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Personality and Entrepreneurial Intention Among Generation Z Students Using Structural Equation Modeling

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Abstract

Entrepreneurial Intention among today's millennial is growing rapidly. This paper is an attempt to test the influence of personality dimensions on entrepreneurial intention among students. The construct for personality are identified through exploratory factor analysis. Personality dimensions for entrepreneurial intentions are measured through Locus of Control, entrepreneurial alertness and need for achievement. Data were collected through self administrated questionnaire among 420 students belonging to arts and science discipline. The researcher employs EFA, CFA and structural equation modeling for analyzing data. The model yields satisfactory fit indices. The outcome of the proposed model reveals that there is a strong influence of Locus of Control, entrepreneurial alertness and need for achievement on entrepreneurial intention. The result evidences that Locus of Control, entrepreneurial alertness and need for achievement are the strong determinants of personality for venturing own business among students.

Keywords: Locus of Control, entrepreneurial alertness, need for achievement, entrepreneurial intention and SEM

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Introduction

Entrepreneurial thoughts among students are growing in rapid phase. In today's millennium students wants to be a job creator rather than job seeker. This research paper is an effort to identify the personality dimensions for entrepreneurial intention. It's identified from extensive literature that personality of an individual is the major determinant of entrepreneurial intention. Bird and Jelinek (1988) stated that successful entrepreneur is different from unsuccessful based on the locus of control. Frese (2009) identified that need for achievement, innovativeness, locus of control and risk taking are the attributes of personality. Krueger et al. (2000) said that entrepreneurial behavior can be predicted through entrepreneurial intention and it is the first step in becoming an entrepreneur.

Review of Literature

Entrepreneurship havepaved the attention of many people for past two decades (Davidsson , 2008). Nabi et al. (2010) found from the research that student progression in higher education should be inculcated with knowledge on entrepreneurial intention. Yusof et al. (2007) highlighted that young generation has to be researched and diagnosed for becoming a successful entrepreneurial ventures.Entrepreneurial intention refers to intention of a person to become entrepreneur. Entrepreneurial intention initiates entrepreneurial actions.

Linan and Fayolle (2015), personality traits is factor which determines entrepreneur intention. Personality attributes are measured using Locus of Control, Need for Achievement and entrepreneurial alertness.Locus of control (LoC) is an extent to which an individual control their life and there feeelings. Internal LoC refers to person feels that their decision can control life whereas external LoC means person's life is affected by others beyond their own decision. From the extensive research it is identified that people with internal LoC has more entrepreneurial intention. Orman (2009) resulted that entrepreneur possesses high Loc than others.Entrialgo et

al. (2000) found that the people with high level on controlling has clear vision and futuristic. Mazzaro et al. (1999) stated that people who possess internal LoC have stronger entrepreneurial intention.

Need for achievement (nAch) is driving factor for success. It is found from several research that person with high nAch will have high entrepreneurial intentions. Gurol and Atsan (2006) resulted that students with high nAch have a desire to become an entrepreneur. Muller (2002) identified that nAch, risk taking and internal locus of control are the three attributes for entrepreneurial intention.

Rauch and Frese (2007) believed that there is a strong relationship between nAch and entrepreneurial intention.Lau, Chan, and Man (2000) said that entrepreneurial traits lead to entrepreneurial intention. Baron (2000) found that psychological traits are the antecedents of entrepreneurial intention. Rauch and Frese (2007) highlighted that locus of control, self-efficacy, risk taking ability, need for achievement, innovativeness and tolerance ability are the trait of entrepreneur. Kakkonen (2011) found that student's willingness and motivation are the factors for entrepreneur.

Objectives of the Study

1. To identify the personality factors influencing entrepreneurial intention among students.
2. To understand the impact of identified personality factors on entrepreneurial intention.
3. To prescribe a tested model for personality based entrepreneurial intention.

Research Model

The research model employed in the study was shown in below flowchart No.1. The variables in the proposed research model are Locus of Control, Need for Achievement, Entrepreneurial Alertness and Entrepreneurial Intention. The exogenous variables considered for the study is Locus of Control, Need for Achievement and Entrepreneurial Alertness. Endogenous

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variable taken for the study is Entrepreneurial Intention. The study seeks to examine the relationship between the personality factors and its influence on entrepreneurial intention.

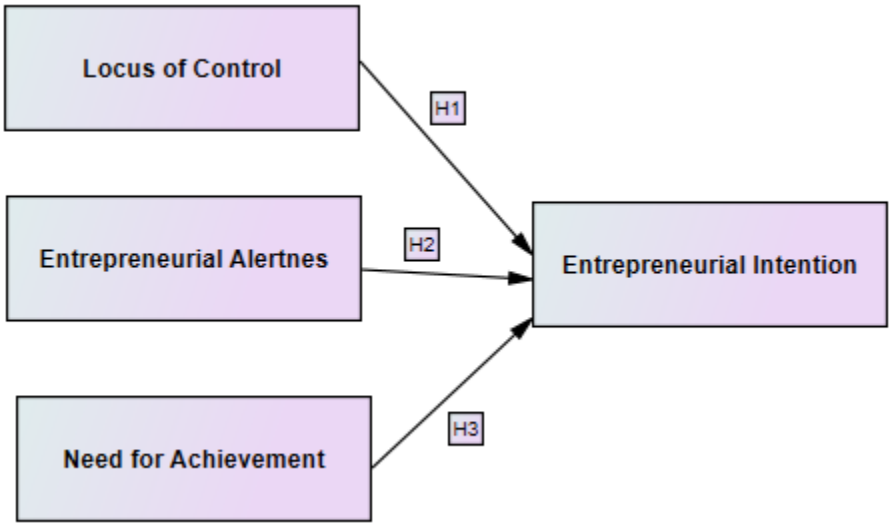

Figure 1

Proposed Model

Hypotheses of the Study

Based on the above literature the following hypotheses have been formulated.

H1: Locus of Control hasdirect effect on Entrepreneurial Intention.

H2: Entrepreneurial Alertness has direct effect on Entrepreneurial Intention.

H3: Need for Achievement has direct effect on Entrepreneurial Intention.

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Methodology

The population of the study represents the students in the Self-Finance Arts and Science colleges affiliated to Madras University at Chennai district. The samples were selected for the study constitutes department of science and humanities. The items for entrepreneurial intentions were mostly adopted fromLinan and Chen (2009) and Yurtkoruetal (2014). The construct for locus of control was adopted from Muller and Thomas (2000) consisting of ten items.All measures were designed as five-point Likert scales (1=Strongly Disagree, 5=Strongly Agree). The survey instrument in this research was a self-administered survey. This present study used the Statistical Package for Social Sciences (SPSS) for descriptive analysis. To test the proposed relationships among the study variables, structural equation modeling (SEM) was conducted using the AMOS 20 program.

Result and Discussion

Exploratory Factor Analysis

The researcher has undertaken the maximum likelihood analysis with Promax rotation (Churchill procedure) to explore the significant personality attributes. To explore the number of factors, the study considered the most usual rule of Kaiser Criterion (selected the factors corresponding the to the Eigen values above 1.0). Only items with communality greater than 0.5 were retained. Then the Cronbach alpha was used to assess the reliability of the antecedents. The estimated coefficients can be described as acceptable as they are all above 0.70 (Peterson 1994).The Kaiser-Meyer-Olkin (KMO) value of 0.847, which is greater than 0.5 indicates the measure of sample adequacy which proves that the given primary data is fit for data analysis using factor analysis. Since the p-value is 0.000 i.e. the p-value is less than 0.05 which indicates that the correlation is significant. It is clear from the factor analysis that three factors F1- Entrepreneurial Intention, F2-Locus of Control, F3- Need for Achievement and F4- Entrepreneurial Alertness are the important personality factor for entrepreneurial intention.

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Extraction Method: Principal Component Analysis Further, from Table 1, we confirm that four factors (i.e., components) have been extracted. That is, the analysis assumes that the 28 original variables can be reduced to 4 underlying factors. The four components explain 77 percent of the variance in the data. That is, when it is assumed that there are four components, we can predict 77 percent of the information in all the 28 variables.

Table 1

Total Variance Explained									
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.923	34.841	34.841	5.923	34.841	34.841	5.169	30.406	30.406
2	3.503	20.609	55.450	3.503	20.609	55.450	3.192	18.776	49.182
3	1.934	11.376	66.825	1.934	11.376	66.825	2.559	15.052	64.234
4	1.718	10.103	76.928	1.718	10.103	76.928	2.158	12.694	76.928
5	.659	3.879	80.807						
6	.620	3.648	84.455						
7	.497	2.922	87.377						
8	.395	2.321	89.698						
9	.315	1.855	91.553						
10	.245	1.443	92.996						
11	.226	1.327	94.323						
12	.203	1.193	95.516						
13	.184	1.081	96.597						
14	.169	.992	97.588						
15	.151	.887	98.475						
16	.139	.818	99.293						
17	.120	.707	100.000						
Extraction Method: Principal Component Analysis.									

The Rotated Component Matrix (RCM) sometimes referred as the loadings and is the key output of principal components analysis. It contains estimates of the correlations between each of the variables and the estimated components. As per the Rotated Component Matrix, four factors

are derived, which are as follows: Factor 1- Entrepreneurial Intention, Factor 2-Locus of Control, Factor 3- Need for Achievement and Factor 4- Entrepreneurial Alertness. All the factors were loaded above 0.7.As no cross loading was observed in the factors.Hence, we can proceed further towards naming our factors or giving the observed factors a suitable name

Table 2

Rotated Component Matrix[a]				
	Component			
	1	2	3	4
I work hard	.921			
I work too much	.915			
I plunge into tasks with all my heart	.913			
I do more than what's expected of me	.912			
I continue until everything is perfect	.905			
I am not highly motivated to succeed	.893			
My life is determined by my own actions		.848		
My success depends on whether I am lucky enough to be in the right place at the right time		.821		
Success in business is mostly a matter of luck		.800		
I feel in control of my life		.754		
When I get what I want, it is usually because I worked hard for it		.738		
I am determined to create a firm in the future			.873	
I have very seriously thought of starting a firm			.866	
I have the firm intention to start a firm someday			.831	
Think about new business ideas on vacation				.892

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Think ideas for new business				.884
Percentage of off hours devoted to thinking about improving business				.714
Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 5 iterations.				

Construct	Item	Indicator
Entrepreneurial Intention	My professional goal is to become an entrepreneur	EI1
	I will make every effort to start and run my own firm	EI2
	I am determined to create a firm in the future	EI3
	I have very seriously thought of starting a firm	EI4
	I have the firm intention to start a firm someday	EI5
Locus of Control	Whether or not I am successful in life depends mostly on my ability	LC1
	I feel in control of my life	LC2
	When I get what I want, it is usually because I worked hard for it	LC3
	My life is determined by my own actions	LC4
	My success depends on whether I am lucky enough to be in the right place at the right time	LC5
	Success in business is mostly a matter of luck	LC6
	I feel that what happens in my life is mostly determined by people in powerful positions	LC7
	It is not wise for me to plan too far ahead, because things turn out to be a matter of bad fortune	LC8
	To a great extent my life is controlled by accidental happenings	LC9
	When I get what I want, it is usually because I am lucky	LC10
Need for Achievement	I have a slow pace to my life	NA1
	I excel in what I do	NA2
	I work too much	NA3
	I continue until everything is perfect	NA4
	I work hard	NA5
	I do more than what's expected of me	NA6
	I plunge into tasks with all my heart	NA7
	I am not highly motivated to succeed	NA8
	I do just enough work to get by	NA9
	I do too little work	NA10
Entrepreneurial	Think about new business ideas on vacation	EA1

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Alertness	Think ideas for new business	EA2
	Percentage of off hours devoted to thinking about improving business	EA3

Table 3

Confirmatory Factor Analysis

In order to fit the constructs for the hypothesized model, measurement fit was tested. Under the measurement fit the required fit indices were obtained in the table 4, the structural equation as well path goal model were framed and tested. The fit indices results shown in the below table 4 meets the threshold value of fit indices more than or equal to 0.90 and error approximation is less than 0.08 as well as CMIN/DF< 5 which indicates the data fit the model and further permit the hypothesized model for structural equation as well path goal processes.

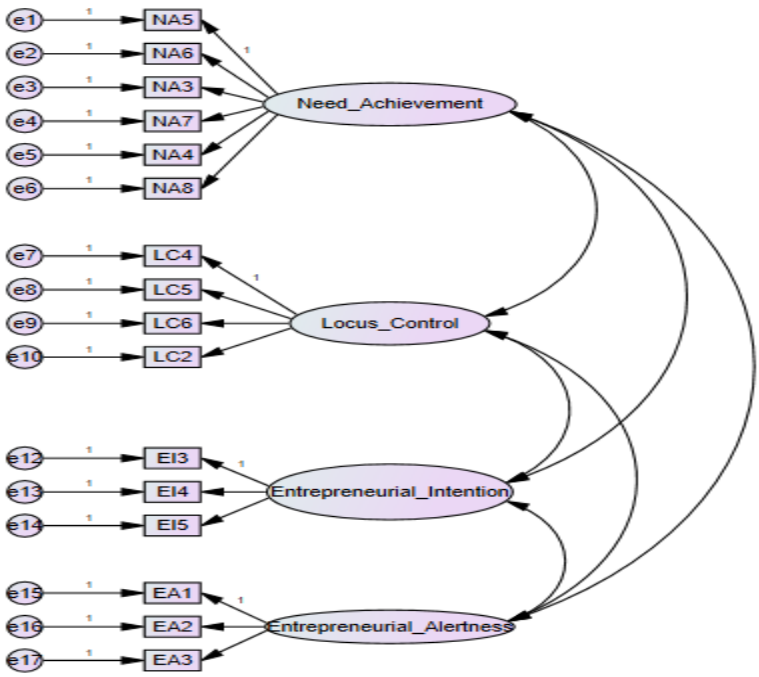

Figure 2

Measurement Model

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Model Fit Indices of the Measurement Model

Table 4

Index of Fit	Chi-square (df)	CMIN/DF	GFI	AGFI	RFI	IFI	TLI	CFI	RMSEA
Threshold value	-	≤2- 5.0	≥ 0.90	>0.80	≥ 0.90	≥ 0.90	≥ 0.90	≥ 0.90	≤0.08
Obtained value	293.01	2.98	0.922	0.892	0.931	0.962	0.953	0.962	0.069

Source: Computed Primary Data

Structural Equation Modeling

The measurement model after pooling all the constructs (since all the fit indices were obtained), the structural equation model were tested. The purpose of structural equation model is to test the hypotheses. From the below figure, the hypotheses for testing is been shown and also testing the direct effect of personality dimension on entrepreneurial intention

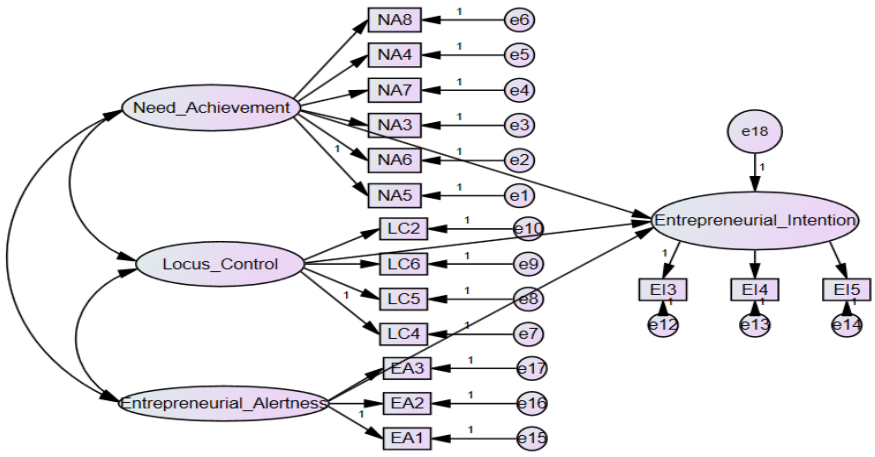

Figure 3

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Structural Equation Modeling

Table 5

Hypotheses	path	Standardized β	SE	CR	P	Result
Locus of Control has direct effect on Entrepreneurial Intention	NA→EI	.287	.035	8.287	***	Supported
Entrepreneurial Alertness has direct effect on Entrepreneurial Intention	LoC→EI	.128	.045	2.851	.004	Supported
Need for Achievement has direct effect on Entrepreneurial Intention	EA→EI	.127	.048	2.629	.009	Supported

Source: Computed Primary Data

Note: NA-Need for Acheivement, LoC-Locus of Control, EA-Entrepreneurial Alertnessand EI-Entrepreneurial Intention.

Table 5 highlights the outcome of path goal model. There is direct effect of Need for achievement on entrepreneurial intention with S.E=0.035, CR=8.287, P=***. There is direct effect of locus of control on entrepreneurial intention with S.E=0.045, CR=2.851, P=0.004. There is direct effect of entrepreneurial alertness on entrepreneurial intention with S.E=0.048, CR=2.629, P=0.009. The study implies that need for achievement, locus of control and entrepreneurial alertness are the factor influencing entrepreneurial intention among students.

Conclusion

From the above analysis, it can be concluded that personality dimensions like need for achievement, locus of control and entrepreneurial alertness are the factor influencing entrepreneurial intention among students. Students with high desire to make achievement in life are likely to become an entrepreneur. Students who possesself control and wiser in making decision prefers to be an entrepreneur. Entrepreneurial alertness is also a factor which determines

entrepreneurial intention. From the study it is found that Gen Z particularly students want to be an job creator rather than job seeker.

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