

Influence of Institutional Setting and Personal Attitude on Entrepreneurial Behaviour Among Students

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Abstract:

This study examined whether institutional settings and personal attitude have an influence on entrepreneurial intention to start a business. The study was a longitudinal which took female undergraduate students at the Institute of Accountancy Arusha as case study.

The objective of the study was to investigate the role of institutional settings and personal attitude in influencing female with undergraduate degrees in starting business in Tanzania. Purposive samplings were applied to pick up the sample. Data was analyzed using Pearson Correlation and a Paired sample T-Test. The results provide sufficient evidence to sustain the claim that institutional settings and personal attitude have an impact on students' starting a firm in future. Institutional settings have been associated with changes in attitudes and intentions towards entrepreneurship as proper infrastructure need to be compatible with the student-centered approach. Entrepreneurship infrastructure is likely to heighten awareness of entrepreneurship, increase self-confidence and intentions, but understanding and developing entrepreneurship requires an integrated research and teaching effort.

Key Words: *Entrepreneurship, Entrepreneurial, Institutional Setting, Personal Attitude*

INTRODUCTION

Within the field of entrepreneurship education research the dominant focus has been on role of entrepreneurship education (LENTRE, 2009), entrepreneurship learning and entrepreneurship behaviour (Jayasinghe, 2003). Less dominant has been a focus on effect of institutional setting and personal attitude on triggering change in entrepreneurial behavior.

This study seeks to examine whether institutional settings and personal attitude do trigger the adoption of an entrepreneurial behaviour. It is a longitudinal study which takes female undergraduate students at the Institute of Accountancy Arusha as case study. The study adopts a longitudinal approach in order to examine how institutional settings and personal attitude influence intentions.

Entrepreneurship education as used in this study refers to process of education for entrepreneurial attitudes and skills, which involves developing certain personal qualities (Fayolle, et. al, 2006). It covers a wide variety of situations, aims, methods and teaching approaches. However, it is important to note here that entrepreneurship education does not exclusively focus on the immediate creation of new businesses but, as Hagan (2004) contends, is the provision of fundamental knowledge of concepts and the tools that aspiring and practicing entrepreneurs can use to act entrepreneurially and /or to manage a small business. On the other hand, our use of the concept entrepreneurial behaviour is closely related to Fayolle, et al. (ibid) use which means

“intentional behaviour”. According to Brannback, et al, (2007), intention is considered to be a better direct predictor of behaviour than attitudes, beliefs or other psychological or sociological variables. Attitudes and beliefs predict intentions, which in turn predict behaviour (Kurland, 2003) and so intentions serve as a mediator or catalyst for action.

This study takes as its point of departure in studies by Mufa (2005) and Massawe (2006) which found that final year college students taking entrepreneurship courses in Tanzania were likely to express strong interest in entrepreneurial career compared to those not taking entrepreneurship courses. Elsewhere studies have confirmed that entrepreneurship education and training influence both the current behaviour and future intentions of students (Fayolle, et. Al 2006). Other research works which studied the relationship between entrepreneurship education and variables such as the need for achievement and the locus of control (Hansemark, 2003) or “self-efficacy” (Ehrlich et al., 2000) found that entrepreneurship education had a positive impact on enhancing these characteristics and the likelihood of action at some point in the future. The assumption is that this entrepreneurial education will influence students' career choices towards entrepreneurship by positively swaying their intention to perform.

REVIEW OF LITERATURE

Learning theorists argue that most human behaviour is learned. Learning occurs through the interplay of drives, stimuli, cues, responses and reinforcement. A drive is a strong internal stimulus that calls for action. A drive becomes a motive when it is directed towards a particular object. For example, a female student's drive for a decent income or for becoming her own boss might motivate her to pursue a course of study in entrepreneurship to become an entrepreneur.

According to Kotler et al (2009) her response to the idea of becoming an entrepreneur is said to be conditioned by the surrounding cues. Cues are minor stimuli that determine when, where, and how the person responds. For example, a student might spot several business opportunities, hear or learn of special support programmes for aspiring entrepreneurs or discuss with a friend. These are all cues that might influence the student's response to her interest in becoming an entrepreneur.

Suppose she decides to become an entrepreneur if the response is rewarding, her response will be reinforced. Then, the next time a business idea props up, the probability is greater that she will grab the opportunity. Through learning, people acquire beliefs and attitudes. These, in turn, influence their behaviour. A belief is a descriptive thought a person has about something. Beliefs may be based on real knowledge, opinion or faith (Akotia, 2010). Attitude describes a person's relatively consistent evaluations, feelings and tendencies towards an object or idea. Attitudes put people into a frame of mind of liking or disliking things or moving toward or away from them.

Attitudes are considered to be difficult to change. To change ones attitude may require adjustments in the whole pattern. Therefore, many forces act on one's behaviour. The choice to become an entrepreneur results from the complex interplay of cultural, social, psychological and personal factors. The practical significance of learning theory here is that one can build up factors related to "becoming an entrepreneur" by associating it with strong drives using motivating cues and providing positive reinforcement (Kotler, et al, 2009)

The theory of the entrepreneurial event considers firm creation as the result of the interaction among contextual factors, which would act through their influence on the individual's perceptions (Liñán, et al, 2005). The consideration of the entrepreneurial option would take place as a consequence of some external

change -a precipitating event- (Peterman & Kennedy, 2003).

People's answers to that external event will depend on their perceptions about the available alternatives. There are two basic kinds of perceptions: (1) Perceived desirability refers to the degree to which she feels attraction for a given behavior (to become an entrepreneur). (2) Perceived feasibility is defined as the degree to which people consider themselves personally able to carry out certain behavior. The presence of role models, mentors or partners would be a decisive element in establishing the individual's entrepreneurial feasibility level.

In turn, both types of perceptions are determined by cultural and social factors, through their influence on the individual's values system. Therefore, external circumstances would not determine firm-creation behaviors directly, but rather they would be the result of the (conscious or unconscious) analysis carried out by the person about the desirability and feasibility of the different possible alternatives in that situation (Liñán et al, 2005).

The Description of Variables

Institutional settings

Schenkel, et al (2007) noted that an individual's immediate environment can also be a source of tacit knowledge, or "know how," which can also serve as an important catalyst to entrepreneurial intentions. Tacit knowledge tends to be acquired through experience over time, as opposed to formal training. Tacit knowledge yields a qualitatively different sense of absorptive capacity by providing individuals with a greater depth of understanding and range of conceptualizing entrepreneurial possibilities. Wang and Wong (2004) pointed out that entrepreneurial intention of many students is hindered by inadequate preparation- (their business knowledge is insufficient. They are not prepared to take risk to realize their dreams). Academic institutions have critical role in encouraging young people to choose an entrepreneurial career.

The universities and colleges are too academic and encouraging entrepreneurship insufficiently.

Contextual elements are the environmental factors that might have an impact on entrepreneurial intention. Economic, political and cultural climate, administrative complexities, having access to resources, and physical and institutional infrastructure can be regarded as environmental factors (Ayobami and

Ofoegbu, 2011). Administrative complexities refer to the degree of administrative complication in establishing a business. These activities can be very time consuming and expensive which eventually discourage acts of entrepreneurship. Access to information is an important element for the intention to establish a new business (Ayobami and Ofoegbu, 2011). Having access to business information is the availability of information in the environment about establishing a new venture and how to run a business.

Personal attitudes

According to Buligescu, et al (2012), entrepreneurship involves personal attitudes to risk, opportunities that reduce risk, receptiveness to new ideas, access to sources of new ideas with commercial potential, and access to capital. There are different strands of research in entrepreneurship across disciplines. In psychology research there is a shift away from research on “traits” and personality towards behaviour and cognitive issues.

In economics there has been a shift towards entrepreneurial choice models and individuals as agents of change. Sociology on the other hand emphasizes the role of the environment and environmental factors that affect firm formation. An increasing number of scientists argue that, entrepreneurial variations are best understood by considering the social environment in which the firm is created as entrepreneurship is essentially a social phenomenon which has a social and cultural dimension. The literature on social and cultural factors has expanded with Hofstede, et al (2010) work on cultural values dimensions.

METHODOLOGY

The study followed a longitudinal design. The variables were measured before and after the education stimulus. The study is longitudinal because as Kotler et al, (2009) argued change in entrepreneurial behavior is subject to delayed effect and strongly influenced by environmental factors.

According to LaFountain and Bartos, (2002), for a small population, there is little point in sampling; survey the whole population. Therefore, a sample of 188 was chosen. An attempt to create a control group constituted of non-entrepreneurship courses failed because at IAA all students were required to take an entrepreneurship course. 188 questionnaires were

distributed in class but it was made clear that participation was voluntary. All 188 questionnaires were returned, and all were found usable. The first phase of the research (Wave I), questionnaires were administered to students at the beginning of the programme to measure attitudes (antecedents of intentions) and the level of entrepreneurial intentions. The second phase (Wave II) was immediately after learning entrepreneurship.

FINDINGS

The impact of institutional settings on starting a firm

A Pearson product moment correlation coefficient was computed to assess the relationship between institutional settings and starting a firm (Entrepreneurial intention).

There was a positive correlation between Institutional settings and Entrepreneurial intention, which was statistically significant: ($r= 0.344$, $n= 188$, $P = 0.001$) as indicated in the Table 1 Appendix 1.

Since Pearson correlation coefficient, r is 0.344 and that is statistically significant, $P = 0.001$; Therefore, the findings showed that institutional settings have an impact on students' intention to start a business in future. These findings concurred with Luthje and Franke (2003) who found that institutional settings in the USA at Massachusetts Institute of Technology (MIT) - Sloan School of Management provided an excellent atmosphere that inspired students to develop ideas for venture creation.

Relationship between personal attitudes on the goal to become an entrepreneur

A Paired sample T -Test was run to determine the relationship between Personal Attitude before the course (PA 1) and after the course (PA 2) on Entrepreneurial intention. Due to the two means of Personal attitude 1 and Personal attitude2, and the direction of the t-value, we can conclude that there was a statistically significant improvement following the course from mean as indicate in Table 2, Appendix 1. 2.82 (PA 1) to 3.10 (PA 2) and the Sig. (2tailed) was ($P<0.001$).

On Personal Attitude: t (degree of freedom, df) = t -value; P =significance level. That is: PA1 & PA 2; t (187) = -3863; $P= 0.001$.

A paired sample test reveal there was a significant improvement in personal attitude before attending entrepreneurship course (M=2.82, SD= 0.60) and after attending the course (M=3.10, SD =0.60)

CONCLUSION

The study aimed at determining the influence of institutional settings on starting a firm. Results provide sufficient evidence to sustain the claim that institutional settings have an influence on starting a firm.

The second aim was to find the relationship between personal attitudes and the goal to become an entrepreneur. Results showed that Entrepreneurship Education has a positive effect on personal attitude of students on the goal to become an entrepreneur.

This may have been reinforced by the recent gender activist's campaign on women emancipation, recession and increase of unemployment. In the past, female undergraduates had no problem getting a stable salaried job, and later on getting married. However, with the onset of the recession and the surge in the unemployment rate, many fresh undergraduates have difficulties in securing a job. Also, a university degree was no longer a guarantee to a secured job and this may have unleashed the entrepreneurial streak within them. The intention to become an entrepreneur depends on personal attraction towards entrepreneurship.

This study substantially expands the understanding of what drives the intention of university students to become entrepreneurs. It helps to understand the importance of entrepreneurial exposure in term of management, finance and marketing competencies as a basis to choose entrepreneurship as a career choice.

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APPENDEX 1

Table 1: Pearson Correlation

		N	Institutional Settings	Starting a Firm
Institutional Settings	Pearson Correlation	188	1	.344**
	Sig. (2-tailed)			.001
Starting a Firm	Pearson Correlation	188	.344**	1
	Sig. (2-tailed)		.001	

Source: Field Study, 2012

** . Correlation is significant at the 0.01 level (2-tailed).

Table 2: Paired Samples Statistics & Test

Pair		Mean	N	SD	t	df	Sig. (2-tailed)
Personal Attitude 1		2.82	188	0.60			
	Personal Attitude 2	3.10	188	0.60	-3.863	187	.001

Source: Field Study, 2012