



Entrepreneurial motivation and self-employment intention: Special reference to management undergraduates in Jaffna district

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Abstract

This study aims to present the relationship between entrepreneurial motivations and self-employment intention among management undergraduates in the Jaffna district. A quantitative approach was utilized in this study. In the quantitative approach, the desirability of self-employment, tolerance for risk, planned behaviour and background factors were used as the independent variables to predict the self-employment intention. It was examined in a convenient sampling of 154 management undergraduates at the University of Jaffna, from third and final year students with the structured questionnaire's help through which Findings have drawn for this quantitative analysis, the researcher has got 100 percent of the response. The entrepreneurial intention level of the management undergraduates and higher national diploma students is in the most substantial level. The students are interested in being their own boss, having desirability on self-employment, planned and systematic behaviour, and do not like to wait for the government job. Further, Entrepreneurial motivation contributes significantly to Self-employment intention and predicts acceptable percent of the variation found. Another significant limitation is that entrepreneurship is interrelated with environmental factors, economic issues and fiscal and monitoring portfolio which will not be examined in this research.

Keywords: background factors, desirability of self-employment, planned behaviour, self-employment intention and tolerance of risk

Introduction

Today, most economists agree that entrepreneurship is an essential ingredient for stimulating economic growth and employment opportunities in all societies. Entrepreneurs are important drivers of economic and social progress and change (Austin, Stevenson, & Wei-Skillern, 2006). The entrepreneurial spirit may manifest itself in the development of new markets, new products, new production methods and management, the discovery of new inputs, and the establishment of new businesses and even new organisational forms (Fayolle, 2007). Entrepreneurs are the persons who usually organise and develop their own businesses and benefit from a range of fields, including various



knowledge areas, hands-on experience, creative visions and insights, network support, and risk-taking (Lope Pihie, 2008). development programmes to raise the once-troubled economy. The primary focus had been to achieve sustainable economic growth through entrepreneurship.

Entrepreneurs are considered as the cogs of the economics of the country. In northern province of Sri Lanka, especially in Jaffna district, after the 30-year civil war, there is a tremendous entrepreneurial opportunity due to the country's economic and political condition. Thus, there is a huge niche market. It seems many people have so much interested in doing entrepreneurship. Entrepreneurs are the persons who usually organise and develop their own businesses and benefit from a range of fields, including various knowledge areas, hands-on experience, creative visions and insights, network support, and risk-taking (Lope Pihie, 2008). They have a heightened ability and awareness for recognising and audaciously exploiting business opportunities. They persistently and continually seek opportunity-laden information in order to satisfy internal motivators such as the need for achievement and the fulfillment of competitive urges. They act as catalysts of economic activity for the entire economy. Entrepreneurs are the persons who usually organise and develop their own businesses and benefit from a range of fields, including various knowledge areas, hands on experience, creative visions and insights, network support, and risk-taking (Lope Pihie, 2008). They persistently and continually seek opportunity-laden information in order to satisfy internal motivators such as the need for achievement and the fulfilment of competitive urges (Pech & Cameron, 2006). They act as catalysts of economic activity for the entire economy. In particular, Jaffna district needs graduates who are innovative, dynamic, smart, daring, efficient, determined, modern and employable or, in one word, entrepreneurial. Self-employment intention is always in the root in many people as their ambition. As per the pilot study, twenty students said they have a high amount of eager to start a new career as entrepreneurs. Thus, this study identifies the factors which relate to the intention of self-employment. Therefore, a study on entrepreneurial motivation on self-employment intention among undergraduates from a university like the University of Jaffna is essential in Jaffna. It can be fruitful empirical work, which may likely differ from other Sri Lanka districts. Thus, the research asks “to what extend the entrepreneurial motivation has a relationship with entrepreneurial intention”.

The study's main objective is to find out the relationship between entrepreneurial motivation and entrepreneurial intention (background variables, the desirability on self-employment intention, tolerance of risk and planned behaviour) among management undergraduates. Sub objectives are



to identify the relationship between planned behaviour and self-employment intention, identify the relationship desirability on self-employment and self-employment intention, identify the relationship between tolerance of risk and self-employment intention, and identify the relationship between background variables and self-employment intention.

Literature Review

Entrepreneurship has emerged as an essential force in global economic growth. Entrepreneurship is now considered as a significant contributor to global economic growth (McStay, 2008). Entrepreneurship as an academic discipline is still considered as relatively new, although its origin can be traced back to the seventeenth century when economist Richard Cantillon coined the term “entrepreneur.” Entrepreneurship needs entrepreneurial motivation.

Early studies explain that venture creation in entrepreneurship is the trigger of motivation (Clark, Davis & Harnish, 1984). The motivation in the entrepreneurship literature has evolved along a path similar to that of the organisational psychology field. From an organizational psychology perspective, theories of motivation have progressed from static, content-oriented theories to dynamic, process-oriented theories, a framework suggested by Campbell (1992). This entrepreneurial motivation included several factors. Such as desirability of self-employment, planned behaviour, tolerance of risk and background factors.

Planned behaviour is how a person is planned for all. Uncertainty, as a stream of research in the entrepreneurship literature, has taken two paths (McMullen & Shepherd, 2006). One path is the level of uncertainty about an unknown future for those deciding to act or not. Tolerance of risk is as per Lambing and Kuehl (2000) outlined several requirements for entrepreneurs: tolerance of obstacles, perseverance, determination, risk management, a positive attitude towards change. Background factors include education factors, previous experience, personal background, socialization and family role. All these factors are considered as vital background factors to decide the entrepreneurial intention among the undergraduates. Hence these factors are more important for self-employment intention. Self-employment intention refers to the action of an individual’s attitudes toward the outcomes of that action and individual’s self-efficacy. It relates to the perceptions of desirability and feasibility and the propensity to act upon opportunities.



Methodology

The students from the University of Jaffna Faculty of Management Studies & Commerce, third & final year, were taken as the sample. 154 students were taken as the sample. Convenient sampling method was utilized due to easiness and time rigidity. Quantitative approach was utilized in this study. In the quantitative approach, the desirability of self-employment, tolerance for risk, planned behaviour and background factors were used as the independent variables to predict the self-employment intention. It was examined in a sample of 154 management undergraduates at the University of Jaffna, from third and final year students with the structured questionnaire's help through which Findings have drawn for this quantitative analysis, the researcher has got 100 percent of the response.

Conceptual Framework

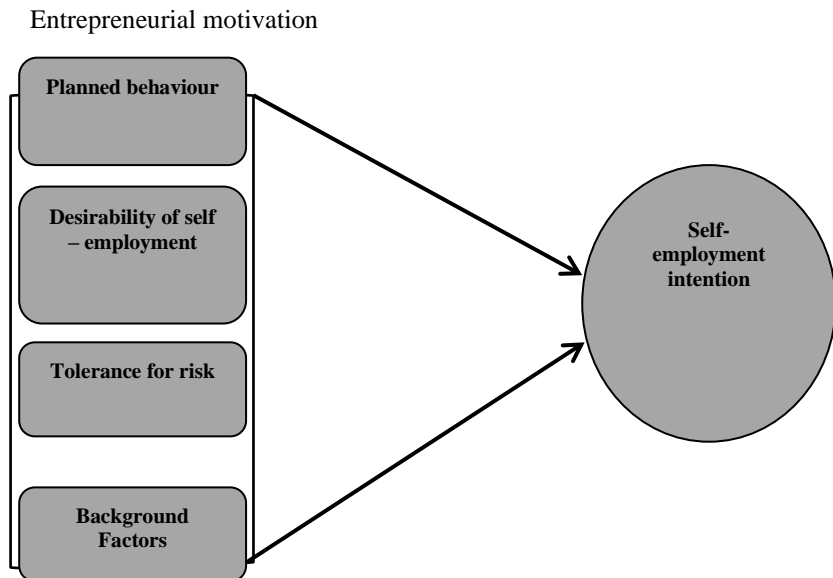


Fig 1. Conceptual Framework



Results and Discussions

Table 1. Person correlation analysis

Variables	I	DSI	TR	PB	BF	EM
Intention	1					
Desirability of Self-Employment	.752**	1				
Tolerance of Risk	.746**	.669**	1			
Planned Behaviour	.630**	.491**	.661**	1		
Background Factors	.496**	.364**	.505**	.497**	1	
Entrepreneurial Motivation	.814**	.777**	.892**	.815**	.736**	1

Based on the quantitative study, as per the table 1 the management undergraduates' entrepreneurial intention level is in the strongest level, which is more than 0.7 for desirability self-employment and tolerance of risk. It proved all the associations were found to be significant at the 99% level and there were positive correlations among all the constructs because none of the constructs have a negative sign on self-employment intention. The results also illustrate that entrepreneurial motivation is positively associated with self-employment intention, whereas positive association has been found that $r=0.814$ which is also significant at 0.01 level ($P < 0.05$). It was followed by the desirability of self-employment with $r=0.777$, tolerance of risk with $r=0.892$, planned behaviour with $r=0.815$ and background factors with $r=0.796$. All correlations were significant at 0.01 levels and had a strong positive relationship with self-employment intention. Thus, the result has shown a significant positive relationship between independent variables (desirability of self-employment, tolerance of risk, planned behaviour, background factors) and dependent variable (self-employment intention).

Conclusions and Recommendations

According to the results of Pearson correlation analysis (2 tailed), entrepreneurial motivation contributes significantly to self-employment intention ($P < 0.05$). Whereas desirability of the self-employment, tolerance of risk, planned behaviour, and background factors, entrepreneurial motivation contributes significantly to self-employment intention. Therefore, it can be concluded that there is a positive relationship between the dependent variables (Self-employment intention) and above said independent variables. In terms of the simple linear regression analysis, the researcher can conclude that the predictor power of the entrepreneurial motivation is at the higher level. Further above said, other variables in the entrepreneurial motivation contribute significantly to self-employment intention. This result was consistent with the study conducted by Ummah (2009), which reported that the entrepreneurial motivation contributes to the self-employment intention level among management undergraduates in Sri Lanka. Financial sectors and intermediaries should focus on the microfinance, insurance, leasing, another



special loan scheme, and special accounts for entrepreneurs to give the financial infrastructures. Non-governmental organisations can give consultancy and other supporting services to the emerging entrepreneurs in the Jaffna district. The government has to play a significant role in addressing some of the challenges confronting prospective and current entrepreneurs.

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