Research Paper

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A Study on Entrepreneurship Development Among Management Students

Management

KEYWORDS : Career, Entrepreneurship, Entrepreneurial education, Entrepreneurship skills and traits, Intentions, and Self-employment

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ABSTRACT

Entrepreneurship is a rich source of job creation. This paper aims to address the need for a re-focused research agenda in relation to postgraduate entrepreneurship. At par with the growing concern of the management and engineering education in the country, there has been a considerable awareness among the students about self-employment and entrepreneurial development. The study determines entrepreneurial characteristics among MBA students and to assess the causes for preferring entrepreneurship as their career. This is an empirical study on Entrepreneurship development among management students. The study consists of 11 statements, was administered to a convenience sample of 80 students pursuing MBA at Sreenivasa Institute of Technology and Management Studies, Chittoor, the State of Andhra Pradesh. T-test, Chi-square test and percentage tool were used as statistical techniques in the study.

INTRODUCTION:

"Entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk-taking appropriate to the opportunity, and through the communicative and management skills to mobilize human, financial and material resources necessary to bring a project to fruition".

There are over 500 million Indians below 15 years of age today. This number is expected to phenomenal increase in the foreseeable future. The good news is that the young population provides India with the abundant human capital. Entrepreneurship is the key to economic development. Development of entrepreneurial skill is thus essential for the present and future development of our nation. Entrepreneurial development depends on many factors. This is a knowledge era. Historically, individual initiatives and social inheritances have played a dominant role in the creation of Indian startups. Can individual initiatives and social inheritances create massive numbers of jobs that India needs? What else can India do to scale up the number of successful entrepreneurs that she produces every year? How can India help her entrepreneurial ventures to survive, grow and thrive? These are issues that gain importance, given India's requirement for new jobs in the foreseeable future. According to Bassey and Archibong (2005), the goal of entrepreneurship education is intended to empower our graduates irrespective of their areas of specialization with skills engage in income yielding venture, if they are unable to secure jobs in the public sector.

Entrepreneurship education has come to denote all forms of knowledge delivery that seek to empower the individual to create real wealth in the economic sector, thereby advancing the cause of development of the nation as a whole. Entrepreneurship is the ability to generate business ideas, make innovative business models, take the risk of trying something new and execute it in the face of challenges. It is the process of the activities of the entrepreneur who wants to start a new business. So, entrepreneurs tend to be more creative and innovative than an average person. They should be self-confident, thrive in a challenging environment and have a tremendous need to be in control. They are the risk takers, welcome responsibility and are willing to take decisions (Marwaha and Mehandipur, 2006). Entrepreneurship education according to Isaac, Visser, Frederick and Brijlal (2007) is the purposeful intervention by an educator in the life of the learner to survive in the world of business. It has as its focus an action orientation primarily embodied in teaching students how to develop a business plan (Ronstadt, 1985).

SCOPE OF THE STUDY:

Small businesses make an important contribution to the success of a country's economy. They are the major creators of jobs, they innovate, and they spot and exploit new opportunities. The *International Labor Organization (ILO)* estimates that 160 million women and men are officially counted as unemployed, and another billion or more people are underemployed or working poor. Moreover, 500 million new entrants, mostly women and youth, to the labor force have expected over the next 10 years. The scope for an entrepreneur is higher in growing economies like that of India. Researchers have begun to critically address the processes surrounding venture creation, Small business development, innovation, creativity; of particular interest to practitioners has been the means through which entrepreneurship is cultivated. Specifically, questions as to why some college educated people choose entrepreneurial careers and others don't remain unanswered. Hence, conducting Entrepreneurship development particularly among MBA students' research has been gaining lots of scope in the present context.

RESEARCH PROBLEM:

Entrepreneurship is an important input influencing industrial development. A serious thought provoking issue is that an insufficient number of entrepreneurs among indigenous ethnic groups is the most crucial factor responsible for the slow growth of industrialization in Andhra Pradesh. The annual growth rate of employment has declined drastically from 2.4 percent during 1983-94 to 0.98 percent during. The importance of entrepreneurship development thus can be understood from the declining rate of growth of employment in India. The lack of competent and capable entrepreneurs is the main cause of business failures in India. The nation can prosper only if proper professional knowledge, training and development of entrepreneurial skill among the highly educated unemployed youth of the country are provided. Hence it becomes necessary to undertake the present study.

LITERATURE REVIEW:

Entrepreneurship means a sailing tour under very uncertain and changeable weather conditions, driven by survival strategies in a competitive and sometimes antagonistic world (Mehlum, Moene and Torvik 2003; Stough, Kukkarni and Paelinck 2002). Different authors stress different facets of entrepreneurship. Schumpeter (1934), for example, emphasizes the creative component. For Schumpeter the creativity of entrepreneurship lies in the ability to perceive new economic opportunities better than others do, not only in the short term as arbitrageurs, but also in the long term as fillers of innovative niches (Suarez-Villa 1989). While in Schumpeter's concept risk-taking is not a definitional component, Knight (1921) emphasizes the entrepreneur's role as dealing with risk in a context in which entrepreneurship is separable from the control of the firm.

A number of personality traits, such as risk-taking propensity (Hisrich and Peters 1995), the need for achievement (Johnson 1990), and locus of control (Bonnett and Fuhrmann 1991), have

been discussed as factors affecting people's aspirations to start their own firms.

Katz and Gartner (1988) define entrepreneurial intention as the search for information that can be used to help fulfill the goal of venture creation. Kolvereid (1996) examined the employment status choice intentions of the Norwegian business students and revealed that approximately 43% preferred a career as self-employed, however, only 7 % of all respondents estimated the chance to become entrepreneurs to be 75% or higher.

The rationale for the inclusion of entrepreneurship curricula in universities according to Cotton, O'Gorman and Stampfi (2000) is that it will help graduates to acquire increased understanding of entrepreneurship, equip them with entrepreneurial approach to the world of work and prepare them to act as entrepreneurs and managers of new businesses. Ghulam Nabi, Rick Holden and Andreas Walmsley conducted a study on Entrepreneurial intentions among students: towards a re-focused research agenda in the year 2007-2008 over 8,000 students from one UK region and found that all years of the survey a substantial minority of students consistently hold relatively strong start-up intentions. A study by Kolvereid and Moen (1997) has shown that student's with major in entrepreneurship have a higher intention to engage as entrepreneurs and are likely to initiate business. Another study by Noel (2001) confirmed that students who graduated in entrepreneurship reached higher scores in entrepreneurial intention and entrepreneurial self-efficacy than students who graduated in other disciplines. Wilson, Kickul and Marlino (2007) found that entrepreneurship education could also increase students' interest in entrerenurship as a career.

Owusu – Ansah (2004) studied that impact of entrepreneurship education and career intentions and aspirations of tertiary students in Ghana and found that an overwhelming 77.9% of the survey respondents indicated that they were motivated to a large extent to initiate business startups.

Krueger, Reilly and Carsrud (2000), suggest that entrepreneurial activity can be predicted more accurately by studying the intention rather than personality traits, demographic characteristics or situational factors. The entrepreneurial process includes an examination of the role of behavioral and situational factors (Gartner, 1985) and demographic variables (Davidson, 1995) on the intensions to start a new business venture. Most of the studies on entrepreneurial intentions focus on demographics, personality characteristics or traits (Brush,1992; Goldsmith and kerr,1991). Carr and Sequeira (2007) found that exposure to family business serves as an important inter-generational influence on intentions to become an entrepreneur. Family characteristics have implications of the emergence of new business, recognition of opportunity, Start-up decisions and resource mobilization (Aldrich and Cliff, 2003). Shapero and Skol (1982) have revealed that the family, particularly, the father or mother, plays the most powerful role in establishing the desirability and credibility of entrepreneurial actions. Scott and Twomey (1988) found that respondents whose parents owned a small business showed the highest preference for self employment and the lowest preference for organizational employment. Tkachev and kolvereld (1999) studied 552 students in Russian context; examined the relationship between demographic variables and entrepreneurial intention and discovered that family background and gender were not contributing to entrepreneurial motivation but self – employment experience has marginally supported.

Availability of resources, smart infrastructure and proper education and training systems, accompanied by close interactions between the business world and the public sector, are critical success factors in this context (Stough 2003). Sridhar (2003) conducted a study on entrepreneurship awareness among student and non-student youth of Bangalore and Dharwad districts of Karnataka. Narendra (2006) worked on the intention for entrepreneurship among students in India. Krishnaveni (2007) analyzed self-efficacy and professional competencies among management students. Balaji (2007) studied the perception of students towards group work and group management projects. Hansemark (1998) studied the effects of an entrepreneurship program on the need for achievement and locus of control of reinforcement. Carrier (2008) given a prospective map, a new method for helping future entrepreneurs in expanding their initial business ideas. Petermen and Kennedy (2003) studied enterprise education and its role in influencing student's perceptions of entrepreneurship. Louw (2003) studied entrepreneurial traits of undergraduate students at selected South African Tertiary institutions. Wilson (2007) studied gender, entrepreneurial self-efficacy and entrepreneurial career intentions and its implications for entrepreneurship education. It is felt that individuals might be more inclined to pursue entrepreneurship if they believe that they possess the necessary skills to function in such an environment (Boyd and Vozikis, 1994). Dunn and Wharton (2004) worked on the decision making process of students entering higher national diploma.

OBJECTIVES:

- To examine significant relationship between the present management education system and entrepreneurial intention among the students.
- To examine significant relationship between family's business background and entrepreneurial intention among the students.
- To study the entrepreneurship development among the students.
- To assess the reasons for preferring entrepreneurship as their career.

FORMULATION OF HYPOTHESIS:

- There is a significant relationship between the present management education system and entrepreneurial intention among the students.
- There is a significant relationship between family's business background and entrepreneurial intention among the students.

RESEARCH METHODOLOGY:

Simple random sampling technique is used for drawing the sample. The sample includes both male and female students pursuing MBA First and Second year in Sreenivasa Institute of Technology and Management Studies, Chittoor. Sample size was 80. Population t-test, Chi-square test and percentage tool were the statistical techniques deployed to test the hypothesis and to examine entrepreneurship development among MBA students.

ANALYSIS OF DATA:

This is an attempt to analyze and interpret the data gathered from the respondents. Each aspect has been supplemented with a table, which has been analyzed in order to make interpretation more clear. To fulfill the objectives of the study both conventional and non-conventional statistical techniques were used. The conventional statistical technique adopted in the present study is percentage analysis. The non-conventional tools are: Chi-square test and t-test.

Distribution of sample according to the Course of study
Table – 1

Course	Number of Respondents	Percentage
MBA First Year	28	35
MBA Second year	52	65
Total	80	100

Source: Primary data

Interpretation: From the above table, it reveals that 35% of students are pursuing MBA first year and 65% of students are pursuing MBA second year.

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Distribution of sample according to Gender
Table – 2

Course	Number of Respondents	Percentage
Male	39	48.75
Female	41	51.25
Total	80	100

Source: Primary data

Interpretation: From the above table, it reveals that 48.75% of students are male and 51.25% of students are female.

Distribution of sample according to Age
Table – 3

Course	Number of Respondents	Percentage
20-22	46	57.5
22-24	34	42.5
Total	80	100

Source: Primary data

Interpretation: From the above table, it reveals that 57.5% of students are having age in the range of 20-22 and 42.55% of students are in the range of 22-24.

What is your family annual income?
Table – 4

Annual Income in Rupees	Number of Respondents	Percentage
Below 40,000	32	40
40,000 – 80,000	31	38.75
Above 1,00,000	17	21.25
Total	80	100

Source: Primary data

Do you think the present management education system develops business skills among students?
Table no. 5

Attributes	Number of Respondents	Percentage
Yes	31	39
No	49	61
Total	80	100

Source: Primary Data

Interpretation: 61% of the students feel that the present management education system develops management skills among students and 39% of the students do not feel that the present management education system develops management skills among students.

6.Do you have any intention to enter in to the field of entrepreneurship?
Table no. 6

Entrepreneurial Intention	Number of Respondents	Percentage
Yes	28	35
No	52	65
Total	80	100

Source: Primary Data

Testing of Hypothesis:

Present management education system / Entrepreneurial intensions	Yes	No	Total
Yes	20	11	31
No	8	411	49
Total	28	52	80

- H_0 > There is a significant relationship between the present management education system and entrepreneurial intention among the students.
- H_1 > There is no significant relationship between the present management education system and entrepreneurial intention among the students.

Calculated value of X^2

O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
20	10.85	10.85	117.75	10.85
8	20.15	-12.15	147.65	7.32
11	17.15	-6.15	37.85	2.20
41	31.85	9.85	97.05	3.04
			$\sum (O-E)^2/E$	23.41

CHI-SQUARE TEST

D.F = (r-1) (n-1)	Calculated value of X^2	Tabulated value at 5% level of significance	Result
1	23.41	3.84	H_o rejected

Since the calculated value of X^2 is greater than the tabulated value, the null hypothesis is rejected. It is concluded that there is no significant relationship between the present management education system and entrepreneurial intention among the students.

Do you think the following are the reasons for preferring entrepreneurship as your career?
Table no. 6

Reasons	Number of respondents	Percentage
Entrepreneurship background	22	27.5
Government support	21	26.25
Self-employment	9	11.25
Financial assistance	10	12.5
Interest	18	22.5
Total	80	100

Source: Primary Data

Interpretation: From the above table, it reveals that 27.5 percent of respondents felt that entrepreneurship background is the reason responsible for preferring entrepreneurship as their career, 26.25 percent of respondents felt government support, 11.25 percent of respondents felt Self-employment, 12.5 percent of respondents felt financial assistance and 22.5 percent of respondents felt that due to having interest they preferred entrepreneurship as their career .

Do you have any family's business background?
Table no. 7

Business background	Number of respondents	Percentage
Yes	24	30
No	56	70
Total	80	100

Source: Primary Data

Testing of Hypothesis:

Family business background / Entrepreneurial intensions	Yes	No	Total

Yes	9	15	24
No	19	37	56
Total	28	52	80

- H_0 > There is a significant relationship between family's business background and entrepreneurial intention among the students.
- H_1 > There is no significant relationship between family's business background and entrepreneurial intention among the students.

Calculated value of X^2

O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
9	8.4	0.6	0.36	0.04
19	15.6	3.4	11.56	0.74
15	19.6	-4.6	21.16	1.07
37	36.4	0.6	0.36	0.009
			$\sum (O-E)^2/E$	1.859

CHI-SQUARE TEST

D.F = (r-1) (n-1)	Calculated value of X^2	Tabulated value at 5% level of significance	Result
1	1.859	3.84	H_0 accepted

Since the calculated value of X^2 is lesser than the tabulated value, the null hypothesis is accepted. It is concluded that there is a significant relationship between family's business background and entrepreneurial intention among the students.

Do you think the following factors are responsible for not preferring entrepreneurship as a career?
Table no. 8

Reasons	Number of respondents	Percentage
Lack of finance	18	22.5
Lack of family support	29	36.25
No risk taking ability	16	20
No business idea	17	21.25
Total	80	100

Source: Primary Data

Interpretation: From the above table, it reveals that 22.5 percent of respondents felt that lack of finance is the factor responsible for not preferring entrepreneurship as their carrer, 36.25 percent of respondents felt that the responsible factor is lack of family support, 20 percent of respondents felt that the responsible factor is due to not having risk taking ability and 21.25 percent of respondents felt that the responsible factor is not having any business idea.

9. Did you attend any EDP Training?
TABLE 9

EDP Training attended	Number of respondents	Percentage (%)
Yes	9	11.25
No	71	88.75
TOTAL	80	100

SOURCE: Primary data

Interpretation: From the above table, it reveals that 11.25 percent of respondents have attended training and remaining 88.75 percent of respondents have not attended EDP training.

9.1 What is your level of interest towards entrepreneurship before attending EDP training?
TABLE 9.1

Level of interest / No. of respondents	High level (5)	Moderate level (3)	Low level (1)	Total
1		1		1
2			1	1
3		1		1
4		1		1
5		1		1
6			1	1
7			1	1
8		1		1
9	1			1
Total	1	5	3	9

Source: Primary data

Interpretation: From the above table, it reveals that 5 students have moderate level of interest, 3 students have low level and only 1 student have a high level of interest towards entrepreneurship before attending EDP training.

9.2 What is your level of interest after attending EDP training?
TABLE 9.2

Level of interest / No. of respondents	High level (5)	Moderate level (3)	Low level (1)	Total
1	1			1
2	1			1
3	1			1
4		1		1
5	1			1
6		1		1
7		1		1
8	1			1
9	1			1
Total	6	3	0	9

Source: Primary data

Interpretation: From the above table, it reveals that 5 students have a high level of interest, and 3 students have moderate level of interest towards entrepreneurship after attending EDP training.

No. of students Level of Interest	1	2	3	4	5	6	7	8	9
Before	3	1	3	3	3	1	1	3	5
After	5	5	5	3	5	3	3	5	5

Respondents	Score before attending EDP	Score after attending EDP	Difference (Di=Xi-Yi)	Difference squared $(Di)^2$
1	3	5	-2	4
2	1	5	-4	8
3	3	5	-2	4
4	3	3	0	0
5	3	5	-2	4
6	1	3	-2	4
7	1	3	-2	4
8	3	5	-2	4

9	5	5	0	0
n=9			$\sum Di=16$	$\sum Di^2=32$

$$\text{Mean of differences } D = \frac{\sum Di}{n} = 1.78$$

$$\text{Standard deviation of differences} = \sqrt{\sum Di - (D)^2}.\ n / n-1$$

$$= 0.66$$

$$t = \frac{-1.78 - 0}{0.66 / \sqrt{9}} = -8.09$$

Degree of freedom = n -1 =8

R: t < - 1.860

Result: The observed value is -8.09 which falls in the rejection region and thus we reject Ho at 5% and conclude that the level of interest among students is increased towards entrepreneurship after attending EDP.

What is your plan after finishing your MBA?

Plan	Number of respondents	Percentage
To get salaried job	30	37.5
To start own venture	37	46.25
Further study	13	16.25
Total	80	100

Source: Primary data

Interpretation: From the above table, it reveals that 37.5% of students are planning to get the job, 46.25% of students are planning to start a new venture and 16.25% of students are planning to continue further studies.

LIMITATIONS OF THE STUDY

The present research has several limitations. First, this study is conducted with a limited number of samples and has been limited to MBA students of first year and second year in SITAMS, Chittoor. Respondents' views may be biased. Since the time factor is crucial and very short, pre-pilot and post-pilot studies were not conducted in the present research.

FURTHER RESEARCH

The present survey opens several possibilities for future research. The present study can be replicated in a more comprehensive fashion, covering more students and universities. Furthermore, the question of whether students in business colleges and technical colleges differ in terms of entrepreneurial attitude and intention could be an interesting topic for future research.

CONCLUSION

The findings of this study show that entrepreneurship education impacts positively on the career intentions of MBA students. As it is shown in this study, entrepreneurship education leads to increase in the level of student's knowledge in the entrepreneurial process. The family's business background is playing an important role in forming a positive attitude toward entrepreneurship. It is also found that there is a significant relationship between family's business background and entrepreneurial intentions among the students. Entrepreneurship education should not only be offered at PG level but should be made compulsory at all other levels of education. It is hoped that this study will fill the gap and brings the change in the mindset of MBA students from job seekers to entrepreneurs.

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