

Determinants of Intention to Become an Entrepreneur: A Study on Undergraduate Students of Bangladesh

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Abstract

This paper aims to identify the impact of subjective norms and structural support in entrepreneurial intention of undergraduate students in Bangladesh. The independent variables of this study consist of perceived subjective norms and perceived structural support. This study is conducted on 180 undergraduate students studying in university in Bangladesh. The study found that perceived subjective norms have a positive influence on entrepreneurial intention and also structural support is important for entrepreneurs. As there is not many studies on undergraduate level students entrepreneurial intention in Bangladesh especially about the impact of structural support, hopefully this study will help researcher in future.

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I. Introduction

Entrepreneurship is a competitive behavior that initiate the inception and implementation of new economic activity which leads change in the marketplace (Davidsson, 2016). The International Labor Organization (ILO, 1984), cited in Ahammad and Huq (2013) has defined an entrepreneur as an individual with some distinct features like self-confidence, goal-oriented, risk taking, leadership, innovative etc. Over the years the theories of entrepreneurship have been developed to identify individual who are likely to be entrepreneur due to their personality features overlooking the opportunities they have. And these theories were not concluding about how and who can be entrepreneurs. Also, the recent studies suggests that entrepreneurs are not only born but can be made (Eckhardt and Shane, 2003). As entrepreneurs are essential for development of an economy, they create new venture, open-up new employment opportunity and, they act as incubator for innovation and change. So, entrepreneurship and entrepreneurs have drawn attention of both scholars and policy makers over the last decades (Turker and Selcuk, 2009). Naturally, emphasis has been given on how to increase the volume and intensity of entrepreneurial activity (Baumol, 1968). So, scholars needed to find out the answer to the question, why some people choose an entrepreneurial career and others do not. Early theories of entrepreneurship tried to solve the puzzle through identifying personality traits that differs entrepreneurs from non-entrepreneurs, but they failed as personality of an individual in not completely free from the external environmental forces like cultural, social, economic, political, demographical, and technological factors (Turker and Selcuk, 2009).

So, it is of immense importance to identify the factors that contributes to creation of an entrepreneur and the issues that helps entrepreneurs to sustain their venture (Kadir *et al.*, 2011). According to Krueger *et al.* (2000) entrepreneurship endeavor of an entrepreneur cannot start without prior intention to become an entrepreneur. For an entrepreneur to be born entrepreneurial intention is must (Koe *et al.*, 2012).

This study intends to study the entrepreneurial intention of undergraduate level university students in Bangladesh. There are studies conducted on university level students regarding their entrepreneurial intention based on TPB theory. But most of these research have been conducted in west, there are some researchers conducted in Bangladesh but the present study is designed to examine the impact of two factors structural support and relational support on entrepreneurial intention. As the economy and world is suffering from Covid-19 pandemic, going through the pandemic, how the students are perceiving the existing structural and relational support for becoming an entrepreneur, this is what the study intends to find out. The findings can be helpful for the policy makers in determining the important element of structural support and providing them for creation of future entrepreneurs.

II. Literature Review and study framework

Ajzen (1991) developed the theory of planned behavior (TPB) that is considered as an extension to theory of reasoned action (TRA) by Fishbein and Ajzen (1975) (Koe *et al.*, 2012). TPB model explains the interrelationship between human behavior and its environment and point that behavior is a function of intention (Engle *et al.*, 2010). According to Ajzen (1991), intention is the amount of effort that is given by an individual to behave in a certain manner or display certain behavior (Kabir, Haque and Sarwar, 2017). In order to study

intention, he suggested three determinants: (i) attitude; (ii) subjective norm and (iii) perceived behavioral control. TBP has been used to study entrepreneurial intention in its original form and in modified form with additional variable, research like Moriano et al., 2011; Shook and Bratianu, 2010; van Gelderen et al., 2008 used TBP to study entrepreneurial intention (Koe et al., 2012).

But the present study intends to study only two determinants of one is element of TBP theory that is subjective norms and other one is structural support that studied by some researchers.

1.2.1 Perceived Subjective norms and entrepreneurial intention

Subjective norms are pressure that guides an individual's behavior in a certain way, generally the sources of such pressure are family, friends and greater society (Ajzen, 1991).

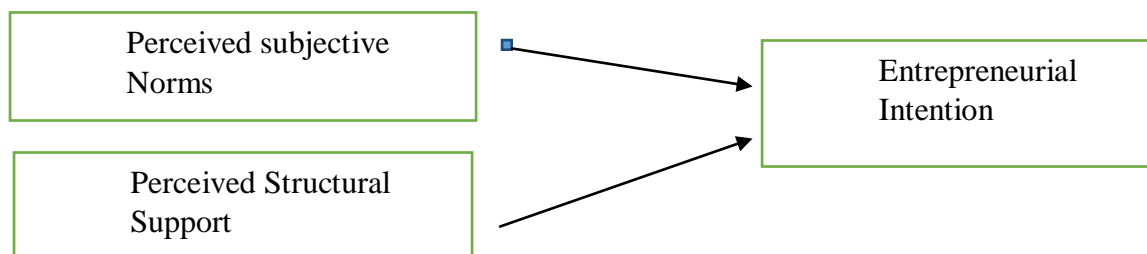
Autio et al. (1997) through a process-based study studied the relation between the impact of cultural context on entrepreneurial intention. The study found that entrepreneurial intention of university students is influenced by the university environment, how importance is given on entrepreneurial work (Turker and Selcuk, 2009).

Ambad et al (2016) in study conducted on undergraduate students in Malaysia found that there is significant positive influence of family and friends on career choice of students, that means if students get positive support from family, friend and society that is going to intensify their intension to become an entrepreneur. Also studies have found that beside close circle that means friend and family, career choice of students are also influenced by role models and it also has a positive impact on entrepreneurial intention (Altinay et al., 2012; Nanda and Sorensen, 2006; Yurtkoru et al., 2014). Cialdin et al. (1990) identified that to understand human behavior subjective norm is a vital factor as individual decisions are highly influenced by the perceived appropriateness of the behavior to reference people and society.

1.2.2 Perceived Structural support and entrepreneurial intention

Government rules, regulations and policy, infrastructure and availability and accessibility of finance can be called structural support (Fini et al., 2009). As Entrepreneurs do not live-in complete isolation, they are influenced by the broader environmental element social, cultural, economic, political, and technological factors. As in present entrepreneurship is driven by economic and political forces controlled by the actors in the public, private, and non-governmental sectors. This complex interdependent system obviously possesses some opportunities or threats for entrepreneurs. If entry into market is tough due to rules, regulation or market forces that would certainly suppress entrepreneurial intention. On the contra if one finds these factors favorable it will positively influence his or her intention to become an entrepreneur (Turker and Selcuk, 2008; Gelard and Saleh, 2011). Government support in form of favorable tax regulations, subsidizing plans, and favorable environment in terms of tangile and intangible resources like human resource, physical infrastructure helps to bust entrepreneurship (Lerner, 1999 and Beck et al., 2005). If state recognize the importance of entrepreneurship through favorable laws, financial support system, infrastructure than that it will positively influence entrepreneurial efforts (Otchengco et al., 2021; Oni and Daniya, 2012). But government can also act as barrier for favorable business environment and the effort of government may go in vain due to corruption and bribery, bureaucratic processes and insufficient infrastructures, unfavorable environment-proper political and legislative system (Olaore et al., 2020; Hamedi and Mehdiabadi, 2020). Although Studies have found contradicting result about the impact of role of structural support for entrepreneurial intention, it has been deemed an important determinant of entrepreneurial intention in developing country, so the present study intend to study its impact (Otchengco et al., 2021).

Present study assumes the following study framework-



III. Methodology

This study aims to examine the impact of subjective norm and structural support on entrepreneurial intention of undergraduate students of university level, for the purpose a structured questionnaire was developed. The research used Liñan and Chen (2009) questionnaire to measure impact of perceived subjective norms on entrepreneurial intention and measure the impact of the Structural factors, Turker and Sonmez Selçuk's (2009) entrepreneurship support model scale was used. The questionnaire was distributed among the

respondent based on random sampling technique was utilized and the questionnaires were distributed among the undergraduate students in the faculty of business in different public and private universities in Bangladesh. But for the convenience of research all the universities located in Northern part of Bangladesh, that means Rangpur and Dinajpur were chosen.

To examine the respondents' viewpoints on the topic, the respondents were asked to indicate their level of agreement of the different factors that are likely to impact their entrepreneurial intentions like subjective norms and structural support on five-point scale that included descriptors ranging from strongly disagree, disagree, neutral, agree and strongly agree. This study has distributed total 200 questionnaires among the respondents, but 180 totals could be used for this study as the rest are not properly filled-up, so they have to be sorted out.

This study has used descriptive statistics to analyze the primary data and the response of the respondent are analyzed through frequency distribution and percentage analysis.

IV. Result and Discussion

1.4.1 Perceived subjective norms and entrepreneurial intension

To understand the perception of students regarding the impact of subjective norms on entrepreneurial intention they were asked five statements regarding entrepreneurial norms and one statement regarding the overall impact of subjective norms on entrepreneurial intention. The findings are shown in the following tables-

1.4.1.a If I choose to become an entrepreneur my friends and family will approve that-

Response	Frequency	Percentage
Strongly Disagree	30	16.67%
Disagree	40	22.22%
Neutral	20	11.11%
Agree	70	38.89%
Strongly Agree	20	11.11%
Total	180	100%

As shown in Table 1.4.a, most of the respondents feel inspired by their close circle people like family and friends as 38.89 percent agreed to the statement and 11.11 percent strongly agreed to the statement, but 22.22 percent disagreed with the statement and 16.67 percent strongly disagreed and 11.11percent are neutral. So, core reference people have a perceived positive influence on career choice of undergraduate students as an entrepreneur.

1.4.1.b In my closest environment entrepreneurial activity is valued more than other career opportunities-

Response	Frequency	Percentage
Strongly Disagree	20	11.11%
Disagree	40	22.22%
Neutral	40	22.22%
Agree	60	33.33%
Strongly Agree	20	11.11%
Total	180	100%

As shown in the table 1.4.b, 33.33 percent students feel that entrepreneurship is highly valued in their close relational circle as they agreed the statement and also 11.11 percent of them strongly agreed to the statement, but 22.22 percent are neutral regarding the statement and also 22.22 percent strongly disagreed with the statement. But as 33.33 percent agreed to the statement so, close people valuation of entrepreneurial activity will positively influence students to an entrepreneur.

1.4.1.c Entrepreneurial activity clashes with culture in my country-

Response	Frequency	Percentage
Strongly Disagree	25	13.89%
Disagree	15	8.33%
Neutral	30	16.67%
Agree	68	37.78%
Strongly Agree	42	23.33%
Total	180	100%

The findings of the table 1.4.c shows that students find their bigger circle that means the society as whole not positive about entrepreneurial activities as 37.78 percent students agreed with the statement and 23.33 percent strongly agreed with the statement and only 13.89 percent strongly disagreed, 8.33 disagreed while 16.67 percent feel neutral about the statement. So, the students perceived societal support for entrepreneurial activity and on entrepreneurial intention is not positive.

1.4.1.d The role of an entrepreneur is not sufficiently recognized in the county-

Response	Frequency	Percentage
Strongly Disagree	15	8.33%
Disagree	20	11.11%
Neutral	30	16.67%
Agree	75	41.67%
Strongly Agree	40	22.22%
Total	180	100%

The respondent doesn't perceive the greater societal influence positive for entrepreneurial ventures as 41.67% perceive that in the country entrepreneurs are not sufficiently recognized and also 22.22 % strongly agreed with it while still 16.67 percent respondent are neutral on the other hand only 8.33 percent and 11.11 percent disagreed and strongly disagreed with the statement.

1.4.1.e Many people consider hardly acceptable to be an entrepreneur-

Response	Frequency	Percentage
Strongly Disagree	00	00.00%
Disagree	32	17.78%
Neutral	43	23.89%
Agree	56	31.11%
Strongly Agree	49	27.22%
Total	180	100%

Table 1.4.1.f shows that the student perceives that in our greater society entrepreneurship is not regarded as an acceptable career choice as 31.11 percent agreed, and 27.22 percent strongly agreed to it but 17.78 percent disagreed while 23.89 percent were neutral about the statement.

1.4.1.f I found the social valuation inspiring to become an entrepreneur-

Response	Frequency	Percentage
Strongly Disagree	15	8.33%
Disagree	30	16.67%
Neutral	34	18.89%
Agree	48	26.67%
Strongly Agree	53	29.44%
Total	180	100%

As shown in the table the students perceive the overall subjective norms has a positive impact on their intention become an entrepreneur as 29.44 percent strongly agreed to the statement and 26.67 percent agreed to it while only respectively 8.33 percent, 16.67 percent strongly disagreed and disagreed to it. Although they did not perceive the impact of the society positive on entrepreneurial intention as it is shown in table 1.4.1.d and 1.4.1.e. But it can be said that overall subjective norms have a perceived positive impact on entrepreneurial intention of undergraduate students.

1.4.2 Perceived structural support and entrepreneurial intention

To understand the perception of students regarding the impact of structural support on entrepreneurial intention they were asked four statements regarding structural support and one statement regarding the overall impact of structural support on entrepreneurial intention. The findings are shown in the following tables-

1.4.2.a In Bangladesh entrepreneurs are encouraged by structural system including private, public, and non-governmental organizations-

Response	Frequency	Percentage
Strongly Disagree	37	20.56%
Disagree	36	20.00%
Neutral	31	17.22%
Agree	47	26.11%
Strongly Agree	29	16.11%
Total	180	100%

As shown in the table 1.4.2.a respondents perceived that structural system is positive for entrepreneurial ventures as 26.11 % agreed to the statement and 16.11% strongly agreed to the statement but about 20 percent opposed the statement as they strongly disagreed and disagreed to the statement, respectively.

1.4.2.b Bangladesh economy provides many opportunities for entrepreneurs-

Response	Frequency	Percentage
Strongly Disagree	28	15.56%
Disagree	35	19.44%
Neutral	40	22.22%
Agree	62	34.44%
Strongly Agree	15	8.33%
Total	180	100%

As shown in the table 1.4.2.b respondents perceived that economy very positive for entrepreneurial ventures as 34.44 % agreed to the statement and 8.33% strongly agreed to the statement but about 15 and 19 percent opposed the statement as they strongly disagreed and disagreed to the statement, respectively.

1.4.2.c In Bangladesh taking loan from banks and financial institutions is not difficult for entrepreneurs-

Response	Frequency	Percentage
Strongly Disagree	23	12.78%
Disagree	67	37.22%
Neutral	24	13.33%
Agree	38	21.11%
Strongly Agree	28	15.56%
Total	180	100%

As shown in the table 1.4.2.c respondents perceived that financial support for entrepreneurs is not for entrepreneurial ventures as 37.22 % disagreed to the statement and 12.78% strongly disagreed to the statement although about 21 percent supported the statement as they agreed, and 15.56 percent strongly agreed to the statement respectively.

1.4.2.d In Bangladesh state laws and regulations are favorable to run a business.

Response	Frequency	Percentage
Strongly Disagree	30	16.67%
Disagree	90	50.00%
Neutral	20	11.11%
Agree	40	22.22%
Strongly Agree	00	00.00%
Total	180	100%

The respondents perceive the laws and regulations as not positive for entrepreneurial activity as 50 percent of the students opposed the statement, so laws and regulations are not favorable for taking entrepreneurship as a career.

1.4.2.e I found structural support favorable to become an entrepreneur-

Response	Frequency	Percentage
Strongly Disagree	23	12.78%
Disagree	53	29.44%
Neutral	41	22.78%
Agree	57	31.67%
Strongly Agree	06	3.33%
Total	180	100%

Although the students found the economy and other infrastructural support positive for entrepreneurial venture, but they perceived the financial and regulatory system can have negative impact on entrepreneurial activities as they did not perceive these supports positive for entrepreneurial intention. Although the respondent did find overall structural support positive for entrepreneurial venture that means perceived structural support has a positive impact on entrepreneurial intention, as 31.67% agreed to it but it is not conclusive as 29.44% disagreed to the statement.

1.4.3 Entrepreneurial Intention

To find out the entrepreneurial intention independently two statements were given to the respondent. As shown in the following table-

1.4.3.a I only want to be an entrepreneur-

Response	Frequency	Percentage
Strongly Disagree	27	15.00%
Disagree	64	35.56%
Neutral	20	11.11%
Agree	57	31.67%
Strongly Agree	12	6.67%

Total	180	100%
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35.56 percent of the respondent intend not to be an entrepreneur as shown in the table 14.3.a as the disagreed to the statement on the other hand 31.67 percent intend to be an entrepreneur as they agreed to the statement. So, regarding the entrepreneurial intention as an independent factor the results are not really conclusive and also needs further studies and advance statistical measurement.

1.4.b I am going to make all possible effort to start and run my own firm.

Response	Frequency	Percentage
Strongly Disagree	39	21.67%
Disagree	37	20.56%
Neutral	46	25.56%
Agree	52	28.89%
Strongly Agree	06	3.33%
Total	180	100%

Although students didn't show strong intention to become an entrepreneur but they are positive about running their own business as 28.89 percent agreed to the statement, but 20.56 percent also disagreed and also 21.67 percent strongly disagreed to the statement, so further studies needed to find out in which stage they prefer entrepreneurship as career.

V. Conclusion

The key contribution of this research is the empirical evidence of the fact that students' intention to become an entrepreneur is affected by their perceived subjective norm and importance of structural support. As today's undergraduates are future manpower so if they intend to become entrepreneur instead of seeking employment it will certainly help the nation to solve its unemployment problem and at same time accelerate the pace of economy. As the study has used descriptive statistics so policy makers and researchers are going to get benefit of having insight into the factors that construct subjective norms and structural support. The limitation of this research is its sample size, only two factors of TBP has been investigated, as well as in the study only descriptive statistics has been used and advance statistical tolls has not been applied. But this study has found out that although students feel the support of positive to an entrepreneur, but they perceived societal influence negative for entrepreneurial activity, also though they identifies infrastructural support influencing but perceived financial and legislative system challenging to take entrepreneurial endeavors. Also, it is seen that the entrepreneurial intention among undergraduate students is not strong. Despite of the limitations this study may instigate researcher to find out the relation and influence of different factors that influence entrepreneurial intention.

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