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INTENT TO BECOME AN ENTREPRENEUR: A COMPARATIVE STUDY ON MOTIVATIONAL BEHAVIOR OF THE STUDENTS IN DEGREE COLLEGES OF BANGALORE.

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Abstract

Entrepreneurship research has evolved along a similar route, adapting organizational psychology findings to understand the motivation to become an entrepreneur. Entrepreneurs play a key role in any economy. In this paper we examine key components of motivation that may contribute to the decision to become self-employed. We begin with a review of the evolution of research on entrepreneurial motivation starting with content-based theories of motivation. We then explore the current state of the more recent process-oriented research on the motivation to become an entrepreneur. Three constructs that play an important role in the intention to become self-employed are proposed as part of our entrepreneurial motivation. The findings of our study show that there is a positive significant correlation between the Self-efficacy (SE), Tolerance for risk (TR) and Net desirability to become self-employed (NDSE). The sample composed of college students pursuing their Bachelors in degree in Bangalore.

Key words: *Entrepreneurial intentions, motivational behavior, entrepreneurial attitudes.*

Introduction

'*Entrepreneur*' can be defined as an individual who, rather than working as an employee, runs a small business and assumes all the risk and reward of a given business venture, idea, or good or service offered for sale. The entrepreneur is commonly seen as a business leader and innovator of new ideas and business processes. These are the people who have the skills and initiative necessary to take good new ideas to market and make the right decisions to make the idea profitable. The reward for the risks taken is the potential economic profits the entrepreneur could earn.

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Motivation and entrepreneurial intention

The topic of motivation in the entrepreneurship literature has evolved along a path similar to that of the organizational psychology field. Entrepreneurial intention is defined as an individual's cognitive inclination to pursue an entrepreneurial career after graduation. Herron and Sapienza (1992, p. 49) stated, "motivation plays an important part in the creation of new organizations". An entrepreneur is the one who is self-employed, starts, organizes, manages, and assumes responsibility for a business, offers a personal challenge as many as individuals prefer to be self employed rather than working under someone.

Objectives of the study

1. To study the relationship between an individual's entrepreneurial self-efficacy (SE) and intention to become an entrepreneur.
2. To find the relationship between an individual's tolerance for risk (TR) and intention to become an entrepreneur.
3. To explore relationship between an individual's net desirability for self-employment (NDSE) and intention to become an entrepreneur.

Literature Review

Baumol (1990) suggested that entrepreneurs are motivated by the reward structure in the economy. This economic perspective on new venture initiation focuses on the usefulness, utility, or desirability of an entrepreneurial career. Campbell's (1992) economic decision model compares the expected net present benefits of entrepreneurship relative to the expected gains from wage labor. For both entrepreneurship and wage labor, Campbell multiplied probability of success times average income to determine expected benefits.

Praag and Cramer (2001) found that people would become entrepreneurs if the expected rewards surpass the wages of employment. Because expected rewards depended on assessments of individual ability and attitudes towards risk, perceptions of entrepreneurial feasibility were included. Thus the model, like expectancy theory, finds entrepreneurial activity to be a function of feasibility and desirability.

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These economics-based models (**Campbell, 1992; Praag and Cramer, 2001; Levesque et al., 2002**) explicitly consider the role of risk in the decision to become an entrepreneur. Rees and Shah (1986) found that the variance of earnings for self-employed individuals was triple that of individuals working for others, leading to the conclusion that risk-averse individuals are less likely to pursue self-employment. Douglas and Shepherd (1999, p. 231), using anticipated risk as a predictor, stated “The more tolerant one is of risk bearing, the greater incentive to be self-employed.”

Peterman and Kennedy (2003) focused on university students who have been exposed to entrepreneurial education courses. The Peterman Kennedy sample was taken from secondary school students but covered similar ground. The present study focused on college students because their time to join the work market was eminent and thoughts about their future careers were more focused.

Kuehn (2008) suggested that there are a number of practical ways for educators to influence student attitudes and intentions toward entrepreneurship, most of which are relatively easily accomplished in a college setting. Several questions remain, however, as to impacts of these experiences on intentions and actual new business startups and the degree that the pedagogical approaches can impact these outcomes.

Hypotheses

1. There is no relationship between an individual’s entrepreneurial self-efficacy (SE) and his or her intention to become an entrepreneur.
2. There is no relationship between an individual’s tolerance for risk (TR) and his or her intention to become an entrepreneur.
3. There is no relationship between an individual’s net desirability for self-employment (NDSE) and his or her intention to become an entrepreneur.

Sample data and variable measures

Data were collected through a self-administered questionnaire. The questionnaire was distributed and collected from 199 post graduate students at RC College and St Anne’s FG College, Bangalore.

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Dependent Variable.

The dependent variable in our model is entrepreneurial intentions. The survey instrument defined entrepreneurship as “being self-employed in your own business.” Chen et al. (1998) established six measures of entrepreneurial intentions using the questions listed below:

- Q1. How interested are you in becoming an entrepreneur?
- Q2. How much have you considered becoming an entrepreneur?
- Q3. How much have you already prepared to become an entrepreneur?
- Q4. How likely are you to become an entrepreneur?
- Q5. How likely are you to work very hard at becoming an entrepreneur?
- Q6. How soon are you going to become an entrepreneur?

Independent Variables.

The study includes three independent variables.

1. The first independent variable is entrepreneurial self-efficacy, which was measured by one question designed to assess an individual’s self-confidence in his or her ability to perform the tasks and activities necessary to become an entrepreneur.
2. The second independent variable was an entrepreneur’s tolerance for risk (TR). Tolerance for risk was determined by asking pointedly “To what extent are you willing to take a moderate, calculated risk to get ahead?”
3. The third independent variable in the model is net desirability to become self-employed (NDSE). The computation and significance of this variable deserves special attention.

Research design

We used regression analysis to assess the ability of the model to explain self-employment intentions, the dependent variable. As we test the model using regression, the appropriate comparative diagnostic is the Adjusted R².

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Table No.1: Regression analysis results of entrepreneurial intentions on measures of SE, TR and NDSE independent variable.

Dep. Variable	Ind. Variables	Beta Value	SE of beta	t-value	p-value
Entrepreneurial Intentions	Constant	50.895	7.945	6.406	0.000 *
	Self-efficacy(SE)	0.738	0.351	7.116	0.002 *
	Tolerance for risk(TR)	0.917	0.481	2.476	0.015 *
	Net desirability to become self-employed(NDSE)	0.410	0.358	3.030	0.009 *
	R=0.353, R ² =0.125, Adjusted R ² =0.107, F(4.194)= 6.907, p<0.05, Std.Error of estimate: 2.422				

*significant at 0.05 level

From the regression result table- 1, it can be seen that dependent variable Entrepreneurial Intentions found to be positively correlated and significant with the independent variable self efficacy ($\beta = 0.738$, $t = 7.116$, $p = 0.002$) at 0.05 level. Hence the null hypothesis is rejected and alternative hypothesis is accepted. It means that higher the entrepreneurial self-efficacy greater the association with the intention to engage in entrepreneurial activity of the students in degree colleges of Bangalore.

Table shows that an individual's intention to become an entrepreneur was positively significant and correlated with the independent variable tolerance for risk (TR) ($\beta = 0.738$, $t = 7.116$, 0.002) at 0.05 level. Hence the null hypothesis is rejected and alternative hypothesis is accepted. It implies that higher TR led to a higher likelihood that an individual would engage in entrepreneurial activity of the students in degree colleges of Bangalore.

It also shows that an individual's intention to become an entrepreneur was positively significant and correlated with the independent variable net desirability for self-employment (NDSE). (TR) ($\beta = 0.738$, $t = 7.116$, 0.002) at 0.05 level. Hence the null hypothesis is rejected and alternative hypothesis is accepted. It implies Higher NDSE

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was associated with a greater likelihood to become an entrepreneur with a significant Pearson correlation coefficient of the students in degree colleges of Bangalore.

Discussion

The post graduate students opinion was that they possess entrepreneurial intentions and their capabilities to become a motivated entrepreneur. We can understand why the intentions to become an entrepreneur were positively significant and correlated with the independent variables. As hypothesized, the respondents in this study formed entrepreneurial intentions and considered themselves to be efficacious and they anticipated positive outcomes from entrepreneurship. We also found that an individual's tolerance for risk (TR) had a significant influence and even though an individual had self confidence, it was also important that the person have a relatively high tolerance for risk. The management of the college should provide more training and seminars on entrepreneurial intentions for students and faculty members.

Conclusion

According to Timmons, "an entrepreneur can create over 95 percent of the wealth that exists in the country". Motivation and entrepreneurial intention is the desire to achieve a goal, combined with the energy to work towards that goal. Motivation is the basic drive for all of our actions and it directs our behaviour. Motivation is based on reaching success and achieving all of our aspirations in life. An individual with the motivational dimension of achievement wishes to achieve objectives and advance up on the ladder of success. This paper could be a help for the students who aspire to become a motivated and a successful entrepreneur in their career.

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