



Determinants of Entrepreneurial Intention of Pharmacy Students in Chennai

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ABSTRACT

Working on entrepreneurship bears special significance for country like India where density of population is very high. It is really a great challenge for the country to accommodate such a large population. Developing the determinants on entrepreneurial intention can take the country a step ahead for the improvement of entrepreneurial culture. Nurturing such culture will flourish entrepreneurship development which can create scope for accommodating substantial number of people. In this backdrop, this study has tested a causal model in context of pharmacy student of Chennai to identify what determines their intentions to be an entrepreneur. For this purpose data were collected from the Pharmacy studying at Bachelor and Master Level in public and private universities. From the previous literature, variables like risk taking, locus of control, need for achievement, autonomy, challenges, security of job, environment for starting business and entrepreneurial education offered by Universities have been tested using multiple regression model. The model results show tendency of taking risk, need for achievement, education and environment for starting business, job security are statistically significant in determining the intention of students where except job security, variables are found positively related.

Keywords: Entrepreneurial intention, Pharmacy students, job, environment.

STATEMENT OF THE PROBLEM

Background

In this twenty first century organizations are putting immense emphasize on creativity and innovation in every sphere of operation (Delmar and Davidsson, 2000). This is due to the fact that-in this hyper competitive market only creative and differentiated ideas can ensure distinctive competencies for firms and thus can be resulted in long term sustainable success.

While the organizations are striving for organizational entrepreneurship in every field at the same time countries are also focusing on developing entrepreneurs in order to foster economic growth and development (Naffziger et al., 1994). Entrepreneurs play important role for the growth and development of an economy as through entrepreneurship development few things automatically comes. Those are employment, enhancement of quality of life, social up gradation, reduction of poverty and so on (Scott and Twomey, 1988). The immense significance of developing entrepreneurship is even greater if we consider the scenario of developing country like India as agriculture base developing countries always try to shift its economic focus from agriculture to business for the creation of more job opportunities. Entrepreneurship contributes development of an economy by creating new markets, new industries, new technology, new jobs and net increases in real productivity (Behave, 1994).

Thus, it is obvious that there is very few replacement of entrepreneurship for fostering and triggering economic development (Aldrich and Wiedenmayer, 1993). Then, the important bottom line from this just catch the

attention is that how to foster entrepreneurship and what are the factors and forces that does trigger the entrepreneurship development process. This is an important area of global research on entrepreneurship and innovation as it focuses on the root causes behind people's motivation of becoming entrepreneurs (Summers, 1998 and Delmar and Davidsson, 2000). The immense significance of this study rooted into that area. It has uncovered the determining factors that influence the entrepreneurial intention of potential entrepreneurs and future business leaders in the form of Pharmacy students of different prominent universities of India.

Research Question

What are the determinants of entrepreneurial intentions of Pharmacy students?

Definition of Core Concepts

Entrepreneur and Entrepreneurial Intention

The origin of the concept "Entrepreneur" lies in 17th century in France – as an individual commissioned to undertake a particular commercial project by someone with money to invest. In its earlier stages this usually meant an overseas trading project. Such projects were risky, both for the investor (who could lose money) and for the entrepreneur (who could lose a lot more) (Liñán, 2004 and Tkachev and Kolvereid, 1999). Although the term was used before Cantillon, it is clear that Cantillon was the first to offer a clear conception of the entrepreneurial function as a whole (in 1755). He defined "Entrepreneur" as a person who took an active risk-bearing role in pursuing opportunity. Behaviorists' such as Max Weber (1930) and David C. McClelland (1961): tried



to understand entrepreneur as a person. They mainly concentrated on creativity and intuitive characteristics of entrepreneurs (Ronstadt, 1990 and Krueger et al., 2000). Entrepreneurs not are characterized by every action they take, but by a particular set of actions aimed at the creation of new wealth with their ventures. The Entrepreneur can be considered as: a manager undertaking an activity – i.e. in terms of the particular tasks they perform and the way they undertake them, an agent of economic change – i.e. in terms of the effects they have on economic systems and the changes they drive, an individual – i.e. in terms of their psychology, personality and personal characteristics (Bird, 1988).

Entrepreneurial intention is the proclivity of starting a new business. Krueger (1993) defines entrepreneurial intentions as a commitment to starting a new business. This intention indicates potentiality of an entrepreneur to start pharmacy industry in the future.

Factors Affecting Entrepreneurial Intention

From the substantial number of previous research on entrepreneurial intention it has been identified that three factors dominate entrepreneurial intension. One is his or her demographic profile that includes age, sex, previous experience, influence of role model. Second one is personality traits that include self-efficacy, confidence, autonomy, locus of control, risk taking tendency, professional attraction. Third factor is contextual that includes education and environment (Wärneryd, 1988).

According to trait theory of entrepreneurship-entrepreneurial intentions are dictated by some particular traits. Those are: High need for achievement; which means a need to always achieve new bold goals, risk taking propensity; which defined as a willingness to take financial risks, tolerance for ambiguity; which refers no fear of the unknown, innovation; which is an ability to create new or modify existing business concepts, intuition; which is synonymous of make decisions based on 'gut feelings', internal locus of control which is synonymous to a belief that the future is determined by their own actions and also proactiveness; which is making plans for events before they occur (Boyd and Vozikis, 1994).

According environmental approach theory-Choice of Entrepreneurship is related to external factors beyond the individual's control, seen as a cultural phenomenon, education and experience, family background. Ahmed et al (2010) worked on some factors to identify the determinants of entrepreneurial intentions among students in Pakistan. They investigated the effect of innovation, education, family background and gender difference on creating intentions. They found innovativeness and family business experience are related with entrepreneurial intention.

Contingency theory of entrepreneurship suggests that people do not become entrepreneur willingly rather situations or contingencies force them to become so. In

such situations they have some motivations for becoming entrepreneurs in certain situations (Shaver and Scott, 1991). (Tubbs and Ekeberg, 1991) identified different types of refugees whose entrepreneurial intentions are get dictated due to different posing situations. Those are Foreign refugees: people escaping political or religious persecution or to seek economy with greater opportunities, Corporate Refugees: people dissatisfied with corporate environment, Parental refugees: children of self-employed parents, Feminist Refugees: women who feel discriminated against by supervisors, peers, education system, corporate world, Social Refugees: people who do not agree with certain aspects of their society -- usually start a business tied to their hobby or craft and Educational Refugees: young people who drop out of the education system -- feel restricted or because of circumstances

According to McClelland's Achievement Motivation Theory few people want to become entrepreneurs because they possess more needs of certain important aspects than normal people do. McClelland and colleagues studied the behavioral effects of three needs: need for achievement, need for power and need for affiliation (Honig, 2004). On the other hand-motive acquisition theory suggests that mentality and personality of people are not nature gifted. Those are flexible with the changing situation. An individual can be influenced and motivated towards a goal by changing his thinking, mentality, attitude etc. It is possible by different types of training like: motivate vocational choices, technical, managerial, security, creativity, autonomy etc (Guzmán and Santos, 2001).

Relationship between Entrepreneurial Intention and Various Determinants

Relationships between personality traits and entrepreneurial behavior are frequently discussed in entrepreneurship research. Nishantha (2009) examined effect of personality traits on motivation of students to select entrepreneur career. He identified that need for achievement and risk taking propensity are highly contributed for developing positive attitude toward entrepreneurship but the relationship between internal locus control and entrepreneurial attitude is not significant. Urbano (2008) investigated the impact of perceived desirability (social norms and attitude) and perceived feasibility (self-efficacy) on entrepreneurial intentions. Tong, Tong, Loy (2011) worked on only two personality traits including need for achievement and desire for independence. They ignored important traits like risk taking propensity, self-efficacy, and autonomy. Along with personality traits, they examined the contribution of family background and subjective norms to generate entrepreneurial intention among students. Internal factors like willingness to take risks need for independence and locus of control are studied by Franke and Luthje (2004). They also investigated some external factors like market, education, training, network, society,



inspiration likely to affect student intention to be an entrepreneur.

It is recognized that situational variables are very important in the decision to start a business; it is the convergence of attitudes and situational factors that leads to business start-ups (Shapero, 1982). Situational variables like environment, educations, network, and subjective norms have been studied in previous researches to determine the intention of entrepreneurs. Kennedy et. al (2003) found subjective norms positively related with entrepreneurial intentions. Keat, Selvarajah, Meyer (2011) examined relationship between entrepreneur education and inclination toward entrepreneurship. They also examined some demographic characteristics and business background. They identified two entrepreneurship variables, i.e university roles to promote entrepreneurship and entrepreneurial curriculum and content along with gender, working experience, and mother's occupation are statistically significant.

Research Hypothesis

H₁: There is a relationship between risk taking tendency and entrepreneurial intention of students

H₂: There is a relationship between locus of control and entrepreneurial intention of students

H₃: There is a relationship between need for achievement and entrepreneurial intention of students

H₄: There is a relationship between autonomy of occupation and entrepreneurial intention of students

H₅: There is a relationship between occupational challenges and entrepreneurial intention of students

H₆: There is a relationship between security in occupation and entrepreneurial intention of students

H₇: There is a relationship between environment for starting business and entrepreneurial intention of students

H₈: There is a relationship between education and entrepreneurial intention of students

Methodology

Population and Sampling

In this study population is all the students study in pharmacy in all universities including public and private.

Data Collection Methods

This is a survey type of research conducted based on the responses collected from the students studying at graduation and master level using structured questionnaires. The survey focuses on the students of pharmacy only. A total of 520 students were selected on convenience basis from various public and private universities located in Chennai area.

Research Instruments

The questionnaire was adopted from various previous sources and used to collect the data. The variables selected in this study are risk taking, locus of control, need for achievement, autonomy and control, challenges and opportunities related to job, job security, environment for starting business and education. Items selected to measure these variables were adopted from previous studies and literature conducted on students entrepreneurial intention. The final questionnaire consists of six parts. Part I includes questions to collect demographic information and educational background of respondents. Part II aims at measuring respondent intention to be involved in entrepreneurial function. Part III has been designed to measure personality traits of respondents which determine the propensity of an individual to be an entrepreneur. This part involves 22 items. Part IV requests respondents to provide their views about their occupational attractions based on autonomy and authority of job, its challenges and opportunities as well as security. Part V includes items that provide information about respondents' views about the environmental aspects that inspire one to start business as well as how education contributes to build up their intention. Last part includes only two items request respondent to provide information about their family background regarding entrepreneurial linkage. All the variables were measured using five point likert scale with level 1= strongly disagree and 5=strongly agree. Data have been analyzed using correlation and regression as well as descriptive statistical techniques. Reliability statistics has been applied to measure data reliability.

Findings and Analysis

Table 1 shows that the independent variables explain 31.8 % (R square =.381) variation of independent variable. This table also indicates that risk taking tendency, need for achievement, job security, environment for starting business and education are statistically significant in determining the intention of Pharmacy students to be entrepreneur in India. The model results show that student tendency for taking risk, their need for achievement, job security, education on entrepreneurship offered by universities, are the strongest determinants followed by environment created by the government for starting a business.

Durbin-Watson statistic shows the serial correlation of residuals which is 1.98, the value falls within the acceptance range (1.5 and 2.5). This indicates that there is no auto correlation problem in the data. The F-value is found to be significant at 5% significance level (sig. F = .000). This concludes that the regression model used in this study is adequate or in other words, the model was fit (Table 1).

Table 2 describes the collinearity statistics. The Variance Inflation Factors (VIF) and tolerance fall within the acceptance range, (VIF = 1 - 10, tolerance = 0.1 – 1.0). This



means that there is no multi-co linearity problem in the regression model used for this study.

Table 1: Regression statistics

Variable	Standardized Beta	Alpha
Risk Taking	.312**	.763
Locus of Control	.004	.785
Need for Achievement	.215**	.628
Autonomy in Jobs	.092	.806
Challenges in Job	-.015	.709
Job Security	-.126*	.779
Environment for Starting Business	.104*	.832
Education	.116*	.886
R Square	.318	
F Value	29.01**	
Durbin-Watson	1.98	
**P<.001, * P<.05		

Table 2: Collinearity statistics

Variables	Tolerance	VIF*
Risk Taking	.702	1.42
Locus of Control	.575	1.74
Need for Achievement	.479	2.09
Autonomy in Jobs	.488	2.05
Challenges in Job	.470	2.13
Job Security	.766	1.3
Environment for Starting Business	.774	1.29
Education	.782	1.27

*Variance Inflation Factor

RESULTS AND DISCUSSION

The basic objective this research study and scientific research works was intended toward detecting the relevant factors that instigate and thus work as key influencing variables of entrepreneurial intention of the Pharmacy students in India. In order to do so few basic and important variables were derived from the through and in-depth review of the literature and also the self-conceptualization and understanding of the concerned researchers. Eight factors in the form of risk taking, locus of control, need for achievement, autonomy in jobs, challenges in job, job security, environment for starting a business and education were examined to assess the relationship between entrepreneurial intention and these important independent variables. As per the selected hypothesis risk taking, locus of control, need for achievement, autonomy in jobs, environment for starting a business and education have positive correlation. While risk taking, need for achievement, and environment for starting a business and education has

been found to have strong positive correlation job security has been possessed with strong negative correlation which is very significant and logical outcome of the study. Alongside those challenges in job has slightly negative correlation with entrepreneurial intention which is bit of surprising result.

These entire outcomes of this current study signify important implications and understandings. First, of all this study has obtained that entrepreneurial intention is negatively correlated with job security. This is a common notion as people who possess strong desire to be entrepreneurs are mainly accelerated by their inner force of becoming independent. Therefore these people's possess string tenacity to ward risk taking and seldom care a lot a secured and safe life. Therefore, this evidence of the outcome is consistent. Alongside that this notion is also supported by the ideas of the famous entrepreneurial experts like Joseph Schumpeter or Peter Drucker.

The outcome also represents that entrepreneurial intention is positively correlated with vital phenomenons like risk taking, need for achievement, environment for starting for a new business and education. Risk taking and innovativeness are defined to be the dream combination or generating entrepreneurship activities in the real life world. According the Landaus (2002) the dream combination and deadly combination of moderating risk taking and high degree of innovativeness is always the lethal weapon for starting as well as sustaining a new business venture in term of entrepreneurship. So, those people who are risk takers bound to have more entrepreneurial intention than normal ones which is also supported by the outcome of this paper. McClelland's (1965) famous need theory suggests that there are three kinds of need, need for achievement, affiliation and power. A lot of scientific research paper outlined that high need achievers are tend to be entrepreneurs. Thus there should be strong correlation in between those variables and this is also quite evident in this research. Entrepreneurial educational and friendly environment is always requiring being conducive for entrepreneurship development and it is always required and thus create base for entrepreneurship development. A significant correlation score of this study is also evident in this case.

CONCLUSION AND IMPLICATION

As a fast developing economy of immense potential, India is striving hard to create an strong base of manpower into its armory who will be capable enough to carry out the development activities. Creativity, innovation, entrepreneurship, out of the box thinking is the gist of modern development and also western countries are already been able to develop their entire education system centered on this theme. This is due to the fact that only creative people are the hope of twenty first century were burning issues like poverty, global warming, terrorism are threatening the fate of human



civilization. Therefore, entrepreneurship development in the entire sphere of fields including business, science, and society are of huge significance in this modern time. India is certainly not out of this and entrepreneurs in the entire field are of immense vitality for the country in various fields.

Therefore, research studies in the field of economics of innovation and entrepreneurship development is of huge significance for country specially for making long term strategic planning for the countries development which is also needed to be well integrated and rooted into the entire education system of the country. The basic objective of this study is rooted there. It has been able to uncover the basic important ingredients of entrepreneurial intention of the Pharmacy students of the country. The outcome reveals that there are few major variables that trigger entrepreneurship and thus those factors required to be boosted in the education and social set up of the country. This study will immensely help the policy maker into setting such entrepreneurship friendly education system and social structure which will carry the development activities of the nation in upcoming years.

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