

## **ENTREPRENEURIAL ATTITUDES OF MBA STUDENTS: A FACTOR ANALYSIS APPROACH**

**RAJINDER KAUR<sup>1</sup> & HARMANDEEP KAUR<sup>2</sup>**

<sup>1</sup>Assistant Professor, Malout Institute of Management & I.T. (MIMIT), Malout, Punjab, India

<sup>2</sup>Assistant Professor, PIT Nandgarh (Bathinda), Punjab, India

### **ABSTRACT**

There is a growing body of literature arguing that entrepreneurial intentions play a very relevant role in the decision to start a new firm. This paper endeavours to explore the perceptions of MBA Students towards entrepreneurial activity so that their efforts can be guided further. This study particularly measures the perceptions of MBA students towards entrepreneurship through self-reported questionnaire on various significant items. The questionnaire items have been categorized in three groups i.e. 1) Entrepreneurial Acceptability, 2) Entrepreneurial Intentions, and 3) Personal Attributes. The findings of the study essentially aim at exploring whether or not the majority of respondents possess a positive attitude towards doing business after passing out from the college on completion of their course. The technique of factor analysis will be applied to collected data for statistical analysis.

**KEYWORDS:** Entrepreneurship, Entrepreneurial attitudes, Students, MBA, Malout

### **INTRODUCTION**

#### **ENTREPRENEURSHIP**

Entrepreneurship is about activity that includes utilization of opportunity to create a business enterprise. The idea of entrepreneurship is getting to be progressively famous in developing nations as it has a tendency to advance economic development of a country. "No entrepreneur, no growth," is the sort of connotation attached with entrepreneurialism.

An entrepreneur is an ambitious person with long term vision, imagination, uniqueness of ideas. His/her risk taking ability is the most prominent attribute. He/she goes ahead with uncertain investments having an expected risk. He/she generally exhibits self-directed and independent decision making style.

There is a growing body of literature arguing that entrepreneurial intentions play a very relevant role in the decision to start a new firm (Mohammed & Aparna, 2011). Apart from the entrepreneurial intentions, there are several other factors that can affect the students' attitudes towards entrepreneurship.

Existing literature shows a number of attributes considered to be essential for entrepreneurship. The table 1 shows a set of qualities which must be there in a potential entrepreneur. Various research have been conducted in the past considering the above set of variables to measure persons' attitude towards entrepreneurial activity. The fourteen (14) entrepreneurial attributes indicated in table 1 have been taken from the research study titled "Entrepreneurial Attitudes among Potential Entrepreneurs" conducted by Ali *et al.* (2011).

**Table 1: Variables and Groups for Entrepreneurial Attitude Measurement**

<b>I. Entrepreneurial acceptability</b>	
1.	It is important to teach students about entrepreneurship and starting a business
2.	I am likely to make more money running my own business than working for others
3.	I am generally happy with the status quo
4.	I would prefer to have my own successful business than to be in a secure and well paid job
5.	I feel that the risks and insecurities associated with being in business are acceptable
6.	I closely monitor areas where I know I need more practice
<b>II. Entrepreneurial intentions</b>	
7.	I believe that people who are important to me think that I should pursue a career as an entrepreneur
8.	I would seriously consider starting my own business if I can't find a job
9.	I have seriously considered starting my own business sometimes after graduate
10.	I would seriously consider starting my own business if I could be taught how to do it
<b>III. Personal Attributes</b>	
11.	When working in group I prefer being a leader rather than a follower
12.	Running my own business would be more prestigious than working for others
13.	I have good social networks that can be utilized when I decide to be an entrepreneur
14.	I look forward to return to work when I am away from my work

## RESEARCH OBJECTIVE AND HYPOTHESIS FORMULATION

The current study aims at measuring the perceptions of MBA Students towards entrepreneurship. To realise this research objective, two hypotheses have been formulated:

**H<sub>1</sub>:** There is positive association among the fourteen variables identified for the study

**H<sub>2</sub>:** Entrepreneurial acceptability, intent and personal attributes influence students' attitude towards entrepreneurship

The Population for the survey comprised of MBA students of Malout Institute of Management & I.T. (MIMIT), Malout and Malwa College, Bathinda. The students were briefed about the objectives of the study before conducting survey. It was decided to conduct the survey of 250 students so as to get responses around 17-18 times of the survey items (14). In statistics it is highly recommended to get responses above 10 times of survey items. This ensures adequacy of sample size for conducting rigorous statistical analysis. Gorsuch (1983) has also proposed guidelines for minimum ratios of participants to items (5:1 or 10:1). Thus, 250 students were surveyed who were selected on the basis of homogeneous sample. The homogeneous sample is a type of purposive sample. In this sampling technique sample is selected on the basis of some common characteristics of the survey participants i.e. course of study, age, educational qualification etc. In the current study participants are pursuing post graduate course which is professional one i.e. MBA degree.

## DESCRIPTIVE STATISTICS

In order to carry out statistical analysis, SPSS version 18 was used. Table 2 represents the mean scores of fourteen variables listed in table 1. The table shows that item no.1 Teach (teaching of entrepreneurship) gets the minimum average score of 5.32 whereas item no. 13 SNetwrk (need of social network or relationships for business) gets the maximum mean score of 5.88. Thus students have given minimum score to the statement number 1 i.e. it is important to teach students about entrepreneurship and starting a business. On the contrary, students have given maximum score to item number 13 i.e.

I have good social networks that can be utilized when I decide to be an entrepreneur.

In the current study, MBA students have only been included in survey presuming similar course type (professional) and level of academic degree (post graduation). Meanwhile, The variables listed in table 2 are in consonance with the study conducted by Ali et al.

**Table 2: Mean Scores**

Item No.	Variables	Mean
1	Teach	5.32
2	MMoney	5.39
3	Happy	5.42
4	Business	5.63
5	Risk	5.59
6	Monitor	5.54
7	Career	5.42
8	OwnB	5.42
9	StartB	5.56
10	Learn	5.58
11	Leader	5.71
12	Prestige	5.65
13	SNetwrk	5.88
14	LvWork	5.74

**RELIABILITY ANALYSIS**

Further, the reliability analysis was conducted to determine the internal consistency of items. The value of Cronbach's Alpha is 0.901 which is more than the 0.70 of the threshold limit considered adequate for the reliability of the instrument. Equality of variances across samples or homoscedasticity has been tested by calculating Kaiser-Meyer-Olkin Measure of Sampling Adequacy. High value (close to 1.0) is generally recommended. For current analysis, the KMO value comes out to be 0.784. It confirms that the data are fit for carrying further statistical analysis. Before conducting the analysis it was ensured that the variables are free from the problem of multicollinearity and homoscedasticity. The first aim of the study is achieved through analysing the association between variables exhibited in table 1.

**Table 3: Correlation Matrix**

Variables	Teach	MMoney	Happy	Business	Risk	Monitor	Career	OwnB	StartB	Learn	Leader	Prestige	SNetwrk	LvWork
Teach	1													
MMoney	.780**	1												
Happy	.805**	.656**	1											
Business	.625**	.552**	.660**	1										
Risk	.596**	.549**	.567**	.686**	1									
Monitor	.512**	.516**	.484**	.638**	.794**	1								
Career	.258**	.148*	.390**	.465**	.365**	.334**	1							
OwnB	.297**	.169**	.452**	.470**	.457**	.394**	.881**	1						
StartB	.235**	.091	.334**	.349**	.301**	.233**	.712**	.739**	1					
Learn	.390**	.262**	.611**	.583**	.516**	.428**	.708**	.745**	.544**	1				
Leader	.287**	.192**	.285**	.323**	.337**	.280**	.275**	.237**	.369**	.238**	1			
Prestige	.257**	.192**	.252**	.242**	.360**	.314**	.291**	.402**	.326**	.280**	.752**	1		
SNetwrk	.294**	.272**	.283**	.174**	.330**	.274**	.058**	.111	.196**	.182**	.693**	.667**	1	
LvWork	.279**	.177**	.278**	.249**	.457**	.272**	.264**	.234**	.333**	.251**	.677**	.483**	.403**	1

\*\*significant at the  $p \leq 0.01$  level (2-tailed)

## CORRELATION ANALYSIS

Table 3 shows the correlation coefficients of the same fourteen variables. This table 3 indicates that there is no problem of extreme multicollinearity among data as none of the variables exceeded the value of 0.90 for the correlation coefficients except one. Thus, table 3 lays down a preliminary foundation for the significant relationships between various selected factors for this study. The correlation matrix is positive definite, indicating a positive relationship among variables. Hence, hypothesis  $H_1$  is validated. This table validates the hypothesis  $H_1$  indicating existence of a positive and significant relationship among variables.

Reliability represents the precision of a construct or measurement instrument. For this precision, the value of Cronbach's alpha should be greater than 0.7 and corrected item-to-total correlations should be close to or above 0.5. In this study, these two reliability criteria have been met successfully as depicted by table 4. It conveys that the item should load on one factor only and not on any other factor.

Again, table 4 exhibits that all the fourteen items load on single specific factor only. These items do not become the part of any other factor. Hence, construct validity has been achieved through the establishment of convergent and discriminant validity. The content validity was also ensured while conducting this analysis. Content validity is established when the scale or measurement instrument presents adequate coverage of the subject under studied. To achieve content validity the research topic was discussed with academicians, and businessmen. The factor analysis resulted in classification of variables among three main factors or components which are explained below:

## FACTOR ANALYSIS AND EXPLANATION OF RESULTS

The 14 items or variables were rated on seven-point Likert scale ranging from point 1 for very strongly disagree and point 7 for very strongly agree. Two hundred and fifty (250) MBA students of two academic institutes were surveyed for their responses. The collected data was tabulated in SPSS datasheet for further analysis. SPSS version 18.0 has been used to conduct complex statistical analysis.

**Entrepreneurial Acceptability:** It is related to social and personal acceptance of the concept of entrepreneurship. This attribute can be further enhanced by adequate mentoring, guidance and counseling of students. This is the first important category of factors influencing the entrepreneurial attitude of MBA students and is named as the entrepreneurial acceptability. It explains 45.13% of variance with an Eigen value of 6.319 and Cronbach's Alpha of 0.907. It consisted of six variables listed in table 1. The factor loadings range from 0.876 to 0.713. Among Entrepreneurial acceptability Factors, need for teaching entrepreneurship (Tecah) gets the highest loading (0.867) and monitoring of areas for more practice (Monitor) gets the minimum loading (0.713). Essentially, Entrepreneurial acceptability factors play a greater role in entrepreneurial attitude formation with maximum Eigen value of 6.319.

**Entrepreneurial Intentions:** The second category of factors is named as 'entrepreneurial intentions'. This is the second strongest decisive parameter for students to form entrepreneurial attitude. It covers four items as exhibited in table 1. This category explains the 15.09% of variance with an Eigen value of 2.113. The factor loadings range from 0.925 to 0.747 with Cronbach's Alpha of 0.910. Results indicate that students give fair weightage to entrepreneurial intentions while forming attitude about entrepreneurship. Highest loading emerged for perceiving entrepreneurship as career (factor loading: 0.925) and lowest loading appeared for student's seriousness regarding entrepreneurship if he/she is told to do it (factor loading: 0.710).

**Table 4: Factor Analysis Results**

Variables	Corrected Item-Total Correlation	FACTORS		
		Entrepreneurial Acceptability	Entrepreneurial Intentions	Personal Attributes
Teach	.660	.867		
MMoney	.526	.864		
Happy	.716	.795		
Business	.709	.752		
Risk	.735	.743		
Monitor	.632	.713		
Career	.579		.925	
OwnB	.646		.911	
StartB	.548		.805	
Learn	.678		.747	
Leader	.549			.903
Prestige	.535			.832
SNetwrk	.412			.828
LvWork	.481			.702
<b>Scale</b>	<b>.784</b>	<b>.907</b>	<b>.910</b>	<b>.861</b>
<b>% Variance</b>	<b>74.69%</b>	<b>45.13%</b>	<b>15.09%</b>	<b>14.47%</b>
Cumulative % Variance		45.13%	60.22%	74.69%
Eigen Value		6.319	2.113	2.025
Chi-Square=2982.358, Sig.=0.000, df=91, Mean=77.86, Std. Deviation=9.331, Variance=87.074, N=14. Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 5 iterations.				

**Personal Attributes:** The third factor which emerged from factor analysis is named as personal attributes. This is primarily concerned with student’s personal interest and motivation to become an entrepreneur. This category explains 14.47% of variance, with Eigen value 2.025 and Cronbach’s Alpha of 0.861. The factor loadings range from 0.903 to 0.702. It covers four items as has been shown in the table 1. The factor analysis results show that preference to become a leader in a situation gets highest loading of 0.903. The wish to quickly returning to work (if away) appeared with lowest loading of 0.861.

The above results validate the hypothesis H<sub>2</sub> and study advances that entrepreneurial acceptability, intentions and personal attributes together influence students` attitude towards entrepreneurship. All the three factors are statistically significant and immensely contribute to students` attitudes to business activity.

**FINDINGS AND SUGGESTIONS**

The factor analysis results show that entrepreneurial acceptability exerts maximum influence on students` attitude formation towards entrepreneurial activity. Of the total variance (74.69%), entrepreneurial acceptability alone contributes around 45.13%. Hence, it is of utmost importance for the academic institutes to inculcate entrepreneurial values among the learners/students. Though many of the universities and colleges have introduced entrepreneurship as a subject in their core curriculum, but it should necessarily be taught as a subject. Teachers can also do a lot to increase entrepreneurial acceptability among students by frequently motivating them.

Entrepreneurial intentions emerged as the second most significant factor which influences students` attitudes for entrepreneurship activity. Of the total variance (74.69%), entrepreneurial intentions alone contribute around 15.09%. This category reflects the students` readiness to learn and apply entrepreneurial knowledge and skills. The students who possess

better intent for having their own business must be especially trained and counseled by the local, state, and national government bodies. Academic institutes can help in recognizing this attribute among students.

Personal attributes elucidate about the students` perception of liking for entrepreneurial endeavors. It shows their personal choice to enter into business due to: connecting prestige with own business, making own money, progressing in life by attaining leadership, setting example for others etc. In the current study of the total variance (74.69%), personal factors alone contribute around 14.47%. Personal interest and enthusiasm in entrepreneurship can be enhanced by the students with much of their own efforts. They actually need to introspect themselves in order to know if they the suitable head-and-hands for an entrepreneurial endeavor. Many types of test and online questionnaires are available to conduct personality analysis for entrepreneurial enterprise. Moreover, existing literature can also give valuable insights to the readers for more clear and focused entrepreneurial efforts.

Further research in future can be carried out by comparing factor analysis gender-wise and course-wise. The same results of factor analysis can be used to formulate an entrepreneurial attitude model of MBA students by conducting confirmatory factor analysis.

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