



# **FACTORS AFFECTING ENTREPRENEURIAL INTENTION OF STUDENTS: AN EMPIRICAL STUDY OF COIMBATORE DISTRICT.**

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## **Abstract**

Entrepreneurship leads to the creation of small and medium scale businesses, providing employment opportunities, income generation, uplifting of standard of living, and utilisation of human, material and financial resources of a country in the right direction. An attempt has made this research paper to identify the factors affecting entrepreneurial attitude of the college students. To examine the hypothesis data were collected through questionnaire. Statistical analysis shows the factors influencing entrepreneurial attitude of the college students. Findings of the study explains the degree of impact of Factors of entrepreneurship on awareness level of the students towards entrepreneurship which indicates there is significant impact of Factors of entrepreneurship on awareness level of the students towards entrepreneurship. The study suggested that the undergraduates should be motivated by the government official, non-government organization and financial intermediaries to give the financial assistance, marketing infrastructure, other infrastructure like information technology, advising or consultancy services to enhance the intention level towards entrepreneurship.

**Keywords:** *Entrepreneurship, Employment opportunities, start-ups, Awareness and Attitude etc.*

## **Introduction**

Growth, progress, development always remain as the primary aim of any nation. Entrepreneurship can change the face of development of any country. It can lead any country, any nation to the path of growth and development. By encouraging entrepreneurship in the young generation, their passion, creativity, innovation, skills, hard work can be utilized for the economic growth of any nation. Researchers have shown that

entrepreneurship is generally with individuals who have unique characteristics of personality and abilities (Gartner, 1990). Along with this, youth entrepreneurship has been fascinating and is also becoming quite important because of the indigenous solutions offered in coping with economic disadvantage (De Clercq and Honig, 2011 as cited in Green, 2013). Seeing the immense benefits associated with the growth of entrepreneurship, it can be said that there is an increasing need for any country to have entrepreneurs, who by generation of new ideas and also further by commercialization of the same, pave way for an overall development. The need of the hour is the development of an entrepreneurial mindset among the youth. Young people who are able to become successful entrepreneurs will set an example in front of others and so will act as a motivating force for others to have an inclination towards entrepreneurship. Goss (2008) is of the view that the concept of entrepreneurial motivation basically represents a combination and blending of the three components which are social, technical and emotional. If these three constituents are given proper and balanced importance it can prove to be of immense help in leading people towards opting for entrepreneurship. The literature on entrepreneurship shows that many of the researchers have focused on student entrepreneurship. Entrepreneurship is often thought as a subject for students in various disciplines but at the same time they are inclined towards job security and regular employment even in private sector. The awareness and attitude towards entrepreneurship are likely to shape their inclination to start a business in the future. So through this study we try to find out the factors affecting entrepreneurial attitude and awareness which have an impact on entrepreneurial intention of students.

## ENTREPRENEURIAL INTENTION

Entrepreneurial intentions have been shown as one of the deciding factor for entrepreneurship Attitude and Awareness (Kolvereid and Isaksen, 2006). It has often been considered as the pioneering step while entering into the field of entrepreneurship (Gartner et al, 1994). Various researches have been successful in identifying and bringing to the forefront, several dimensions of Entrepreneurial Intentions which are gender (Hatak et al, 2015; ), personality (Crant, 1996; Pillis and Reardon, 2007; Zhao et al, 2010), risk taking (Zhao et al, 2005), a contact with entrepreneurial activity etc. Researchers have also identified three components which have acted as triggering agents of entrepreneurial intentions. They are an individual's attitude towards the behaviour, perceived social norms such as the thinking of relevant groups, family, friends etc and also the self-efficacy of an individual (Davidsson, 1991; Krueger et al., 2000; Hamidi et al, 2008). Researchers over time have been involved in studying whether the concept of entrepreneurship can be taught, developed and enhanced. Entrepreneurship education has turned out to be a significant factor which helps in developing Entrepreneurial orientation (Gorman et al, 1997). Entrepreneurship education is defined as the process by which attempts are made regarding providing individuals with the various concepts and skills which help them to recognize the enormous opportunities and also to have the insight and a kind of self-esteem which stimulates them to act in those fields and areas where others have not (McIntyre and Roche, 1999 as cited in Zhang et al, 2014). (Hills 1988) propounded that one of the primary objectives to be achieved from entrepreneurship education is to increase the awareness regarding the concept of entrepreneurship and also an understanding of the process. Another goal

which should be achieved from entrepreneurship related education is to develop amongst the students an orientation that entrepreneurship can be taken as a career option just like other careers. The recent growth in the teaching of entrepreneurship as a discipline or as field of study has started gaining acceptance because nations have realised that entrepreneurship is extremely important for economic growth (Arthur et al., 2012).

### **Factors of entrepreneurship**

While entrepreneurship is considered to be one of the important factors that affect development of nations and regions (Steward and Boyd, 1988, Kindleberger, 1965; and Lewis, 1970), there are also very many reasons that have had an influence on entrepreneurship and entrepreneurial venture outcomes in different regions and States. While resources and the economy and the market have been considered important for start-ups, there have been always many other things that go un-noticed that have helped people start entrepreneurial ventures of manufacturing and service and scale them up. This following factors were found from existing literature which has been influenced the entrepreneurship intention of the students such as;- Uncertainty& Risk Taking, Family background, Entrepreneurial training by the Government, Ease Availability of loans and schemes from the supporting Bodies, Self -Confidence, Infrastructure facility, Available of Man power, Available of Raw material and Marketing viability. Thus, the study used the above factors for testing the framed objectives.

### **Review of Literature**

Entrepreneurial competences as set of integrated abilities which help entrepreneurs in implementing their entrepreneurial activities. Apart from this, considerable research is going on to study the various variables which have an effect on individual's decision to go for entrepreneurship. McClelland in 1961 brought into forefront the concept of Need for Achievement and since those times, this has been widely accepted and acknowledged as a trait present in individuals who have an entrepreneurial orientation. (Choo and Wong 2006) in their research over the factor which were acting as stimulants for entrepreneurship found that the most important factor which is responsible for an entrepreneurial bent of mind is the need to challenge oneself. After this another factor which was almost approaching significance was a 'passion to realise ones dream and to make use of the creativity which is present in an individual. The cognitive approach has attained significant attention and researches have been there to study its impact (Baron, 2004 as cited in Linan et. al, 2010). Coming to the concept of entrepreneurial intentions of university students, (Peng et. al, 2012), quote it as 'a mental orientation such as desire, wish and hope influencing their choice of entrepreneurship'. (Chen et al. 1998) in a research on the students belonging to business and psychology branches found the presence of a positive relationship between the concept called as entrepreneurial self-efficacy and entrepreneurial intentions. (Hamidi et al 2008) through their work have tried to highlight the role of creativity as an antecedent of entrepreneurial intention. (Peng et al 2012) saw that the entrepreneurial intentions of an individual can be used to predict their entrepreneurial behaviour. Their study further concluded that university students have strong entrepreneurial intentions. However there are a few other factors which have an influence on these intentions. In their research, they have divided the factors influencing

the entrepreneurial intentions into three categories. They are psychological factors such as personality, attitude, subjective norm, level of expectations, self-efficacy; family background factors such as role molding perspective along with the believe the parents have in their children; social and environmental factors such as legal framework and also the level of government support. (Ozaralli and Rivenburgh 2016) in their research found that there exists a significant relationship among entrepreneurial intention and various personality attributes such as optimism, innovation along with risk-taking ability. (Choo and Wong 2006) in their research studied some of the factors which have been found as hindrances in start-ups. The uncertainty associated with the future also acted as an obstacle. In addition to these, lack of support from family and friends also posed as a barrier towards orientation regarding going for start-ups. Lack of knowledge and information about the start-ups and also scanty or negligible amount of skills entrepreneurial intentions. It was also observed that gender and business education do not influence entrepreneurial intentions. The attitudes like opportunity recognition and self-esteem attitude had a high impact on entrepreneurial intention. Souitaris et al (2017) conducted a research on science and engineering students to study the effect of entrepreneurship programmes on the entrepreneurial intentions. The results indicated that the most important component and benefit of such programmes is the inspiration. Such programmes have also been found to be instrumental in raising the overall entrepreneurial intentions. However no task goes smoothly as expected. There have been certain hindrances and obstacles in providing entrepreneurship as core education. ( Basu 2014) identified six factors which have been posing as problems in teaching entrepreneurship education in India. He classifies six primary obstacles to teaching entrepreneurship in India. They are lack of institutionalization; there is a paucity of indigenous experience along with dearth of trained teachers who can actually act as mentors. The focus on the results is short term and also certain limitations with the pedagogy. Apart from all these, another problem is not considering entrepreneurship teaching as a core subject. To encounter such problems, suggests that it is very important to take and consider entrepreneurship as a basic course.

## Objectives of the Study

This study aims to investigate factors affecting entrepreneurial intention of students towards entrepreneurship. In this regard the study formulated the following objectives.

- To study the factors which influence the students Awareness level towards entrepreneurship.
- To study the factors which influence the students attitude towards entrepreneurship.

## Hypotheses

The following hypotheses were formulated to test the objectives of the study.

NH01: “Factors of Entrepreneurship does not have impact on the Awareness level of the students towards Entrepreneurship”

NH04: “Factors of Entrepreneurship does not have impact on Attitude of the students towards entrepreneurship

## Methodology

The present study attempts to find out the factors affecting entrepreneurial intention of College students in Coimbatore district. Since the research study is descriptive, it is mainly based on primary data. A structured questionnaire was used to collect the data. The data has been collected from the Students pursuing under graduate Program in the Arts and Science Colleges of Coimbatore district. Coimbatore district is selected as the universe for the study. Since the Population of the study is undefined in nature, 108 samples have been randomly chosen for this study. The researcher adopted convenient sampling method to collect the data from the population. The study used Descriptive statistics and Analysis of Variance for testing the objectives of the study.

## Results and Discussion

### Reliability Test for Data Collection Instrument

**Table1: Results of Reliability Test**

Constructs	Cronbach's Alpha Value
Awareness on Entrepreneurship	0.915
Attitude on Entrepreneurship	0.867
Factors of Entrepreneurship	0.835
Over all Reliability	0.855

Reliability is the degree to which a test consistently measures, whatever it intends to measure. A reliability coefficient of 0.70 or higher, is considered “acceptable”. Cronbach’s alpha is a measure of internal consistency, that is, how closely, a set of items are related as a group. It is considered to be a measure of scale reliability. Table1--shows the results of Reliability Test, which was conducted, to assess the consistency of the questionnaire. The reliability of the questionnaire, for each construct, was analysed by using Cronbach’s Alpha and the results are presented in the Table 1---. The Alpha coefficients for awareness level of students towards Entrepreneurship, Students attitude towards entrepreneurship and Factors of Entrepreneurship were 0.915, 0.867 and 0.835 respectively. These results suggesting that these items recorded relatively high internal consistency and hence the instrument was fit for further analysis. The overall reliability, consisting of all the constructs and items, was found to be 0.855. This indicated that data collection instrument was 85.5% reliable.

## FACTORS INFLUENCING ON AWARENESS LEVEL OF THE STUDENTS TOWARDS ENTREPRENEURSHIP

**Table-2:Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.262 <sup>a</sup>	.069	.061	.69954

**Table-2** Presents the results of model summary which highlights the model fitness, considering awareness level of the students towards Entrepreneurship as dependent and Factors of Entrepreneurship as independent variables. The ‘R’ indicates the degree of relationship between the two variables. It is to be noted that 26.2% relationship was noticed between Awareness Level and Factors of entrepreneurship. Further, the R square value indicates the extent to which Awareness level explains factors of entrepreneurship. In the model, 6.9% of variation in factors of entrepreneurship is explained by Awareness level.

**Table-3:Results of ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4.306	1	4.306	8.800	.004 <sup>b</sup>
Residual	58.234	119	.489		
Total	62.540	120			

**Table-3** explains the results of ANOVA of the model proposed. The ‘F’ Statistic value was found to be 8.800 which are significant at 5% level. Therefore the **NH01: “Factors of Entrepreneurship does not have impact on the Awareness level of the students towards Entrepreneurship”** is rejected.

**Table-4:Coefficient Analysis**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.099	.338		6.205	.000
Factors of entrepreneurship	.320	.108	.262	2.966	.004

**Table-4** shows the findings of co-efficient analysis which explains the degree of impact of Factors of entrepreneurship on awareness level of the students towards entrepreneurship. The dependent variable in the model bias is awareness level of the students towards entrepreneurship and the independent variable is Factors of entrepreneurship. The 'p' value is significant at 5% level which indicates there is significant impact of Factors of entrepreneurship on awareness level of the students towards entrepreneurship. The value of standardized Beta was found to be 0.262 which indicates that 26.2% awareness level of the students towards entrepreneurship are influenced by Factors of entrepreneurship.

## FACTORS INFLUENCING ON ATTITUDE OF THE STUDENTS TOWARDS ENTREPRENEURSHIP

**Table -5:Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.331 <sup>a</sup>	.110	.102	.63958

**Table-5** Presents the results of model summary which highlights the model fitness, considering Attitude of the students towards entrepreneurship as dependent and Factors of Entrepreneurship as independent variables. The 'R' indicates the degree of relationship between the two variables. It is to be noted that 33.1% relationship was noticed between Attitude of the students towards entrepreneurship and Factors of Entrepreneurship. Further, the R square value indicates the extent to which Attitude of the students towards entrepreneurship explains Factors



of Entrepreneurship. In the model, 11% of variation in Factors of Entrepreneurship is explained by Attitude of the students towards entrepreneurship.

**Table-6:Results of ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	6.000	1	6.000	14.666	.000 <sup>b</sup>
Residual	48.679	119	.409		
Total	54.678	120			

**Table-6** explains the results of ANOVA of the model proposed. The ‘F’ Statistic value was found to be 14.666 which are significant at 5% level. Therefore the **NH04: “Factors of Entrepreneurship does not have impact on Attitude of the students towards entrepreneurship”** is rejected.

**Table-7:Results of Coefficient Analysis**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.957	.309		6.330	.000
Factors of Entrepreneurship	.377	.098	.331	3.830	.000

a. Dependent Variable: Attitude of the students towards entrepreneurship

**Table-7** shows the findings of co-efficient analysis which explains the degree of impact of Factors of Entrepreneurship on Attitude of the students towards entrepreneurship. The dependent variable in the model bias is Attitude of the students towards entrepreneurship and the independent variable is Factors of Entrepreneurship. The ‘p’ value is significant at 5% level which indicates there is significant impact of Factors of Entrepreneurship on Attitude of the students towards entrepreneurship. The value of standardized Beta was found to be 0.331 which indicates that 33.1% Attitude of the students towards entrepreneurship are influenced by Factors of Entrepreneurship.



## Conclusion and Implication

The following factors were influenced awareness level and attitude towards entrepreneurship which has found from the various existing literature such as:- Uncertainty & Risk Taking, Family background, Entrepreneurial training by the Government, Ease Availability of loans and schemes from the supporting Bodies, Self - Confidence, Infrastructure facility, Available of Man power, Available of Raw material and Marketing viability. Thus the study selected the above factors for analysing the influential factors which affects the attitude and also awareness level i.e. Entrepreneurial Intention of the students towards entrepreneurship.

In the research perspective, Knowledge gap should be fulfilled by the undergraduates, because they have the tremendous business knowledge and business core competency in the fields of marketing, finance, accounting and human resource management in the systematic manner. While collecting the data, the researcher found that they were lack in practical skills in the entrepreneurship field, due to that, most of the undergraduates generally prefer the government and private sector jobs in the market after their graduation and also there are obstacles to them such as lack of financial assistance, negative attitude of people towards entrepreneur as a job title, lack of creativity idea, and lack of risk taking ability. Further, undergraduates should be motivated by the government official, non-government organization and financial intermediaries to give the financial assistance, marketing infrastructure, other infrastructure like information technology, advising or consultancy services to enhance the intention level towards entrepreneurship.

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