

## The Determinants of Entrepreneurial Intention among Academics in Sri Lanka

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**Abstract**—Entrepreneurship is seen as a wealth creation activity among economies in many countries and it is also a best solution for the problem of unemployment in developing countries. However, the entrepreneurial career is not preferred by the younger generation particularly the academics. Thus, the main objective of this research was to examine the career intention of academics in Sri Lanka and determinants plead with their decisions. The results showed that the majority of academics preferred to work in public sector and they ranked entrepreneurship as their second or third choice. Further, this study revealed that the gender, family business experience, type of the study programme and the year of the study programme were significantly impinge on entrepreneurial intention among academic while the financial ability of their family is not related to their intention. It is clear that determinant plays a major role in entrepreneurship intention.

**Keywords**—*Entrepreneurship; entrepreneurial intention; determinants; academics; unemployment*

### I. INTRODUCTION

Many researchers have recently highlighted the importance of small business and entrepreneurship as a prominent instrument to conquer the unemployment problem for the development in regional and national economies [5].

According to the data published by Department of Census and Statistics in Sri Lanka there is no significant change in the unemployment rates in Sri Lanka during 2006 to 2009. The female unemployment was higher than the male; even the both unemployment levels were increased. The higher percentage of unemployment was signified in the age group of 15-19. However, the 20-29 aged people unemployment level was increased drastically than the others. The unemployment among the higher education level was considerably increased from 2008 to 2009.

Consequently, people in the society have not agreed to determine their career to become an entrepreneur even they are unemployed [8]. Besides, the public and private sector endeavor to solve the unemployment problem, the number of job opportunities in these sectors are not escalating to fulfill the demand of our labour force. Tab. I shows the number of employments available in each sector in Sri Lanka. During the period of five years (2004-2009), the employment in public sector was increased by only 2.2% conversely the private sector was decreased by 4.3%. Therefore, it is suggested to promote entrepreneurship to triumph over the demand for jobs.

TABLE I. STATUS OF EMPLOYMENT

Year	Status of Employment				
	Public Sector	Private Sector	Employes	Self-Employed	Unpaid Family Workers
2004	13.0	46.4	2.9	28.3	9.4
2005	13.3	46.1	3.1	29.7	7.9
2006	13.4	42.1	3.1	30.8	10.5
2007	13.8	42.7	2.8	30.4	10.3
2008	14.9	41.1	3.0	30.3	10.8
2009	15.2	42.1	2.7	29.0	11.0

Source: Department of Census and Statistics

### II. RESEARCH PROBLEM

Entrepreneurship is considered as a key to the ever growing problem of unemployment among graduates [15]. Conversely, it has been found that this career choice is not privileged by younger people who observe entrepreneurship as their second or even last choice of employability [7].

Stansworth and Gray [10] found that the lack of management expertise in small organizations is the main reason for the failure of that business. In order to grow, these people should have management experience and business training and need to recognize the potential employees such as students and their perceptions. In student perception of self-employment, Scott and Twomey [12] pointed out that self-employment has freedom from supervision and opportunity to be creative in decisions but offer little job security, training, benefits and pay.

Most of universities have valued these entrepreneurial intentions and include entrepreneurship related course in their undergraduates and post graduates degree programmes [8]. However, it is important to investigate whether these study programmes are achieving their goal of preparing their students to be an entrepreneur. Furthermore, this study emphasized the Sri Lankan students' entrepreneurial intention to perceive what will shape career aspiration toward entrepreneurship.

### III. RESEARCH OBJECTIVES

The objectives of this study are to;

1. identify the entrepreneurial intention among university students
2. examine the connection between students' entrepreneurial intention and the factors determine their intention

3. facilitate the curriculum developers and academic staff members in undergraduate programmes to adapt their programmes

#### IV. SIGNIFICANCE OF THE STUDY

Numbers of studies are conducting to identify the entrepreneurial intention among various groups. Thus, a lot of researches are still required to recognize the factors determine the entrepreneurial perception among these people.

Alwis [4] reported in “Daily News” newspaper, the survey findings of Prof. Siri Hettige, a Senior Professor of Sociology at the University of Colombo presented at the Conference on National Youth Survey and its implementation for a National Youth Policy in Sri Lanka. According to that, 70% of the youth preferred to do jobs in the state sector, 18% were preferred in private sector jobs while 50% youth wanted to migrate.

Therefore, this issue needs to be addressed in national level. Prior to that, it is essential to identify the academics in a society who will eventually go on to start their own businesses.

#### V. LITERATURE REVIEW

There is an upward trend on literature by highlighting and arguing that the intentions play a major role in the decision of academicians to become an entrepreneur [6]. As demonstrated by Timmons [9] on his study, 1/3 of Harvard Business School (HBS) graduates ended up with self employment and 90% of HBS students have the dream of self employment.

According to the study of business school senior undergraduates, 55% preferred operating their own business, but only 5% of the respondents indicated they would probably choose to operate their own business after considering their actual situation and constraints [14]. Kolvereid [11] reported 37.6% of Norwegian business graduates preferred self-employment. A survey on 2486 graduates in Singapore (with a response rate of 34.1%) who graduated after 1–8 yr found 8.6% of them to be self-employed [1].

In a study of first year accountancy and business undergraduates at the Nanyang Technological University in Singapore, 45.1% undergraduates chose Multinational Companies as their most preferred source of employment against only 11% select SMEs as their most preferred employment source [7].

The attitude based on an internal locus of control, monetary value, and autonomy had a significant impact on choosing entrepreneurship as a career choice [13]. It was found that attitude can predict career choice through aspiration level among graduates. It is clear that attitude plays an important role in motivating an individual’s career choice behaviour in entrepreneurship.

In the previous literature, the level of entrepreneurial propensity has been analyzed by using various factors. Among them, the gender factor has been identified as a significant factor in many researches. They scrutinized that male students have stronger entrepreneurial intention than

females [2]. Ghazali, Ghosh and Tay [1], in their study, they have found gender difference in the self-employment among non professional is higher than the professionals such as engineers, doctors and lawyers.

The next factor is the family background and consequently this factor could be identified as family income and family business experiences. According to the literature the family background affect the entrepreneurial interest and career choice of their children. Researchers have identified them as the parental role model and the family support model [16].

The persons with self-employed parent are more towards to start their own business [9]. Scott and Twomey [12] scrutinized those students whose parents owned a small business had highest preference for entrepreneurship and the lowest for employment in large organizations. The family support model used to explain the financial or social support of their families [9]. Wang & Wong [3] found that the parents’ financial and social status were not significantly influence on the self employment.

Another factor is the education. Most of small businesses were failed due to the lack of managerial knowledge and skills [10]. Formal education was important for successful entrepreneurship to deal with the challenges and obstacles encountered along their way of starting and running their businesses [8]. Field of study and level of education is highly related with the intention of students to be an entrepreneur.

#### VI. CONCEPTUAL FRAMEWORK

Based on the previous studies conducted in the area of entrepreneurial intention, the following determinants were identified to determine the entrepreneurial intention among the academics in Sri Lanka and developed five (5) hypotheses with regard to the conceptual framework to scrutinize the important factors which influence on undergraduates decision on selecting entrepreneurship as their career. To test the hypotheses this study used t-test and ANOVA as the statistical tool (Fig.1).



Figure 1. Conceptual Framework

- H1: There is a significant relationship between the study programmes and entrepreneurial intention  
 H2: There is a significant relationship between the year of study programme and entrepreneurial intention  
 H3: There is a significant relationship between gender and entrepreneurial intention  
 H4: There is a significant relationship between family income and entrepreneurial intention

H5: There is a significant relationship between family business experience and entrepreneurial intention

VII. METHODOLOGY

This research signifies the outcome of a study that carried out among 350 undergraduates learning in the University of Kelaniya, which is the one of the foremost University in producing graduates in Sri Lanka. A structured questionnaire was used to collect data from the undergraduates in different faculties. In order to obtain high response rate, the author was present during the data collection.

A questionnaire which has been developed by scholars for previous studies was used for this study to build the independent and dependent variables, with minor modifications [6]. That was increased the validity of this study. Also the test retest method was used to measure reliability and accordingly the correlation was 0.79.

In order to measure entrepreneurial intention of undergraduates, respondents were asked to rated themselves on a seven point scale for each of six questions. Based on these six questions the overall entrepreneurial intention was calculated. This study used respondents' demographic and academic background factor as determinants.

VIII. DATA ANALYSIS

Among the 350 respondents, 95 (27%) of them were from the Faculty of Humanities, 80 (23%) from Commerce and Management, 75 (21%) from Science and Social Sciences 100 (29%). Fig. 2 depicts the percentage of academics who are studying at each year of the University of Kelaniya followed by 39%, 21%, 21% and 19% for first, second, third and fourth year respectively. A total of 58% of respondents were female and among them 49% of undergraduates were attached to the Faculty of Humanities (Fig.3)

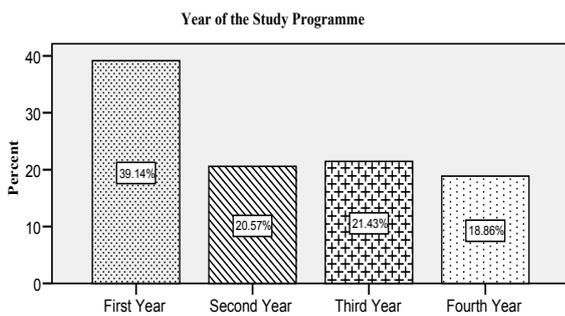


Figure 2. Year of the study programme

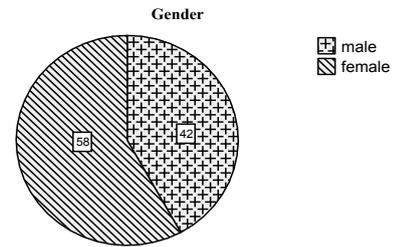


Figure 3. Gender

Most of male undergraduates were studying in the field of Commerce and Management and the percentage is 37%. According to the sample, 67% of the responded were live in rural area. Out of the total participants, 43% were doing professional exams, namely ICASL, CIMA, CIM, SLIM, CMA and AAT, conversely 17% of undergraduates were totally depend on their study programme. Among the respondents 46% have family business experience. According to the sample, 31% of the respondents' family income level was Rs.25,001-50,000 and 27% were in level of Rs.10,001-20,000. The third highest income level was the Rs. 50,001-100,000 and the percentage is 22%

Tab. II scrutinizes the relationship between the study programme that the academics were followed and the overall entrepreneurial intention. It shows that there is a significant relationship between the study programme and their entrepreneurial intention. Therefore, H1 on study programme is accepted from the regression analysis.

Tab. III illustrates how the level of education was impact on the academics' intention to start and run their own business. According to the ANOVA test there is a significant relationship with their level of education and the overall entrepreneurial intention. With that analysis, H2 on year of students' study programme is accepted.

According to the Tab. IV, it depicts the correlation between gender and overall entrepreneurial intention. As elaborate in the previous studies, there is a negative relationship between the gender and entrepreneurship intention. Third hypothesis is accepted due to the relationship between the gender and overall intention of entrepreneurship is significant.

The literature review highlighted the value of family business experience on students' intention to start and run their own business. By confirming the literature Tab. V illustrate that there is a significant relationship between parents' business experience and the overall entrepreneurship intention of undergraduates. Therefore H4 is accepted.

According to the Tab. VI, there is no significant relationship between family income and overall entrepreneurial intention. Hence, the H5 on family income level has not accepted due to income factor has not been affected on the entrepreneurial intention among academics.

TABLE II. RELATIONSHIP BETWEEN THE STUDY PROGRAMME AND OVERALL ENTREPRENEURIAL INTENTION

Model	ANOVA(b)
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	<i>Sum of Squares</i>	<i>F</i>	<i>Sig.</i>
Regression	140.908	27.190	.000(a)

a Predictors: (Constant), Study Programme

b Dependent Variable: Overall Entrepreneurial Intention

Research findings

TABLE III. RELATIONSHIP BETWEEN THE YEAR OF THE STUDY PROGRAMME AND OVERALL ENTREPRENEURIAL INTENTION

<b>Model</b>	<b>ANOVA(b)</b>		
	<i>Sum of Squares</i>	<i>F</i>	<i>Sig.</i>
Regression	124.468	23.801	.000(a)

a Predictors: (Constant), Year of the Study Programme

b Dependent Variable: Overall Entrepreneurial Intention

Research Findings

TABLE IV. PAIRED SAMPLES CORRELATIONS BETWEEN GENDER AND OVERALL ENTREPRENEURIAL INTENTION

<b>Pair 1</b>	<b>Paired Samples Correlations</b>		
	<i>N</i>	<i>Correlation</i>	<i>Sig.</i>
Gender & Overall Entrepreneurial Intention	350	-.573	.000

Research Findings

TABLE V. PAIRED SAMPLES CORRELATIONS BETWEEN THE FAMILY BUSINESS EXPERIENCE AND OVERALL ENTREPRENEURIAL INTENTION

<b>Pair 1</b>	<b>Paired Samples Correlations</b>		
	<i>N</i>	<i>Correlation</i>	<i>Sig.</i>
Parents owned a Business & Overall Entrepreneurial Intention	350	.382	.000

Research Findings

TABLE VI. RELATIONSHIP BETWEEN THE FAMILY INCOME AND OVERALL ENTREPRENEURIAL INTENTION

<b>Model</b>	<b>ANOVA(b)</b>		
	<i>Sum of Squares</i>	<i>F</i>	<i>Sig.</i>
Regression	.476	.085	.771(a)

a Predictors: (Constant), Family Income

b Dependent Variable: Overall Entrepreneurial Intention

Research Findings

## IX. CONCLUSION

Based on the research findings it can be concluded that the entrepreneurship is not very much preferred by the academics who are studying in different field and education levels. Further, this study reveals that field of study, education level, gender and family business experience are significantly affect the intention in starting one's own

business while the financial ability of the undergraduates' family is not related to their business interest.

## X. RECOMMENDATION

Academic study programmes in Sri Lankan Universities should incorporate techniques to facilitate their students to develop the entrepreneurial skills as well as their intention. Conversely, the programme content and process of this study programmes may need to be evaluated with regards to the low level of their intention on entrepreneurship.

Therefore it is recommended to promote entrepreneurship and awareness of entrepreneurial opportunities among university students by conducting conferences, workshops and seminars. They can select role models from the society to teach undergraduates about their experiences.

Universities should organize some career fairs to achieve greater awareness and should build a closer relationship between them. It is important to upgrade the curriculums of the universities which will offer exposure for the students in small business such as discussing more real world cases at the class. Then it will increase the intention of undergraduates to start their own business.

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