert & Sciascia, 2004). The objectives of entrepreneurship education are aimed in changing students' state of behaviors and even intention that makes them to understand entrepreneurship, to become entrepreneurial and to become an entrepreneur that finally resulted in the formation of new businesses as well as new job opportunities (Fayolle & Gailly, 2005; Hannon, 2005). But still very few students have an intention to start a new venture. As a remedy for the unemployment and for the poor business culture public, private and non-governmental organizations are taking various measures to promote entrepreneurship in different countries. Universities and colleagues and throughout the world have implemented various Postgraduate, Undergraduate and Diploma courses on entrepreneurship.

Sri Lanka also promoting entrepreneurship in various institutions and various degree courses. Sri Lanka is a small country which consists of much unused resources but has not yet reached the desired growth rate. And there is a high rate of unemployment among the youth generation in Sri Lanka. The number of unemployed persons is estimated around 422,446 during the First quarter in 2015 in Sri Lanka. As a percentage it is 4.7 percent. Further the Youth unemployment rate among 15 – 24 years people are reported for the First quarter in 2015 is 21.7 percent and it was reported as the highest unemployment. (Central bank of Sri Lanka, 2015)

Education is the key to solving many development issues, such as poverty, unemployment, under employment etc.. It is necessary to make sure that the youth is aware of this fact. Sri Lanka is promoting entrepreneurship in various institutions and various degree courses. But still very few students have an intention to start a new venture. Therefore there is a gap between university education system and intention of students to start a business. It can be assume that, lack of entrepreneurial characteristics is a reason for that gap. Young people should be equipped with the necessary skills to adjust to the complex business world. Therefore, in this study it is expected to identify students' entrepreneurial characteristics and the relationship between those characteristics and entrepreneurial inclination.

II. Literature Review

Entrepreneurship is a very interesting and important area in the world. This high interest and important is increase by several factors. For developed economies, entrepreneurial activities are revitalizing economy and it is acting as a solution for problem of unemployment (Yusof, Singh, & Kishor, 2007). And, it is accepted as a potential catalyst and incubator for technological progress, product and market innovation (Jack & Anderson,

1999; Mueller & Thomas, 2000). However entrepreneurship has a more critical and big role for economies in developing countries. It can be seen as an engine of economic growth, job creation and social adjustment (Yusof, Singh, & Kishor, 2007).

According to the prevailing literature, entrepreneurial behavior of any society is determined by different factors. Those are social, personality and environmental factors (Gurol & Aston, 2006). Social factors or demographic factors look at the personal background, family background, gender and the early experiences of entrepreneurs and potential entrepreneurs, while the environmental factors examine the contextual factors such as the value of wealth, tax reduction and indirect benefits, timing opportunities in career process and the impact of market condition. Personality factors, generally known as trait model, focus on personality characteristics of entrepreneurs. Trait model depends on the assumption that entrepreneurs possess certain inherent characteristics, values and attitudes that provide an impetus for them and distinguish them from others.

III. Entrepreneurial Traits

According to the McStay, (2008), entrepreneurship can be divided in to three distinct approaches such as trait approaches, behavioral approaches and cognitive approaches. According to trait approach, entrepreneurs are assumed to have certain personality traits which made them unique such as need for achievement, need for power, need for affiliation, internal locus of control etc. The trait approach to entrepreneurship has been pursued by many researchers in an attempt to separate entrepreneurs from non-entrepreneurs and to identify a list of character traits specific to the entrepreneur (Sivarajah & Achchuthan, 2013).

In this study, six traits were identified according to the past literature. Namely innovativeness, need for achievement, locus of control, risk taking propensity, tolerance of ambiguity and self-confidence. These characteristics are included in the study since they are the most frequently cited as entrepreneurial characteristics in different studies in the entrepreneurship literature and evidences indicating association between them. (Koh & Chye, 1996; Gurol & Atsan, 2006). Furthermore, the authors have consider these characteristics as capable of representing the entrepreneurial behavior of individuals in natural and instinctive way (Gurol & Atsan, 2006).

Need for Achievement (NFA)

According to the past literature, entrepreneurs might have a distinctly higher need for achievement is widely held (Cromie, 2000; McClelland, 1965). Some dominant cultural values encourage the need for achievement (McClelland, 1961; McClelland and Winter, 1969). Some studies in the entrepreneurship literature found a fairly consistent relationship between need for achievement and entrepreneurship despite the variability among the studies regarding samples and the operationalization of the need for achievement (Johnson, 1990; Shaver and Scott, 1991). Based on the previous literature, entrepreneurs are high achievers. In order to clarify this aspect, the first hypothesis states;

H1: Higher need for achievement has a positive influence on entrepreneurial inclination.

Locus of Control (LOC)

According to the previous literature internal locus of control was found to be positively associated with the desire to become an entrepreneur (Bonnett and Furnham, 1991). And also the study carried out by Brockhaus (1980) suggested that there is a positive correlation between orientation to locus of control and entrepreneurial success. Brockhaus and Horwitz (1986) reinforce how the locus of control might differentiate entrepreneurs who are successful from those who are unsuccessful and Robinson et al. (1991) reported that internal control leads to a positive entrepreneurial attitude. In line with this, the following hypothesis was formulated;

H2: Higher internal locus of control has a positive influence on entrepreneurial inclination.

Risk Taking Propensity (RTP)

It is believed that entrepreneurs prefer to take moderate risks in situations where they have some degree of control or skill in realizing a profit. Situations which involve either extremes of risk or certainty are not preferred (McClelland, 1961; McClelland and Winters, 1969). Much of economics and entrepreneurship literature includes risk-taking as a major entrepreneurial characteristic (Palmer, 1971; Sarachek, 1978; Cunningham and Lischeron, 1991, Ho and Koh, 1992; Koh, 1996; Cromie, 2000). Risk taking inclination is therefore expected to have positive influence on entrepreneurial orientation. Therefore the following hypothesis is developed; H3: Higher propensity to take risk has a positive influence on entrepreneurial inclination

Tolerance of Ambiguity (TOA)

Entrepreneurs do not only operate in an uncertain environment; according to Mitton (1989), entrepreneurs eagerly undertake the unknown and willingly seek out and manage uncertainty. It is believed that tolerance for ambiguity is an entrepreneurial characteristic and those who are entrepreneurially inclined are

expected to display more tolerance for ambiguity than others (Sarachek, 1978; Schere, 1982). Dinis, et al., (2013) also write that, tolerance to ambiguity may be considered an entrepreneurial characteristic and those who are more entrepreneurial are expected to correspondingly display more tolerance to ambiguity than others. Therefore, a positive relationship is hypothesized between tolerance for ambiguity and entrepreneurial inclination;

H4: Higher tolerance for ambiguity has a positive influence on entrepreneurial inclination

Self Confidence (SC)

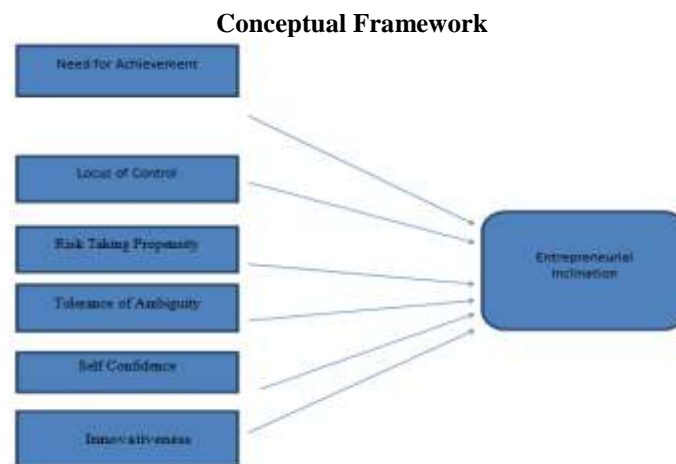
According to Koh, (1996), an entrepreneur is generally regarded as one who prefers to own his own business, it can be expected that the entrepreneur must believe that he is able to achieve the goals that are set. Ho and Koh (1992) have suggested that self-confidence is a necessary entrepreneurial characteristic. Empirical studies in the entrepreneurship literature have found that entrepreneurs to have a higher degree of self-confidence relative to non-entrepreneurs (Ho and Koh, 1992, Robinson et al., 1991a). In line with the previous literature, the following hypothesis was formulated;

H5: Higher self-confidence has a positive influence on entrepreneurial inclination

Innovativeness (INN)

As reported by Schumpeter (1934) and Mitton (1989), innovativeness is the focal point of entrepreneurship and an essential entrepreneurial characteristic. Evidence reported in the entrepreneurship literature shows that entrepreneurs are significantly more innovative than non-entrepreneurs (Ho and Koh, 1992; Robinson et al., 1991; Cromie, 2000). So, higher inclination towards innovativeness is expected to lead to greater entrepreneurial inclination. Therefore, the following hypothesis is elicited;

H6: Higher level of innovativeness has a positive influence on entrepreneurial inclination.



IV. Methodology

Research Design

This study set up deductive approach in arriving at conclusion and quantitatively analyzed the data.

Data

Both primary and secondary data was used in this study. To collect the primary data self-administered questionnaire was used. Secondary data were collected through the University Grant Commission, Census and Statistics reports and other relevant publications.

Sampling Method

Proportionate stratified random sampling method was used as the sampling method in the study and sample consist 240 students. They were selected from the four faculties of the university, namely, Faculty of Commerce and Management Studies, Faculty of Science, Faculty of Social Sciences and Faculty of Humanities.

Data Analysis

Both descriptive and inferential statistical tools were incorporated to analyze the data. Descriptive statistics summarized a set of sample observations. By using descriptive statistics it is reporting in a form of frequencies, percentages means and standard deviations. Inferential statistical techniques were used to determine relationships between variables and to identify whether differences exists amongst the variables.

Initially, the questionnaire was given to 40 respondents of the university proved with Cronbach’s alpha for the variables of the study (see table 1). It shows that the responses given by the respondents were highly reliable as the Reliability Coefficient is closer to 1 (One).

Table 1: Reliability Statistics

Construct	No. of items	CronbachAlpha values
Need for Achievement	04	0.811
Locus of Control	04	0.665
Risk Taking Propensity	05	0.659
Tolerance for Ambiguity	05	0.612
Self Confidence	04	0.853
Innovativeness	06	0.873
Entrepreneurial Intention	06	0.937

Source: Pilot Survey

After analyzing and interpreting the data of the pilot study the researcher collected data from 240 undergraduates. Exploratory analysis was conducted to test whether the data set in lined with outliers, univariate normality and multicollinearity. Table 2 shows the mean values and standard deviation of the constructs that depicts the psychological characteristics of the respondents and the entrepreneurial inclination of the respondents. High mean values were obtained for four of the constructs –need for achievement, locus of control, self-confidence and innovativeness. However, the mean value for tolerance for ambiguity and risk taking propensity was on the moderate side. From the results, mean value of 93.8009 on entrepreneurial inclination indicates that intention of the selected respondents towards entrepreneurship is partially high which is good. Furthermore, according to the observations, students do not have very high level of intention of becoming an entrepreneur, but they have considerable level of intention of becoming an entrepreneur.

Table 2: Descriptive Analysis

Construct	Mean	Std. Deviation
Need for Achievement	23.6491	2.69304
Locus of Control	22.9249	3.39868
Risk Taking Propensity	22.3616	4.54607
Tolerance of Ambiguity	23.4606	4.07910
Self Confidence	23.5500	3.22996
Innovativeness	30.9072	6.54607
Entrepreneurial Intention	93.8009	24.27544

Source: Sample Survey

Correlation analysis

Correlation values were computed among all the variables to find out whether there was any relationship among the variables. Specifically, correlation analysis was conducted between the dependent variable ‘Entrepreneurial Inclination’ with the other independent variables namely ‘NFA’, ‘LOC’, ‘RTP’, ‘TOA’, ‘SC’ and ‘INN’.

Correlations			
		Entrepreneurial Intention	Traits
Entrepreneurial Intention	Pearson Correlation	1	.676**
Entrepreneurial Traits	Pearson Correlation	.676**	1

** . Correlation is significant at the 0.01 level (1-tailed).

Table 3: Pearson Correlational Values

Correlations							
	NFA	LOC	RTP	TOA	SC	INN	Entrepreneurial Inclination
NFA	1	.329**	.213**	.244**	.523**	.351**	.788**
LOC	.329	1	.343	.218	.406	.269	.646**

	**		**	**	**	**	
RTP	.213 **	.343 **	1	.304 **	.341 **	.309 **	.767**
TOA	.244 **	.218 **	.304 **	1	.356 **	.270 **	.491**
SC	.523 **	.406 **	.341 **	.356 **	1	.425 **	.568**
INN	.351 **	.269 **	.309 **	.270 **	.425 **	1	.876**
Entrepreneurial Inclination	.788 **	.646 **	.767 **	.491 **	.568 **	.876 **	1

** . Correlation is significant at the 0.01 level (1-tailed).

Positive correlations were found between ‘Entrepreneurial Inclination’ and the other independent variables – ‘Need for Achievement’, ‘Locus of Control’, ‘Risk Taking Propensity’, ‘Self Confidence’ and ‘Innovativeness’.

Multiple Regression Analysis

The purpose of the regression analysis is to find out the significant impact or influence on independent variables of the dependent variable, (Hair, Black, Babin, Anderson, & Tatham, 2011). Thus, to identify the significant determinants of entrepreneurial intention and to test the hypotheses stated the researcher used multiple regression analysis.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.733 ^a	.784	.466	20.80303

- a. Predictors: (Constant), INN, LOC, TOA, NFA, RTP, SC
- b. Dependent Variable: Entrepreneurial Inclination

Predictors of INN, LOC, NFA, RTP and SC were significant at 5% level in the Analysis of Variance. Model summary incorporates with the analysis of the ordinary least square regression results of the model of the study. It derives the relationship between the entrepreneurial intention (dependent variable) and Need for Achievement, Locus of Control, Risk Taking Propensity, Tolerance of Ambiguity, Self Confidence and Innovativeness (independent variables) of the study. The overall model fit of the study suggesting a significant P value which is 0.000.

Further five variables are statistically significant at 5% level of significant. Positive beta coefficients of six independent variables mean that an increase of these variables brings about an increase in the Entrepreneurial Inclination. According to the data analysis and testing hypothesis six hypothesis set were accepted by testing the tool of regression analysis.

V. Discussion of Findings And Recommendations

This study was conducted to test the theoretical inferences established and to suggest some theoretical extensions for the existing literature. The entrepreneurial inclination and entrepreneurial traits relationship was tested as the theoretical testing. Confirming the theory, this study concluded that entrepreneurial traits as of a predictor entrepreneurial inclination. Also the direct positive relationship was also obtained and entrepreneurial traits and entrepreneurial inclination was associated positively as suggested by McClelland, (1965), Cromie, (2000), Dinis, et al., (2013), Minniti, et al., (2004), Yusof, et al., (2007) and Koh, (1996). Confirming this, current study said that, need for achievement and entrepreneurial inclination have positive relationship. So, all the psychological characteristics are significant under 5% level except for tolerance of ambiguity.

To be an entrepreneur, there should be expressed, behavior of individuals to become an entrepreneur or rather, entrepreneurial inclination. There is a problem with graduate employment in Sri Lanka and also there are very less number of graduate entrepreneurs in Sri Lanka. So, in this paper, university students’ inclination towards entrepreneurship is examined together with related variables of entrepreneurial traits. The purpose of this research was to examine whether university students possess entrepreneurial characteristics and whether these characteristics relate to entrepreneurial inclination. Further this study involved to identify whether student are inclined towards entrepreneurship or not, based on the psychological characteristics of the students at University of Kelaniya. In particular, the study investigates if entrepreneurial inclination is significantly

associated with the psychological characteristics of need for achievement, locus of control, propensity to take risk, tolerance of ambiguity, self-confidence and innovativeness.

Regression results at a 0.05 level of significance indicate that those who are entrepreneurially inclined have greater innovativeness, higher internal locus of control, higher propensity to take risk, higher self-confidence and high level of innovativeness as compared to those who are not entrepreneurially inclined. But, it is important to say that, higher tolerance for ambiguity has not a positive influence on entrepreneurial inclination.

Students have personality/psychological factors and characteristics associated with entrepreneurship but they do not have a high inclination towards entrepreneurship. Thus, this study concluded that, there are another factors which affect to low entrepreneurial intention of students in Sri Lankan universities. It is important to identify those factors and should facilitate them to promote entrepreneurship among university students. Because, it will help to develop the economy in Sri Lanka. Linking the educational levels and age ranges of sample respondents assessed the majority of entrepreneurs are educated in schools only for 13 years (up to advance levels). So the nature of entrepreneurial engagement and educational levels of them is assumed to have a major relationship to the high failure rates and low levels of opportunity recognition among Sri Lankan entrepreneurs.

And this study adds new knowledge to the existing body of knowledge. As per the results obtained of this study it was concluded that undergraduates in Sri Lanka actually need actions to increase their intention towards entrepreneurship and their psychological characteristics associated with entrepreneurship.

Mainly, students who have decided to become entrepreneurs in their future career, they need the necessary direction and knowledge to improve the quality of their potential future business. And having appropriate access to the entrepreneurial network after completing the degree will be benefited individually and to the country also. By giving attention on buildup multiple possibilities to enhance entrepreneurial and practical knowledge regarding the entrepreneurship is also essential. Finally, these remedies will act to bridge the gap between high entrepreneurial intention and to initiate new venture formation among undergraduates in Sri Lanka.

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