

Entrepreneurial Intention of Undergraduates in Sri Lanka With References to Selected State Universities

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Abstract – The purpose of the study was to examine the entrepreneurial intention of Undergraduates in Sri Lanka with reference to selected state universities. The variables which considered as independent were fear to failure, network availability, entrepreneurial experience and family support. Entrepreneurial intention was considered as the dependent variable. The management students who are akin entrepreneurship discipline at state universities were the population and out of them, 400 undergraduates were selected as sample based on simple random sampling techniques. A self-administrated close ended questionnaire was used for the data collection and the data was analyzed SPSS across correlation and regression tests. As per the correlation analysis, all four variables had statistically significant associations with the dependent variable, however, the association had fear to failure variable with entrepreneurial experience was negative in Sri Lankan context. The light of the regression analysis indicated that there are statistically significant impacts of fear to failure, network availability and family support on undergraduate entrepreneurial intention in Sri Lankan universities.

Key Words: Fear to failure, Network availability, Entrepreneurial experience, Family support. Entrepreneurial intention.

INTRODUCTION

It is possible to have thousands of brilliant ideas in an ones' mind, but he misses the boat, as long as the idea is not converted into a commercial product that is embraced by people. The creative mindset often stimulates people to look forward and having a unique straightforward vision for their future, however, the dreaming would not be possible to build up such a direction unless it is commercialized. The idea born in a mind that cannot be implemented, die as an idea in an original form. In this scenario, product planning which means drafting dream into a good and deciding how to use technology in a given product is essential to have a better future than the present, then only public receive benefit of the technology. This is the situation where the entrepreneurship is needed. The person who connects ideas with the technology and the market is called as an entrepreneur.

Entrepreneurship has been receiving the greatest attention around the world especially after the World War II, where it was highly demanded to conquer the challenge of rebuilding the economies of winners and losers. Nevertheless, the demand had on the entrepreneurs since centuries ago, still has the same content but different forms. The world economic crisis and political instability occur time to time, swell the demand has on entrepreneurship even in today's environment. Resulting, it is now recognized as an important driver of productivity, innovation and even job creation for both economic and social developments (Audretsch, 2012). It is considered as a fundamental solution to the problems faced by many developing countries such as low economic growth, high unemployment, and high balance of payment with less export (Karimi, Chizari, Biemans, & Mulder, 2010). Hence, entrepreneurship has been receiving an increasing global attention and is given a national priority of countries irrespective types of economy and level of development. In this context, encouraging entrepreneurship will be timely important and primary duty of the nation to strive the economy in a volatile environment.

Universities as centers of creating qualified graduates for the economy has an inevitable responsibility to make them suitable to take the burden of the economy on their shoulders, by different programs that promote invention, innovation, risk-taking which are at top leading skills category in entrepreneurial development. At present, 15 Sri Lankan state universities give around 25000 placements for the students each year under different disciplines. On the other hand, about four folds of students who got a placement at the state universities entered to private universities and technical colleges annually for tertiary education. These all students irrespective of types of universities and degree programs enrolled, received some sort of education about entrepreneurship skills, but the majority of them prefer to start their career attaching either to public or private institutions as a monthly earning employee. The problem has already become serious due to slower economic growth compared to the graduation rate that raised unemployment among the graduates and stimulated many social, economic problem and brain drain in the country. The situation can be effectively addressed strategically changing the mindset of undergraduates to start his or her own business rather

working as a paid employee. Accordingly, increasing entrepreneurial intention among undergraduate will lead the country to long-term prosperity and development. So, the aim of this study was to examine the impact of factors affecting entrepreneurial intention of undergraduates in Sri Lanka.

Literature Review

Entrepreneurship, in the development process, plays an important role and is widely applied around the world, but there is no a common agreement among parties about that what entrepreneurship is or even who entrepreneur is. So, defining entrepreneurship and entrepreneur is a difficult and intractable task. However, Miller (1983) seems to have conquered the challenge and defined entrepreneurship as an organizational level phenomenon that focuses on innovation, risk-taking, and proactiveness. The entrepreneurial intention would be the first step in the long process of venture creation (Linan & Chen, 2009). Within an entrepreneurial context, the intention has defined as "a self-acknowledged conviction by a person that they intend to set up a new business venture and consciously plan to do so at some point in the future" (Thompson, 2009). It is a kind of plan embed in entrepreneur's mind about a way that a business is started, expand and even developed to a greater extent. That curiosity makes entrepreneur strong to be the different absorbing high risk to a level which others' hesitate. The entrepreneurial intention is determined by multiple factors in and around a person in which fear is at top of the list that arranged factors in a descending order. The most common fears among entrepreneurs are called the fear of failure (Bosma, Jones, Autio, & Levie, 2008). It has been identified as a significant barrier to entrepreneurial activity. The Global Entrepreneurship Monitor (GEM), the world's largest study of entrepreneurial activity, defined fear of failure as a strong inhibitor for seizing opportunities and transforming entrepreneurial intentions into entrepreneurial actions (Cacciotti, 2015). However, a strong social network of a person often plays an imperative role in developing entrepreneurial intentions among peoples (Kefela, 2011). The network is a set of actors and a set of linkages between persons, organizations, and entities that opens individual new markets, access to a variety of resources and business opportunities (Hoang & Antoncic, 2003). The professional network allows individuals to contact with potential product buyers, product suppliers, employees and even competitive entrepreneurs. Entrepreneurial networks are a mixture of social and professional connections these all are bounded by trust and loyalty (Anderson, Jack, & Dodd, 2005). Having a favorable attitude toward social networking is needed before engaging in and use it for business purposes (Taromina & Lao, 2007). In business, a strong social networking is often viewed as a useful way to achieve company goals and objectives (Neergard, Shaw, & Carter, 2005). The experience that represents ones' tacit knowledge, is one of the most important human capital of an entrepreneur. A

person who has worked in the different organization are often full of different experiences, knowledge, and skills that help him to start a business his own way and solve business problems innovatively and effectively with a minimum impact on connected parties. The experience not only makes the wealth of entrepreneurs and self-efficacy but also have a much more important impact on entrepreneurs' judgment about how to create and operate a new venture (Jenkins, Wiklund, & Brundin, 2014). Moreover, working experience of a person provides him valuable, irreplaceable resource advantages which are difficult to copy and imitate (Davidsson & Honig, 2003). Family plays an important role in new venture creation, venture growth, and venture success (Arregle, Batjargal, Hitt, Webb, Miller, & Tsui, 2015). Family support makes two types as instrumental support and emotional support. Strong family instrumental support can free up entrepreneurs' time and energy that can be further devoted to the venture to support its survival (Greenhaus & Powell, 2006). As well as the strong family emotional support can increase entrepreneurs' confidence in completing the business tasks (Zhu, et al.2017). Students whose family members are entrepreneurs have more likely to start their own businesses (Tarling, Jones, & Murphy, 2016).

METHODOLOGY

Entrepreneurial intentions of undergraduates in Sri Lanka is a basic, quantitative type, a causal study that applied deductive reasoning method and field survey research strategy to address the research problem. The conceptual framework was filtered down from extensive literature survey with four independent variables and one dependent variable. According to the framework, fear to failure, network availability, entrepreneurial experience and family support were the independent variables and entrepreneurial intention was the dependent variable. Based on the framework and empirical findings presented at literature review, following four directional hypotheses were developed to address the research problem.

- H1. There is a negative impact of fear on failure on the entrepreneurial intention of undergraduates in Sri Lanka.
- H2. There is a positive impact of network availability on the entrepreneurial intention of undergraduates in Sri Lanka.
- H3. There is a positive impact of entrepreneurial experience on the entrepreneurial intention of undergraduates in Sri Lanka.
- H4. There is a positive impact of family support on the entrepreneurial intention of undergraduates in Sri Lanka.

The study based on four state universities out of them Rajarata University and Wayamba University represented regional developing universities category and the University

of Sri Jayewardenepura and Colombo represented developed metropolitan university category in Sri Lanka. The management students who are akin entrepreneurship discipline in four universities were the population and out of them, 400 undergraduates were selected as sample based on simple random sampling techniques. The self-administrated structured questionnaire with 53 items was used for the data collection. The questions of the questionnaire were in three sections. Section A consisted of personal data of the respondent. In addition to that, a range of five-point Likert scale questions was included in section B to assess the four independent variables. Section C also consisted with five-point Likert scale questions to measure entrepreneurial intention of the respondents. The Likert scale of the study ranged from 1 to 5 where 1 was used to denominate "strongly disagree" and 5 to "strongly agree". Researchers themselves involved in data collection process distributing questionnaires to the students at classrooms at four universities. The collected data were analyzed using SPSS statistical software. Validity and reliability tests were applied to ensure the face and content validities with reliability. Descriptive statistics and inferential tests were deployed to test the research hypotheses.

Data Analysis

A study distributed 400 questionnaires among the Management undergraduates in four selected universities and 386 questionnaires returned showing 96.5% response rate that was high as researchers themselves involved in data collection process. However, a few incomplete questionnaires were dropped and completed 360 were processed for the analysis. Face and content validity of the questionnaire was ensured through a sound literature background. The overall Cronbach Alpha value of the test was 0.775 that was higher than the standard value 0.7 that ensured a higher level of internal consistency among the items (Hair, 2008).

A slight view of the sample was drowning on the descriptive statistics. As per the descriptive analysis, it was found that majority of the sample was female (62.7%) and the majority was not from business related family backgrounds (72.7%). The sample has fairly distributed among all four universities: University of Colombo (26.1%), University of Sri Jayewardenepura (25.2%), Rajarata University of Sri Lanka (26.4%) and Wayamba University of Sri Lanka (22.4%) that much of fair distribution belittle regional biases and context influences. Further, the sample has fairly spread over four academic years at the universities.

Table 1: Descriptive Statistics

Variable	Mean Value
Fear of Failure	2.05
Network Availability	3.64

Experiences	3.28
Family Support	3.51
Entrepreneurial Intention	3.53

According to the descriptive statistics presented in table 01, the mean values of network availability, family support, and entrepreneurial intention were 3.64, 3.51 and 3.53 respectively. It indicates that undergraduate of four universities having a relatively higher network, family support, and entrepreneurial intention. However, the mean experience of undergraduate about entrepreneurial activities at four universities were 3.28, it delineated that undergraduates at four universities have moderate experience about entrepreneurial activities. Interestingly, it was noteworthy to mention here that the mean fear of failure of undergraduate at four universities was 2.05. It evidenced the likelihood of respondents to have a risk in business activities.

Table 2: Correlation Analysis

Variable	EI	FF	NA	EX	FS
(EI)	1				
(FF)	-0.484*	1			
(NA)	0.483*	-.507*	1		
(EX)	0.430*	-.437*	.554*	1	
(FS)	0.522*	-.320*	.549*	.543*	1

* Significant at 0.05 level

Entrepreneurial Intention **(EI)**, Fear of Failure **(FF)**, Network Availability **(NA)**, Experiences **(EX)**, Family Support **(FS)**

The associations between independent and dependent variables were measured through the correlation test conducted. According to the test, correlation result presented in table 02, the correlation coefficient of network availability, entrepreneurship experience, and family support were 0.483, 0.430 and 0.522 respectively. As well as their respective sig. values were less than 0.05 levels. It delineated that network availability, entrepreneurship experience, and family support have statistically significant associations with the entrepreneurial intention of undergraduates at four universities, but the association between fear to failure and entrepreneurial intention of undergraduates was negative but significant at 0.05 level.

Regress Analysis

A regression test was conducted to test the research hypotheses and the generated result is presented at below table 03. To check the multicollinearity, the study estimated

the Variance Inflation Factor which ranges for the test from 1.412 to 1.865 and was well below the critical value 10 where multicollinearity does not have presence. The problem of heteroscedasticity also does not exist in the data set as Durbin Watson value (1.858) gets closer to the critical value 2. The explanatory power (R²) of the model 39.7. Accordingly, 39.7 % variation of undergraduate entrepreneurship intention is explained by the developed model in Sri Lanka.

Table 3: Regression Analysis

Variable	Coefficient	T value	Sig. Value
Constant	2.644	6.597	.000*
Fear to failure	-.536	-5.693	.000*
Network availability	.166	2.084	.038*
Entrepreneurship experience	.036	.966	.331*
Family support	.362	6.051	.000*

Dependent Variable: Entrepreneurial Intention
*Significant at 0.05 level

As per the regression result presented at table 03, the regression coefficient of fear to failure was -0.536 and it was significant at 0.05 level. Therefore, a study accepted hypothesis one: there is a negative impact of fear on failure on the entrepreneurial intention of undergraduates in Sri Lanka. Accordingly, fear of failure has a negative impact on the entrepreneurial intention of undergraduates in Sri Lanka. Resulting when increasing fear to failure by one percent it will reduce entrepreneurial intention of undergraduates in four universities by 0.536 percent. As per the test result, regression coefficients of network availability and family support were .166 and .362 respectively and both were significant at 0.05 level. Resulting, a study accepted hypotheses two and four. Accordingly, changes in network availability and family support by one percent lead to change the entrepreneurial intention of undergraduates by .166 and .362 respectively. However, the impact of entrepreneurship experience on the entrepreneurial intention of undergraduates was not statistically significant in Sri Lankan context. Accordingly, the study did not accept hypothesis three that there is a positive impact of entrepreneurial experience on the entrepreneurial intention of undergraduates in Sri Lanka.

Conclusion and Recommendation

The study examined the entrepreneurship intention of undergraduates in Sri Lanka based on the data collected from four state universities naming the University of Colombo, Sri Jayawardanapura, Rajarata and Wayamba. The impact of undergraduates' fear to failure, available network, entrepreneurial experience and family support were examined across 360 responses of management students at four selected universities. As per the correlation analysis, all

four variables had statistically significant associations with the dependent variable, however, the association had fear to failure variable with entrepreneurial experience was negative in Sri Lankan context. The light of the regression analysis indicated that there are statistically significant impacts of fear to failure, network availability and family support on undergraduate entrepreneurial intention in Sri Lankan universities. The findings matched with many previous studies such as Kebaili et al (2017); Kuckertz & Wagner (2010); Long & Dong (2017); Pruett et al (2009); Quan (2012); Quan, (2014) and Shinnar et al (2012). However the impact of entrepreneurial experience on undergraduates' entrepreneurial intention was not significant at 0.05 level, the reason might be the fact that the number of entrepreneurial experiences does not necessarily affect the performance of the new venture.

Based on the findings study recommends universities to organize and launch continuous entrepreneur training programs for the undergraduates during their academic period to eliminate the notion that fear of failure in businesses through experienced and well-known entrepreneurs in Sri Lanka. The program should cover ideally how do they deal with customers, how do they manage financial, human and physical resources, how do they get the business decision through their previous experience, how do they face business risk and market completion and finally how do they achieve their business goals. The further study recommends universities to organize business forums and workshop to building existing student network with the businessmen of the country. That network will shading undergraduate ample of opportunities to start their own business after graduation.

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