

# Effect of Perceived Control Behaviour, Personal Attitude and Subjective Norm on Entrepreneurship Intention: Special case of Punjab University Students

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## ABSTRACT

*Entrepreneurship, start-ups, incubators etc. are buzzwords in the world of business today. With huge valuations to Indian start-ups lately and so many success stories out there, the area of entrepreneurship is abuzz with new ideas and even better new ventures. The environment has changed a lot in India from the times when new ventures were only limited to business families and their children. Today there is a considerable increase in the number of people willing to take the risk of setting up a new business. Intention is the genesis of any behavior (Ajzen 1991). Thus it is very logical and important to study entrepreneurial intention at the student level so that we can understand the entrepreneurial scenario prevalent in the society. The present research is to check whether model fits to the students of Punjab University and also make a regression model for the same.*

**Keywords:** Entrepreneurship, Entrepreneurship intention

## I INTRODUCTION

Entrepreneurship, start-ups, incubators etc. are buzzwords in the world of business today. With huge valuations to Indian startups lately and so many success stories out there, the area of entrepreneurship is abuzz with new ideas and even better new ventures. The environment has changed a lot in India from the times when new ventures were only limited to business families and their children. Today there is a considerable increase in the number of people willing to take the risk of setting up a new business. According to a Randstad Work monitor survey 2017, 83 per cent of the Indian workforce would like to be an entrepreneur. Around 86 per cent of the surveyed felt that the environment to start and run a startup was favorable in India and 84 per cent said that the Indian Government is supporting the startups.

The IT boom facilitated by the government's initiatives is providing a wholesome environment for the startups to flourish in India. The Startup India initiative which provides mentoring and facilitation to the startups is one of the most comprehensive initiatives of recent times by the government to make the Indians job creators and not job seekers. Initiatives such as Make in India and Digital India are also helping the current situation.

The success of Indian Startups like Flipkart (about to close a billion dollar deal with Walmart), OYO and Paytm have only heightened the ambitions.

## II REVIEW OF LITERATURE

A lot of research has taken place on the following model of Entrepreneurship intention derived from model of planned behavior amongst students. These studies have compared Entrepreneurship Intentions across different countries, cultures and educational backgrounds (Autio et al 2001; Lüthje&Franke

2003; Souitaris, Zerbinati& Al-Laham 2007, Ismail et al. 2009).

Intention is the genesis of any behavior (Ajzen 1991). Thus it is very logical and important to study entrepreneurial intention at the student level so that we can understand the entrepreneurial scenario prevalent in the society. Entrepreneurial intention is influenced by a number of factors ranging from the society to personal abilities of an individual.

To study these factors (Linen and Chen 2009) based on the theory of planned behavior given by (Ajzen 1991) developed an entrepreneurial intention questionnaire which helps measure entrepreneurial intention as well as the impact of the three factors i.e. attitude, subjective norms and control behavior.

The above model of entrepreneurship intention has been tested and validated across various cultures and settings. (Autio et al. 2001) conducted and tested the theory of planned behavior among university students in US, UK and Finland and compares the entrepreneurial intent among these students. The results indicated that Perceived behavior control emerged as the strongest determinant of entrepreneurial intent.

Considerable research has taken place on the theory of planned behavior being the model based on which entrepreneurship intent studies are conducted. (Carr and Sequeira 2007) extended the model to act as mediating variable with prior family business exposure acting as the Independent variable to the dependent variable of Entrepreneurial intention. (Kautonen, Gelderen& Fink 2015) highlight the robustness and relevance of the model in predicting the Entrepreneurial intent. The study conducted in Austria and Finland with a sample of 969 adults showed that the three factors/motivators explained 59% of variance in Entrepreneurial intention.

(Zerbinati and A. 2007) conducted research to understand the educational aspect of intention. The study used a sample 250 students who were provided entrepreneurial education. Using the model the researchers found that entrepreneurial education programs provide a boost to entrepreneurial intent.

### III NEED FOR THE STUDY

The present research is to check whether model fits to the students of Panjab University and also make a regression model for the same. The data is

collected through a self-administered questionnaire developed by Linan and Chen in 2009. The questionnaire measures the impact of Personal Attitude, Subjective Norms and Perceived behavioural control (Ajzen 1991) on Entrepreneurship Intention amongst the university students. The study highlights the validity of the questionnaire developed in the context of Indian society. The study will use confirmatory factor analysis to test the reliability of the model in the Indian setting and also consequently study how each factor influences entrepreneurial intention.

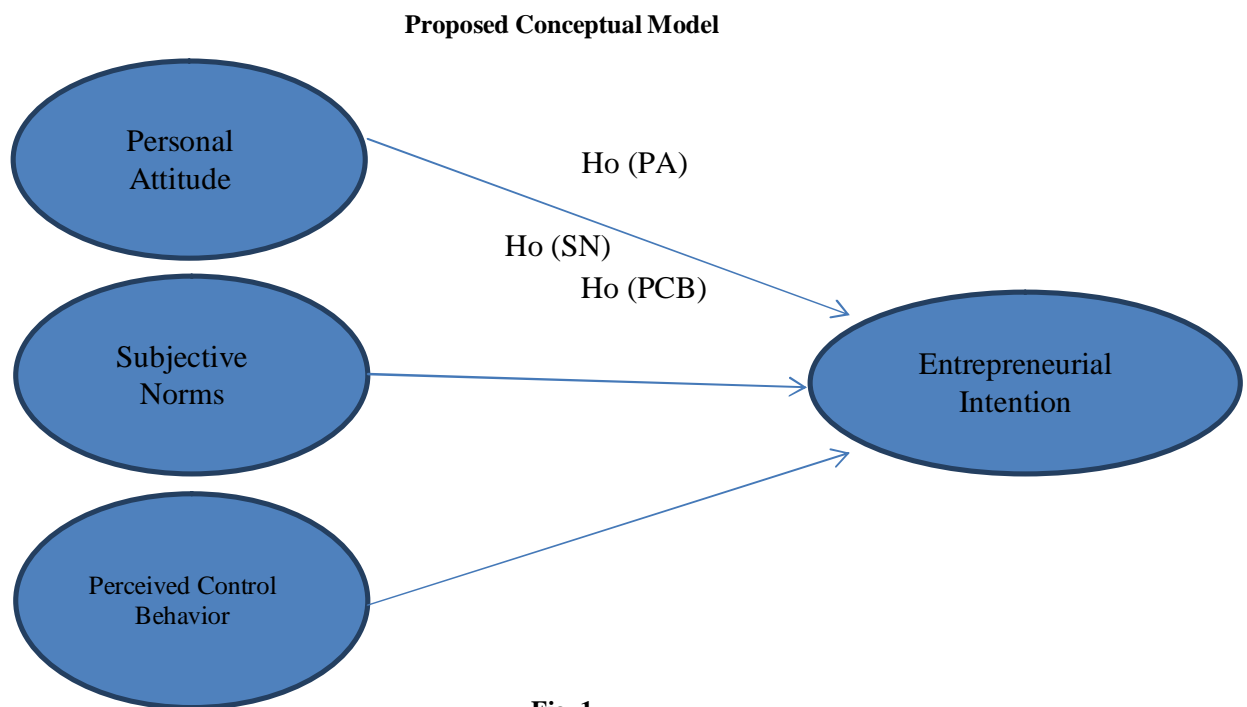


Fig. 1

### IV VARIABLES OF THE STUDY

(a) **Dependent Variable- Entrepreneurial Intention** is a person's attempt at entrepreneurial behaviour (Linan & Chen, 2009).

(b) **Independent Variable**

- (i) **Personal Attitude** refers to one's perception about them about being an entrepreneur (Ajzen 1991).
- (ii) **Subjective Norms** is how the important people i.e. the reference people perceive the decision to become an entrepreneur (Ajzen 1991).

(c) **Sample Details-**

Sample Size – 108

- (i) **Sample Description** – The sample consisted of equal representation from the major education fields in the University:
  - Arts
  - Commerce and Management

(iii) **Perceived Control Behaviour** is how confident one is about being an entrepreneur.

(iv) **Hypothesis formulation**

(v) **For Regression**

- **Ho (PA)** – There is no significant impact of Personal Attitude on Entrepreneurial Intention
- **Ho (SN)** – There is no significant impact of Subject Norms on Entrepreneurial Intention
- **Ho (PCB)** - There is no significant impact of Perceived Control Behavior on Entrepreneurial Intention.

- Engineering
- Sciences

Each background was represented by 30 Students each. The Departments were chosen randomly through Random sampling tables on list of departments under the different backgrounds as per the Panjab University Website.

The departments selected after the tables are –

- (i) **Arts** – Department of Laws
- (ii) **Commerce and Management** - UBS
- (iii) **Engineering** – Chemical Engineering
- (iv) **Sciences** - Department of Physics

## V DATA ANALYSIS

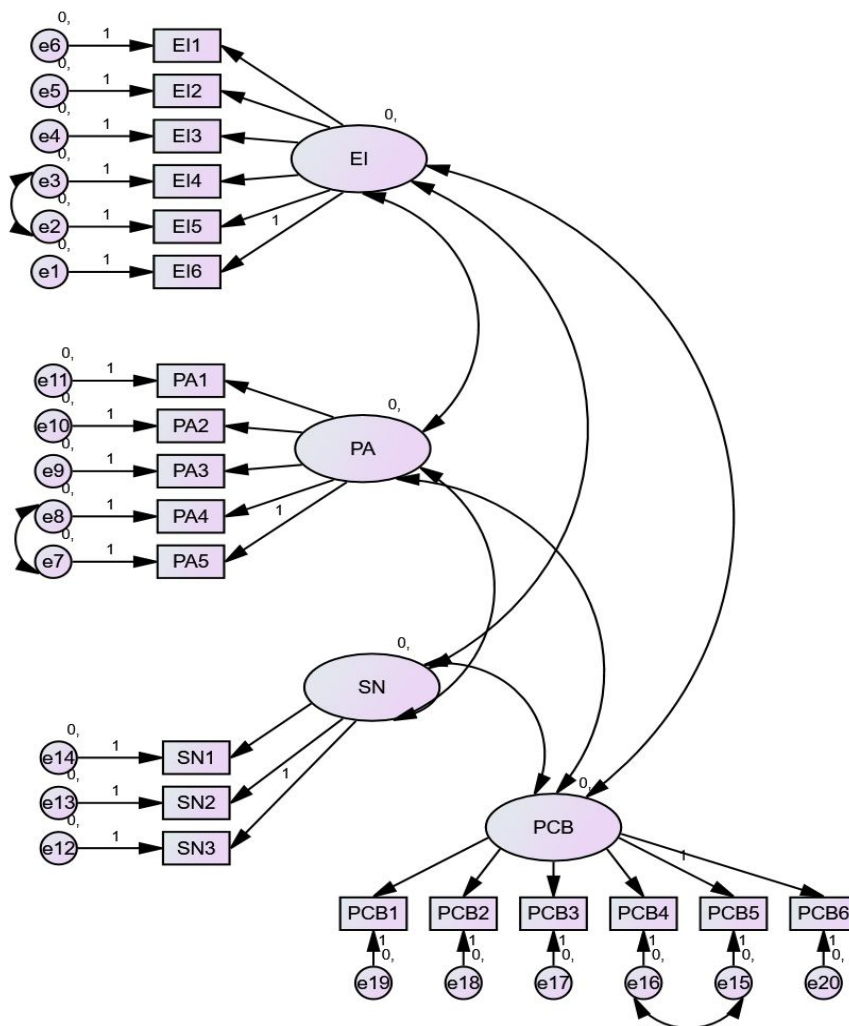
The reliability of the model was tested using confirmatory factor analysis on AMOS. CFA is relevant for evaluating a scale's/model structure

and consistency. Confirmatory factor analysis was conducted with the of help of the estimation method of the Maximum Likelihood over the variance-covariance matrix for the four factor model through the AMOS 21.0 statistical package. Goodness-of-fit statistics were used on the factor models. The fit statistics include the comparative fit index, goodness of fit index and incremental fit index ranging between 0 to 1 with a value of 0.9 being considered as good (Wang et al. 1996). If the value of the root mean square error of approximation is  $\leq 0.08$  it indicates that it is a 'satisfactory fit', whereas if the values are  $\geq 0.1$  then the model is rejected (Browne & Cudeck 1989). The goodness of fit indices for this model are as follows –

**Table 1**

Indices	Values
CMIN/DF	1.495
CFI	0.955
TLI	0.947
RMSEA	0.068

The above indices in Table 1 all lie within limits and thus point towards the fact that the model is a good fit. The model constructed in AMOS is as follows –



**Fig. 2**

Before proceeding further for regression analysis, the multicollinearity needs to be checked once. As per literature, no multi-collinearity must exist amongst the independent variables. This is one of the assumptions for carrying out Regression analysis. In case of multi-collinearity, the analysis of the data to develop a regression model is inappropriate. Collinearity statistics provide

Tolerance and VIF (Variance Inflation Factor) levels. Some argue that a tolerance value less than .1 or VIF greater than 5 roughly Indicates significant multi-collinearity. Upon multi-collinearity analysis, the following results in Table 2 were attained which indicate that there is no multi-collinearity amongst the independent variables.

**Table 2**

Variable	Tolerance	VIF
Personal Attitude	0.688	1.453
Subjective Norm	0.973	1.028
Perceived Control Behavior	0.688	1.453

This gives us a go ahead for carrying out regression analysis. Moving forward with exploration of the model to form the equation in the form of –

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 \dots\dots\dots$$

Here, Y – Entrepreneurial Intention  
 X<sub>1</sub>– Personal Attitude  
 X<sub>2</sub>– Subjective Norm  
 X<sub>3</sub> – Perceived Control behavior

signifies that 71.2 % variance in Entrepreneurial Intention can be explained by the three factors.

Also the p –value as shown in the table 3 below is 0.000 i.e. below 0.05 thus highlighting that the regression model is significant.

Upon further analysis it was found that the value of R<sup>2</sup> for the model came out to be 0.712 which

**Table 3**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	213.113	3	71.038	85.684	.000 <sup>b</sup>
	Residual	86.223	104	0.829		
	Total	299.336	107			

Now we move to form the regression equation based on regression coefficients and p-values. The table4 for the regression coefficients and

significance values highlight that Ho (PA) and Ho (PCB) are rejected whereas the Ho (SN) is accepted for the sample of students.

**Table 4**

Model	Unstandardized Coefficients			Standardized Coefficients	t	Sig.
		Beta	Std. Error	Beta		
1	(Constant)	-0.584	0.422		-1.385	0.000
	PA	0.677	0.066	0.649	10.224	0.000
	SN	0.025	0.065	0.021	0.385	0.701
	PCB	0.343	0.078	0.281	4.366	0.000

The Regression equation comes out to be –

$$\text{Entrepreneurship Intention} = -0.584 + 0.649 (\text{Personal Attitude}) + 0.281 (\text{Perceived Control Behavior})$$

## VI CONCLUSION AND FUTURE RESEARCH

Personal attitude has a fairly stronger impact on Entrepreneurship Intention. This implies more than anything else it's the person's attitude toward becoming a job creator that will push the person towards starting a new venture. The 'attitude of a person is everything' as told in the book by Jeff Keller. With the overall environment very positive in terms of agency push for better infrastructure as well as so many successful stories, attitude is only bound to get better as more and more people try their hand entrepreneurship. This is in with the various surveys being conducted that show that people want to be entrepreneurs as well consider this the best time to be one.

The second factor that's significant in terms of its impact is Perceived control behavior which signifies more of the control belief component of behavior. This highlights that people with high control behavior are expected to have higher entrepreneurial intent. It refers to the conviction that one can successfully pull off the task at hand. This is a very important aspect as self-confidence takes a person a long way when faced with challenges like that of starting up a venture.

The model can be extended for future research with factors like educational backgrounds, entrepreneurship education, family backgrounds etc. be included to understand how these factors can influence the given model of entrepreneurship intention.

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