



Evaluation of Background Characteristics Affecting Entrepreneurial Intentions and Orientation among Graduate Students in the University of Isfahan

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Abstract

Identifying and enabling entrepreneurial activities is among the most important areas of research in the field of entrepreneurship. The present paper aims to identify personality characteristics which may influence entrepreneurial intentions and orientation. The data for this research is collected using a questionnaire with a combination of standard and researcher-made questions. To determine the reliability of the study Cronbach's alpha is used, calculated to be 0.90 for the entire questionnaire. Furthermore, we use structural equations modeling to test the hypotheses. The results indicate that personality characteristics have a positive and significant effect on entrepreneurial intentions and intention on orientation. However, personality characteristics do not influence entrepreneurial orientation.

Keywords: entrepreneurship, entrepreneurial intentions, entrepreneurial orientation, personality characteristics

1- Introduction

Entrepreneurs have a profound effect on the economy and its growth in different countries and they are often regarded as the engines for economic prosperity. There is no doubt that entrepreneurs significantly help economies, societies and mankind in general, especially by creating jobs. Creating employment opportunities is an issue which has received considerable attention from the government of the Islamic Republic of Iran.

There is a consensus among experts that entrepreneurs are made, not born. Thus, we can train new entrepreneurs. This, however, requires us to identify characteristics that distinguish entrepreneurs and focus on developing them. Since personality traits impact on entrepreneurial intentions and orientation, we attempt to investigate existing relationships in graduate students at the University of Isfahan.

2- Literature Review

2-1- Views on entrepreneurship

It is imperative that entrepreneurs participate in activities which not only create job opportunities for themselves but also allow others to be employed as well. In order to make this possible, background characteristics need to be identified and developed. Doing so allows entrepreneurs to implement their ideas, resulting in economic prosperity, sustained growth, increased exports, etc. McStay (2008) divides previous research on entrepreneurship into three categories.

Trait approaches: assume entrepreneurs have unique characteristics, need of achievement, need for power, need to affiliate, and internal locus of control, which distinguish them from others. Dej (2007) provides a list of personality traits associated with entrepreneurial intentions and orientation: (1) need of achievement the need to be successful, (2) locus of control, showing the person's sense of responsibility, (3) risk taking, which determines how much a person is willing to risk, (4) tolerance of ambiguity, showing an individual's ability to make decisions without complete information, (5) creativity, a person's tendency to try new things as well as trial and error, (6) need for autonomy, the need to remain independent and in control, and (7) self-efficacy, optimistic self-beliefs to cope with various difficult demands.

Behavioral approaches: consider entrepreneurs as founder of organizations, teams, and the likes, who have high self-esteem and are able to see and take advantage of opportunities others simply ignore. Whereas trait approaches try to determine who becomes an entrepreneur, behavioral approaches focus on the prerequisites of entrepreneurial behavior. In other words, behavioral approaches consider what entrepreneurs do.

Cognitive approaches: focus on the entrepreneurial perception and how nature is interpreted. This is a relatively new and growing view. Cognitive measures are based on unobservable behaviors and are useful in understanding the human mind (1990). Researches on cognitive processes in entrepreneurs try to gain a better understanding of how they think (2007) and process information (2004).

2-2- effect of personality characteristics on entrepreneurial intentions

Shapero (1982) argues that entrepreneurial intentions stem from a perception of rationality and logic in an action. These intentions can be affected by social and cultural factors. Intention is considered as a vital factor in that it influences the decision to take new risks (1988). Previous studies take to main approaches to analyzing intentions: (1) cognitive i.e. considering personality traits and (2) environmental. The first group of variables which psychologists focus on is personality and psychological variables including mind challenge, need of achievement, risk tendency, creativity, sense of invincibility, internal locus of control, and need for autonomy. By analyzing these traits, researchers have shown that they generally exist in entrepreneurs, causing them to be different from the rest of the population (Abbey, 2002).

2-3- effects of entrepreneurial intentions on entrepreneurial orientation

Intention is a mind state which guides an individual's intents and thus his path to achieving a goal (Bird, 1998). Any behavior planned based on intention is predictable using behavior not perception (Bagozzi et al. 1989). Therefore according to sociopsychology literature, intention is the only predictor of planned behavior. This is more often the case when the target behavior is rare, hard to observe and with unpredictable intervals between occurrences (1991).

The relationship between intention and entrepreneurial orientation has been considered in previous studies, most significantly by Ajzen (1991) who focused on the theory of planned behavior. This theory states that intention is the best predictor for behavior and entrepreneurial intention is the locus of understanding the entrepreneurial process (Kruger, 2004).

Based on the presented review of literature, the following is hypothesized:

H₁: Personality traits have a significant effect on entrepreneurial intentions in Isfahan University graduate students

H₂: Personality traits have a significant effect on entrepreneurial orientation in Isfahan University graduate students with entrepreneurial intentions as the intermediate variable.

3-Methods

3-1- Population and sample

This is an applicative survey with descriptive data collection conducted on graduate students of the University of Isfahan. A field study along with a review of literature make up the data collection stage. We consider entrepreneurial orientation as the independent variable, personality characteristics as dependent and entrepreneurial intentions as mediating. 420 copies of the study's standard questionnaire were distributed among the participants, of which 360 were acceptable upon return. The questionnaire consists of two sections. The first section assesses demographic variables such as age, gender, education, and marital status. The section, on the other hand, focuses on study variables. Answers are given on Lickert scale of 1 (completely disagree) to 5 (completely agree). Table 1 presents the demographic variables of the study.

Table 1: Demographic Information

	Variable	frequency	Frequency Percent		Variable	frequency	Frequency Percent
Education	MA	331	91.9	Gender	Male	157	43.6
	PhD	16	4.4		Female	203	56.4
	Unspecified	13	3.6	Marital Status	unmarried	304	84.4
					married	44	12.2
					Unspecified	12	3.3

3-2- Study variables

Content validity of the questionnaire was verified by experts in the field of entrepreneurship. To determine the reliability of the test, Cronbach's alpha was calculated using an initial sample of 30 questionnaires, giving a result of 0.90. Cronbach's alpha for individual variables can be seen in Table 2.

Table 2: Cronbach alpha coefficients

Variables evaluated	Cronbach alpha coefficient
Goal achievement	0.70
Risk Taking	0.74
Creativity	0.80
Control Center	0.72
Independence	0.71
Form of mental	0.81
Invincibility	0.73
Entrepreneurial intentions	0.84
Entrepreneurial orientation	0.87

3-2-2- Conformity analysis

Multiple indices were used to determine the correctness of the proposed model. With acceptable values for Chi-square and p, we can deduce that the models in this study are suitable.

The RMSEA of the models falls between 0.03 and 0.09 (near zero), with GFI and CFI values both above 0.9, all of which are desirable.

Table 3: Results of confirmatory factor analysis

<i>construct</i> \ <i>Index</i>	<i>RMR</i>	<i>CFI</i>	<i>P</i>	<i>GFI</i>	<i>RMSEA</i>	<i>CMIN</i>
Personality Characteristics	0.013	0.993	0.141	0.990	0.038	12.228
Entrepreneurial intentions	0.010	0.999	0.295	0.997	0.025	2.443
Entrepreneurial orientation	0.002	1.000	0.715	1.000	0.000	0.134
appropriate amount	0	>0.9	>0.05	>0.9	0.03-0.08	0

3-3 Structural equations modeling

To determine the fitness of the structural equation model, the CMIN statistics as well as other criteria for model fitness were determined. The results are shown in Table 4.

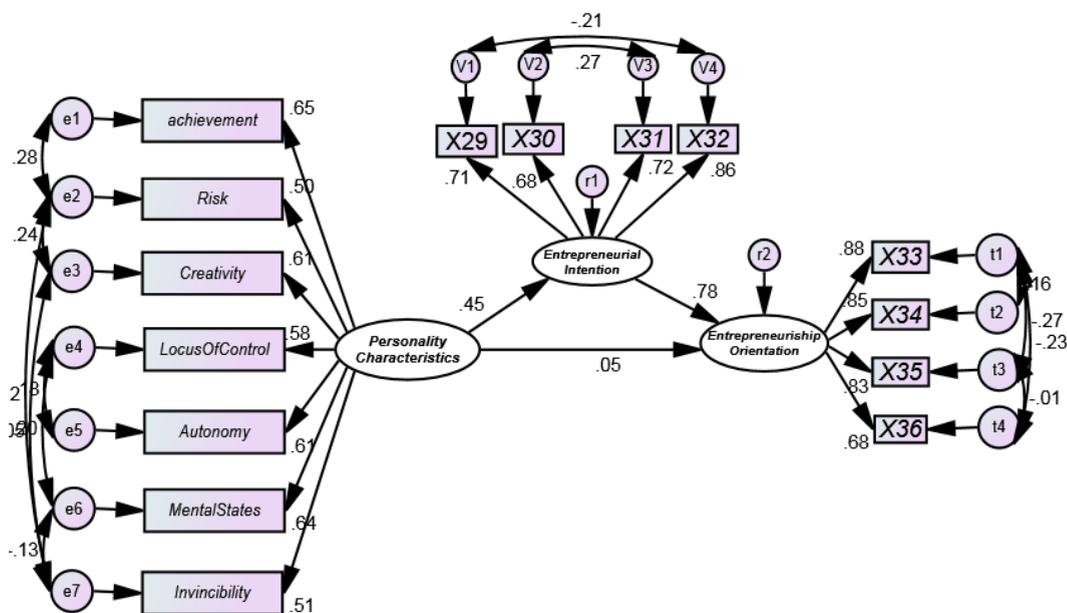


Figure 1. Coefficient diagram for the structural equations model.

Table 4: Structural equation models of the fitness criteria

CMIN	CMIN/DF	P	GFI	RMR	CFI	RMSEA
127.689	1.725	0.000	0.955	0.037	0.997	0.03

The final model is obtained by correlating the error variables of the model. Figure 1 presents this model. Output generated by Amos for standard model estimation proves the structural model to be suitable. The RMSEA is near zero and CFI and GFI are both above 90. Finally, RMR value is near zero as well. The results of testing the hypotheses are presented in Table 5.

Table 5: Results of hypothesis testing

Hypotheses	P Value	regression coefficient	Indirect impact	Direct impact	Test result
Personality characteristics on entrepreneurial intentions	0.000	0.451	0.000	0.451	Accept
Personality characteristics on entrepreneurial orientation	0.392	0.399	0.354	0.046	Reject

At a significance level of 0.05 if the significance value of the table is below 0.05 the relationship between each pair is confirmed.

4- Results and Suggestions

According to initial data analysis for the first hypothesis, the regression coefficient is equal to 0.451. This hypothesis is proven with a confidence level of 0.95. The results of this study are in accordance with

similar studies such as Bonnett and Furnham (1991) as well as Hill and Litch (2003), who found that personality characteristics affect entrepreneurial intentions.

According to initial data analysis for the first hypothesis, the regression coefficient is equal to 0.399. This hypothesis is proven with a confidence level of 0.95. We can therefore say entrepreneurial intentions among graduate students at the University of Isfahan affect entrepreneurial orientation. This is in contrast with what Nabi and Holden (2008), who considered the effect of intention on entrepreneurial orientation; Ajzen (1991), who focused on the relationship between intention and starting a business; and Kruger (2004), who regarded intention as the best predictor for behavior.

As the H_1 was proven, we suggest that entrepreneurship courses be added to the curriculum for all students, so that they can realize their potential and, as statistics show, become more active entrepreneurs. Furthermore, a lot can be done to improve personality characteristics for instance refusing to ask for help in order to become more autonomous or disobeying certain regulations, something entrepreneurs are famous for. In fact such behavior implies growing up independently for many reasons such as family culture. Students can be encouraged to set harder to achieve goals, pay less attention to job security, and make decisions without complete information so that they become better risk takers. Creativity can be nurtured through new ideas, critical thinking, and readiness to change.

Because H_2 was disproven, we suggest universities support any new ideas students may have, whose economic value has been proven, so that they can fully experience the commercialization of their ideas, which is enabling entrepreneurial intentions. To do this, Isfahan University can empower existing centers to support students in turning their ideas to reality and strengthen the tie between the university and industries. It is worth mentioning that in case the university lacks the necessary resources, such as budget, it should work closely with centers outside the university.

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