

Analysis of Entrepreneurial Intention Among Students in Business Schools of Bangladesh

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Abstract

The entrepreneurial intention is a state of mind directing a person's attention and action towards self-employment as opposed to organizational employment. People with higher entrepreneurial intention have a higher probability of becoming entrepreneurs. This paper has analysed the entrepreneurial intention of graduates from business schools in Bangladesh. Data are collected from university students through a self-administered survey by using a structured questionnaire. The strength of entrepreneurial intention of the students is estimated from the primary data. The effects of age, gender, and father's profession on entrepreneurial intention are significant. It has been observed from the data analysis that students have higher preference to start a new business, but the strength of entrepreneurial intention is not high. They are risk averse and most of the students prefer salaried job as a profession. The intention increases with age. If father is a business person, a student has higher intention. Females have low entrepreneurial intention.

Keywords

Business Students; Entrepreneurial Intention; Entrepreneurship; Risk Taking; Bangladesh.

I. Introduction

The role of entrepreneurs as agents of economic and social changes in a country have enhanced the importance of entrepreneurship in the process of economic prosperity of a nation. The successful new entrepreneurial ventures scale up the national income by creating new wealth and employments. Schumpeter emphasized the critical role of entrepreneurship for economic prosperity and defined entrepreneurship as the creation of "enterprise" with the objectives of introduction of new goods, introduction of new methods of production, opening of new market, the conquest of a new sources of supply and carrying out of the new organisation of any industry [1]. The entrepreneurs are those people who perform the functions of entrepreneurship. The entrepreneurs have economic value for a country because they create employment, accelerate economic growth, improve the standard of living, and innovate new products and technologies [2].

The entrepreneurs used to perform three critical roles in the free economy. First, entrepreneurs ensure the productive and innovative use of the scarce resources for sustainable economic growth of a country. A research study found that the firm size and the growth of the economy is determined by the availability entrepreneurial talents in a country [3]. Second, by creating competitiveness and innovations, entrepreneurs can ensure the success of a country or a firm in international trade. They are the actors with capacities and drives to create new organizations or change the market radically and develop the capacity to continuously tackle complex economic tasks that seem to have no obvious or immediate solutions [4]. Third, new entrepreneurs create employment for themselves and jobs for other job seekers. A study estimated that the new entrepreneurial startups created 39.7% of new jobs in the United States every year [5].

The limited supply of new entrepreneurs can be a barrier to sustainable economic growth as it may incapacitate a country to introduce innovative technologies, products, and services. Even in many innovation-driven countries of the Europe, only 1-2% of the workforce starts new business every year [6]. The motivation in people to become entrepreneur is called entrepreneurial intention. It represents stimulus in the sense of a person and conscious plan or decision to perform certain behaviour. The stronger the intention is, the more likely the behaviour will be performed. History has proved that universities and colleges are breeding grounds for enthusiastic entrepreneurs. The young people were more likely to dwell and engage in entrepreneurial initiatives that would lead them in establishing new business ventures [7]. Young university graduates demonstrate the highest propensity towards starting a firm because they combine the creativity and energy of the youth with high levels of education and mastery of technological know-how [8]. The students educated in business courses, have knowledge in establishing and managing firms engaged in economic transactions. Hence, it is expected that business graduates may have entrepreneurial intentions to form new organisations for starting businesses.

In the absence of strong entrepreneurial intention among people, it may not be possible to create new entrepreneurs by making available all financial, institutional, infrastructural, and technical supports. Stronger the entrepreneurial intention among members of a community, more is the probability to get a continuous supply of entrepreneurs. The study of entrepreneurial intention is necessary as it helps and offers a means to better explain as well as predict entrepreneurship in the country. The primary objective of this paper is to analyse the level of entrepreneurial intention among the business students in Bangladesh and the impact selected socio-demographic factors on their entrepreneurial intention.

II. Literature Review

The entrepreneurial intention can be defined as "a state of mind directing a person's attention and action towards self-employment as opposed to organizational employment" [9]. A strong intention for self-employment was the first step in the process of setting up a business [10]. The intention of carrying out a given behaviour may be affected by several factors, such as needs, values, wants, habits, and beliefs [11-12]. These variables are psychological constructs affect mindset. It is essential to understand the determinants of entrepreneurial intention and entrepreneurial decision-making processes to encourage entrepreneurship [13]. A study analysed the entrepreneurial intention of undergraduate students of Sri Lanka and observed that there was statistically significant association between the higher perceived desirability and higher entrepreneurial intention [14]. The culture was a critical component of any entrepreneurship model and affected all other determinants because culture used to influence an entrepreneur's behaviour, attitudes, and overall effectiveness [15]. The culture as determinant of entrepreneurship encouraged researchers to analyse social-psychological factors as determinants of environmental

mindset that affect the entrepreneurial intentions. The scholars involved in research of entrepreneurial intention found age, gender, education, marital status, professional history, family or profession of father, and individuals own desire about future profession were significant determinants of entrepreneurial intention.

Some studies reported that the peoples of Bangladeshi origin in the United Kingdom were less entrepreneurial than other immigrant communities. About 40 percent of Bangladeshi households in the UK was identified as low-income households [16] and they were less entrepreneurial than Indian and Pakistani origin citizens [17]. The entrepreneurship was observed as a less preferred profession (8.2%) among the BBA and MBA students at universities of Bangladesh compared to other professions, even less than teaching (11.7%) [18]. Another research paper reported that about 20 percent of students were interested to be involved in own business in Bangladesh, but it was higher among engineering students (37.7%) compared to business students (23.8%) [19]. Hence, the training in business courses may not have significant influence on entrepreneurial intention.

Age is an important determinant of entrepreneurship. The intention to be self-employed was higher among higher aged people compared to younger graduates [20]. Another study in the Republic of Serbia reported that most self-employed were between 50 to 54 years old and incidence of entrepreneurship was high in this older age range because they were more experienced in technology and management [21]. Several research studies have observed a positive influence of father's profession on the future profession of their children and children of entrepreneurial fathers used to have a higher probability to be entrepreneurs [22-23]. Family business exposure constitutes a powerful socializing influence on the mindset of family members and positively affect the entrepreneurial intent of a person [24]. Entrepreneur's parental profession plays role in entrepreneurship development in Nepal and member of business families were more interested in the formation of new businesses [25]. The gender difference in entrepreneurship is significant. An analysis of Global Entrepreneurship Monitor (GEM) data revealed that women entrepreneurship was lower than men in 43 countries, and the rate of women entrepreneurship was higher only in those low-income countries where women had no other better job opportunities than start their own businesses [26].

III. Methodology

The objective of this paper is to analyse and measure the strength of entrepreneurial intention among the business students in the universities of Bangladesh. It has measured the level of entrepreneurial intention of the students and the impact of age, gender, and family profession on the entrepreneurial intention of them. Hence the specific objectives of this paper are the following:

- To evaluate the strength of entrepreneurial intention among the business students at universities in Bangladesh.
- To analyse the attitude to accept risks by students who has willingness to become entrepreneurs.
- To comprehend how age, gender and family profession affect the entrepreneurial intention of the students.

A. Method of Analysis

An entrepreneur is an individual who organizes new business assuming financial and other risks. The entrepreneurial intention

includes two elements, willingness to start a business and to accept risks associated with it. When the entrepreneurial intention is D , a willingness to start a business W , and the risk associated with it is R , then the relationship can be expressed as follows:

$$D = f(W, R)$$

The willingness to start a business is measured in combination of two variables. First, the strength of wish to start a new business that is measured on a continuous scale between 0 and 100. Second, the planned lag between completion of study and beginning of own business measured on a weighted categorical scale where the categories are as early as possible (100), within next 3 years (60), within next 5 years (40), within next 10 years (20), and sometime in future (0). The strength of willingness is the average value of these two variables. The survey asked the respondents to know their opinion about starting a new business when there is a risk of failure because deficiency of capital and managerial preparations to organise a new business. The risk-taking propensity is measured on a weighted categorical scale where the suggested responses strongly agree (100), agree (60), not sure (40), disagree (20), and strongly disagree (0). The entrepreneurial intention measured as the following:

$$D = (W+R)/2$$

The two components of entrepreneurial intention, willingness to start a new business and risk taking, should have complementary relationship. A strong willingness without accepting proportionate risk cannot be a genuine intention. It is assumed that higher willingness encourages an individual to assume higher business risk. Hence, a functional relationship exists between the two components of intention and regression technique is used to find the nature of the relationship.

$$R = f(W)$$

Available literature, observed that entrepreneurial intention increased with age, a female is less entrepreneurial, and an individual when the father's profession was business usually had higher entrepreneurial intention. The relationship of age, gender, and father's profession with entrepreneurial intention is shown by the following functional relationship and estimated by applying multiple regression technique.

$$D = f(A, G, F)$$

Here, A is age, G is gender, F is profession of an individual's family, and D is the entrepreneurial intention as explained earlier. The entrepreneurial intention and age are continuous variables. The gender and profession of family are categorical value. In case of gender, 1 is female and 0 is male. Similarly, in case of family profession 1 represents the business profession and 0 represents non-business profession.

B. Source of Data

The study is an exploratory empirical study. It has used the survey method to collect data. The data collection instrument of this study was a self-administered structured questionnaire. According to research topic the population of this study is the business students of public and private universities of Bangladesh. However, it was impossible to cover all universities of the country. The primary

constraints were time and funding. Hence, as representative, one private university and one public university were covered in this study. The public university was University of Dhaka, and private University was the BRAC University in Dhaka. The study has adopted rules of thumb of large samples. Accordingly, the plan was to collect data from forty students of each university and the planned sample size was 80. All the respondents are MBA students of the two selected universities. The final sample size is 70 of which 38 are from Dhaka University and 32 are from BRAC University. The sampling procedure was convenient sampling.

C. Analytical Tools

The study used SPSS and MS Excel software for data procession. Regression equations are estimated by using the SPSS. The frequency distributions and graphs are processed by using both software.

IV. Findings

There are 38 females (54.3%) and 32 males (45.7%) among the sample of this study. 71.4 percent of them are unmarried. The majority of the students, 55.7 percent, have preferences for salaried jobs and the remaining 44.3 percent want to be employed in own or family business. 22 (31.4%) of the respondents' father's profession are business. The mean age of the respondents is 25.5 years.

A. Intention to Start New Business

The mean intention of the respondents on a continuous scale between 0 to 100 is 44.8. Standard deviation is 36.2 and the coefficient of variation is 80.8 percent. At three standard deviation level, the interval estimate of the mean is 44.8±12.9. Hence, the entrepreneurial intention varies between 57.7 to 31.9. It has a small negative skewness of -0.12. The distribution structure of entrepreneurial intention shown in the Table 1. A large portion of the respondents, 34.3 percent, have no entrepreneurial intention. It indicates that the mean score of entrepreneurial intention is influenced by the score of those students who are not interested to start a business at all.

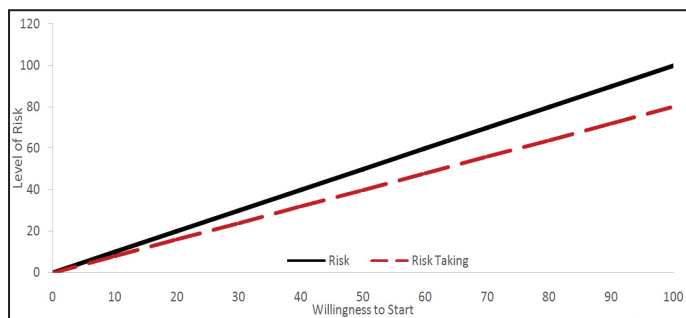


Fig. 1: The Relationship Between Willingness to Start a New Business and the Level of Risk-Taking

Table 1: Frequency Distribution of Intention Score of University Students

Intention Score	Number	Percent
0	24	34.3
1 - 20	0	.0
20 - 40	4	5.7
40 - 60	16	22.9
60 - 80	13	18.6
80 - 100	13	18.6
Total	70	100.0

Source: The field survey of the study.

B. Entrepreneurial Intension: Willingness and Risk Taking Tendency

The Pearson Correlation coefficient between willingness to start a new business and risk taking is 0.77 and significant at 0.01 level (2-tailed). This is relatively higher correlation between the two components of entrepreneurial intention of business students. It shows a logical causal association between two variables and the risk taking of the respondents increases with their higher willingness to start a business. This functional relationship is estimated by linear regression technique, and the results are shown in Table 2. The regression is statistically significant and 79.9 percent variation of risk taking is explained by the willingness to start a new business because R Square is 0.799. The constant of the regression is statistically not significant and removed from the model. The functional relationship between willingness to start and risk taking is statistically significant and can be expressed as follows:

$$R = 0.799W$$

Table 2: Linear Regression Parameters and Diagnosis Statistics of the Function $R = f(W)$

R	0.894		
R Square	0.799		
F	274.143		
Sig.	0.00		
	B	t	Sig.
Willingness Parameter	0.808	9.88	0.00

Source: The field survey of the study.

The risk-taking increases with the higher willingness to start a new business, but at lower rate than the willingness increase. The risk taking is complementary to willingness but not proportional. The Figure 1 shows the gap between risk taking at different level of willingness. With higher level of willingness, risk taking is less than the proportional risk. The gap between level of risk and risk taken at different level of willingness to start business increases. So, those students are to some extent risk averse as entrepreneurs.

C. Relationship Between Age, Gender and Entrepreneurial Intension

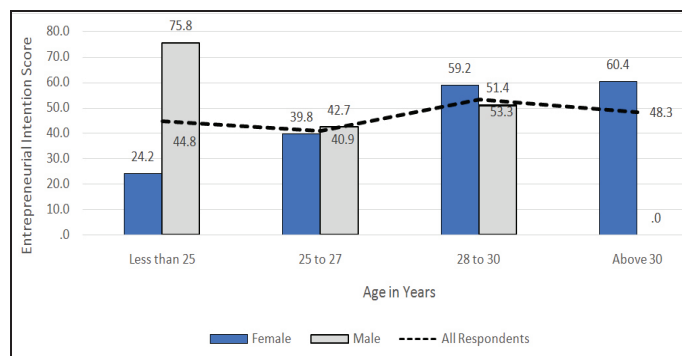


Fig. 2: Age, Gender and Entrepreneurial Intension (D)

The entrepreneurial intention of the respondents is analysed with reference to age and respective gender. The mean entrepreneurial intention scores of different age groups and their respective gender has been shown in the Figure 2. Male students at ages below 25

have shown highest entrepreneurial intention and that was 75.8 and no intention at ages above 30. Students in the age group 28 to 30 have expressed higher entrepreneurial intention in general. In this age group, the entrepreneurial intention of female students (59.2) was higher than male students (51.4). In the age group 25 to 27, the entrepreneurial intention of females (39.8) and male (42.7) were not very different. Female students have the highest entrepreneurial intention at ages above 30 and lowest at ages under 25 years.

D. Impact of Age, Gender and Father's Profession on Entrepreneurial Intention

The multiple regression model of the relation of entrepreneurial intention with age, gender, and father's profession is estimated and presented in Table 3. The model is not statistically significant. However, model data show the negative impact of gender, increase in intention as age increase, and positive impact of father's profession. The findings from the regression parameters support the existing concept of the relation between age, gender, and father's profession.

Table 3: Multiple regression parameters of the relationship between entrepreneurial intentions and age, gender, father's profession

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
	B	t	Sig			
(Constant)	26.49	1.27	0.21			
Gender	-6.53	-0.74	0.46			
Age (Year)	0.78	1.10	0.28			
Fathers Profession	6.19	0.61	0.54			

V. Analysis

Higher unemployment rates among the graduates entering into the job market of Bangladesh has been a serious socioeconomic problem. The creation of job opportunities lags far behind the demand for the jobs. The unemployment rate in the country among the youth population is higher than the overall unemployment rate in Bangladesh [27]. The ILO labour market survey of youth in 2013 revealed that the probability of steadily being unemployed increases with acquisition of more education in Bangladesh and unemployment rates were higher (26.1%) among university graduates and lowest among the least educated (3.2%) [28]. A high level of entrepreneurship in the country is essential for reducing unemployment problems. In contrast, this study observed most MBA students are interested in salaried jobs and not for creating jobs for themselves and others. Present level of entrepreneurial intention are not sufficient to promote entrepreneurship at large scale. Hence, job creation through entrepreneurship is a distant reality in this country. Specifically, social norms are not favourable to motivate MBA students to become entrepreneurs.

The reluctance to entrepreneurship is reflected in the entrepreneurial intention of students. 34.3 percent of students have no entrepreneurial intention. The mean entrepreneurial intention value is estimated as low as 44.8 on a 0 to 100 scale. This reflects the scenario of Bangladesh that the student those who came from business background has low entrepreneurial intention and the scenario is same in public and private university. The university is not able to motivate/encourage the students enough to create

the intension among them and this may be one of the reasons of low supply of the entrepreneur in our country which increases the number of unemployed educated people of the country.

Students have the strong willingness to start own business and also have the tendency of taking risk. It is expected that the risk taking should be at the same proportion to willingness to start a new business. However, the desire to accept risk is weaker than the willingness to start a new business. It creates a gap between the risk-taking tendency between real and what should be. So, students have some risk averse attitude though they have a strong desire to start own business. This reflects the situation, where there is not creating enough entrepreneur in spite of having entrepreneurial intention among the young generation. The portion of students who have strong willingness to start own business but do not because of the fear of taking risks may be identified and then may be motivated by giving certain support and proper environment by the government.

The entrepreneurial intention of female students was lower than male students in general and this intention among female gradually increase with the age. This result supports the findings of the Global Entrepreneurship Monitor (GEM) studies that the women entrepreneurship was lower than men in 43 countries. Students in the age group 28 to 30 had relatively higher entrepreneurial intention in both male and female students. It seems that age dependent maturity and experience may have a positive effect on entrepreneurial intention.

The impact of social, demographic factors on entrepreneurial intention may be anticipated from the multiple regression model, though the model is not statistically significant. The result we have found from the model shows that the gender has negative impact on entrepreneurial intention when the person is a female. It means female have low intention in our country comparing with man. This reflects that this society cannot create the environment for female to be an entrepreneur so most of the females are still preferred salaried job. The intention of becoming an entrepreneur increase with the age because maturity and experience scale up with age. The level of self-confidence, tendency of taking risk and willingness increases with the age.

VI. Conclusion

This topic is a choice of study because of the critical role of entrepreneurship in economic growth and employment creation in a country. People with higher entrepreneurial intention have a higher probability of becoming entrepreneurs. From this study, we have found that the intention of the business graduate students is low. A large proportion of these students are interested to do salaried jobs. Business graduates are academically trained in doing business and management of organizations. Hence, it raises questions to the ability of business education programs at the universities to create entrepreneurial intention. Also the attitude towards taking risk to start own business is low, though they have the willingness to become an entrepreneur. This also shows a gap between the willingness and risk taking tendency among them to be filled up for including the future entrepreneur of the society. The social, demographic factors also have an impact on intention. Females have low intention than male and this intention increases with the age. Furthermore the people have more tendency to start own business who came from business families. This study will help to forecast the probability of entrepreneurship

among the graduate students and help to focus them those who have strong intention on the basis of the findings of this study. So this is advisable to reach that specific group those have the intention and help them to grow this intention by giving proper environment and support and also take proper initiatives to develop the entrepreneurial intention among the graduates who have their peak point of choosing a career.

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