

Factors affecting entrepreneurial intention of undergraduates in state universities of Sri Lanka

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Introduction

Entrepreneurship has become a national priority for many developing countries because it is widely used as one of leading strategy to combat the major economic issues of a nation (Karimi et al., 2010). It is now increasingly recognized as an important driver of productivity, innovation and job creation for both economic and social development (Audretsch, 2012). Many developing countries have recognized entrepreneurship as a fundamental solution for problems of lower economic growth, higher unemployment, the balance of payments (Gird & Bagraim, 2008). Encouraging entrepreneurship is timely important to striving the economy in a volatile environment. Hence, the current public policy has increased its attention in stimulating and reigniting entrepreneurial spirits and activities in the economy. Universities as centers that make intellectuals, are the best places to build up entrepreneurial skills among undergraduates who are ready to stand tomorrow in the economy. Some efforts have already been pursued by many universities to develop entrepreneurial skills amongst students and to help them consider entrepreneurship as a career alternative. Currently, in Sri Lanka, more than 25000 students are entering to state universities and more than that of students attach with private universities for tertiary education under different disciplines. Upon completion of the degrees, many of them start career attaching either to public or private institutions as monthly earning employees. However, country's economy is expanding little bit slow compared to the graduation rate. It raised unemployment problem among the graduates and stimulated many sideline social, economic and political problems in the country. The situation can be effectively addressed through changing the mindset of undergraduates to start his or her own business rather working as a paid employee. Accordingly, increasing entrepreneurial intention among undergraduate is of paramount importance for long-term prosperity and development. Hence, the aim of this study was to examine the impact of factors affecting entrepreneurial intention of undergraduates in Sri Lanka.

Methodology

The study of factors affecting to entrepreneurial intentions of undergraduates in Sri Lanka is quantitative type causal research. The deductive research method

was applied and questionnaire survey method was deployed in the study. According to the conceptual framework developed, fear to failure, network availability, entrepreneurial experience and family support are considered as the independent variables and entrepreneurial intention was considered as the dependent variable. The population of the study consists of all management undergraduates of University of Colombo, University of Sri Jayewardenepura, Rajarata University of Sri Lanka and Wayamba University of Sri Lanka. Out of which 400 students were selected as a sample based on stratified random sampling method. Data were collected through researcher administrated structured questionnaire that consisted two sections. The first section of the questionnaire includes questions for gathering demographic information. Five-point Likert type questions related to both dependent and independent variables were included in the second section. The data were analyzed through SPSS by deploying different statistical tests such as descriptive statistics, correlation and regression analysis to address the research questions.

Results and discussion

In data analysis process incomplete questionnaires were removed from the analysis to make a strong conclusion. Face and content validity of the questionnaire was ensured through the comprehensive literature survey. The Cronbach Alpha values of the test were greater than standard 0.7 and the lowest value represented fear of failure (0.775). They indicated that all items used to measure both independent and dependent variables were internally consistent. The demographic analysis indicated that respondents are 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%). The majority in the sample was females (62.7%) and was not from the families with business background (72.7%). According to the descriptive statistics mean value of network availability, family support, and entrepreneurial intention were 3.64, 3.51 and 3.53 respectively. These values indicate that undergraduate of four universities had a relatively high network, family support, and entrepreneurial intention. However, the experiences of undergraduate about entrepreneurial activities are at a moderate level (mean 3.28) and interestingly fear of students to fail, in entrepreneurial activities has very low level mean (2.05).

The association between the independent and the dependent variable was measured through the correlation analysis. According to the test correlation coefficients of fear of failure, network availability, entrepreneurship experience and family support were -0.484, 0.483, 0.430 and 0.522 respectively and were significant at 0.05 levels. The result delineated that fear of failure has a

statistically significant negative association with entrepreneurial intention and other independent variables have a statistically significant positive association with the entrepreneurial intention of undergraduates in Sri Lanka.

To check the multicollinearity, the study estimated the Variance Inflation Factor and found the values range from 1.412 to 1.865 which are well below the critical value 10 where multicollinearity exist. The problem of heteroscedasticity also does not exist in the data set as Durbin Watson value (1.858) gets closer to critical value 2. The explanatory power (Adjusted R²) of the model 39.7 indicates that model explains 39.7 percent variation of undergraduates' entrepreneurial intention.

Table 1 Results of 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 Intension, **Significant at 0.01 level, *Significant at 0.05 level*

According to the regression result, it is revealed that fear of failure has a negative impact on the entrepreneurial intention of undergraduates while network availability and family support have a positive effect on entrepreneurial intention. Resulting positive changes in network availability and family support will lead to promote entrepreneurial intention of undergraduates in Sri Lanka. However, the impact of entrepreneurship experience on the entrepreneurial intention of undergraduates is not statistically significant in Sri Lankan context.

Conclusion and recommendations

The study examined the factors influencing the entrepreneurial intention of undergraduates by gathering data from 330 respondents covering four state universities naming the University of Colombo, University of Sri Jayawardanapura, Rajarata University of Sri Lanka, and Wayamba University of Sri Lanka. The study found fear of failure, network availability, and family support are as significant predictors of entrepreneurial intention of the undergraduates in Sri Lankan universities. These findings are similar to the many previous studies (Pruett et al., 2009; Kuckertz & Wagner, 2010; Shinnar et al., 2012; Quan, 2012; Quan, 2014; Kebaili et al., 2017; Long & Dong, 2017). However, undergraduates' entrepreneurship intention is not reinforced by previous entrepreneurship experience. Possible reason would be the case that working in related industries can accumulate tacit knowledge of how to effectively manage a business that has been established but creating a new

venture is significantly different. Specifically, resources are relatively abundant, and the institution is more mature in established ventures.(Long & Dong, 2017). The study recommends universities to organize and launch continuous entrepreneur training programs for the undergraduates during their academic period to eliminate the notion of fear to 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 competition and finally how do they achieve their business goals. The further study recommends universities to organize business forums and workshop to promote linkage between industry and university. Such links would help undergraduates to capture ample of opportunities in starting their own venture after graduation.

Keywords: *Entrepreneurship intention, family support, fear to failure, network availability.*

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