

Empirical Analysis of Entrepreneurial Intentions: A case of Kabul Based Business Students

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Abstract

Present study explores the Kabul based business students' views of entrepreneurial intentions. Quantitative research methodology was applied with close-ended questionnaire method. Population selected for this study was 264 students of final semester of Business Administration, Computer science and Economics at Kardan Institute of Higher Education, Kabul Afghanistan. Present research study finds that predicted variables, (professional attraction, entrepreneurial capabilities, self-reliance, self-independence & network support) shows the significant role in entrepreneurial intention of business students of Kabul Afghanistan and concludes that predicted variables explain 57% variance significantly in criterion variable. Findings of the study cannot be generalized, and should be related to business students' views of entrepreneurship; the large sample size will help more to draw the real picture of phenomena in Afghanistan.

Keywords: Entrepreneurship, entrepreneurial intentions, Students' views, Afghanistan

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Individual decision to start their own business depends on two main categories of factors, external and internal factors. External factors like social, legal, political and economic factors, and internal factors are individual personal traits and personality.

Initiation of own business as a result of individual traits and personality framework is commonly shared today (Baron, 2004). Several researchers have pointed out that the decision to become an entrepreneur is a complex one, and it is the result of complex mental processes (Shaver & Scott, 1991). According to (Bird, 1988, Boyd & Vozikis, 1994) factors in external environments interact with individual attitudes to influence intentions. Both these external and internal factors play a key role in decision making process of individuals to start their own business.

According to Shane and Venkataraman (2000) in order to understand and summarize different approaches to entrepreneurship, one has to look for an explanation of why, how, when or where individual or entrepreneurs realize the opportunities and make use of opportunities. In specific country, where external environment is conducive for economic and entrepreneurial activities make it easy for people to consider and take decision to start their own business and enjoy the economic benefits and support their families and economy but in an environment where legal factors, economic factors and infrastructure are totally damaged by war, law and order situation, lack of network support ,lack of proper training and business institution for the enhancement of entrepreneurial capabilities, and terrorism which directly impacts on economic structure of the country, it becomes very difficult for individuals to take consideration of starting their own business. Afghanistan is one of those countries who are facing ample problems of infrastructure, law and order situation, lack of education and legal factors which is affecting the economic and entrepreneurial activities, due to these influencing factors , the local people do not prefer investment to start their own businesses and develop companies to support themselves and economy of Afghanistan, even though the economy of Afghanistan has improved significantly since 2002 due to assistance and investments of international community and remittances from Afghan expatriates. However, Afghanistan is still one of the

poorest and least developed country in the world that is highly dependent on foreign aid. The nation's GDP is about \$27 billion. Despite of this growth still unemployment rate is estimated about 35 % and people live below the poverty line , people of Afghanistan are suffering from shortages of housing, clean drinking water, electricity and unemployment.

The current government with the assistance of international donors has remained committed for the improvement of basic necessities of life and improving access to these basic necessities. To improve and get access to basic necessities of life are not only challenges for government but also for public. One of the most effective alternates suggested by the economists is self-employment. Self-employment or entrepreneurship can add a great amount of output not only in Afghanistan but throughout the world. Keeping in view the importance of entrepreneurship as one of the solution for the economy of Afghanistan, present study has been designed to explore the Kabul based business students' views of entrepreneurial intentions.

Literature Review

Entrepreneurship is the function of many factors e.g. personality traits, education, experience, social and economic conditions, law and order and many other issues. Many researchers have reported various findings for the internal and external factors. Present paper is concerned with the entrepreneurial capabilities, network support, self-reliance and self-independent and demographical factors; the literature given below is about above mentioned variables. To know and identify who wants to be an entrepreneur, how a successful entrepreneur perform, and which factors affect the choice to build a business enterprise, has paved way for researchers to conduct research in two important aspects of entrepreneurship research. First, the researcher's paid attention on linking personality traits or characteristics such as 'self-efficacy', self-independence with entrepreneurial intentions

(Ajzen, 2002; Wilson, Kickul, & Marlino, 2007). Second, researchers investigated the demographic and background factors such as age, sex composition, work history, and dissatisfaction or disappointment from current job in activating entrepreneurial behavior (Linan et al., 2005; Wilson, Kickul & Marlino, 2007).

Bird (1998) posits the view that intention is the state of mind which is directing a person's intentions and actions towards entrepreneurship or self-employment. According to Linan & Rodriguez (2004), intention is the effort and hard work of an individual to act entrepreneurially. Base and Virick (n.d.) reported that proper education can shape students' attitudes toward entrepreneurial activities as reported by Franke and Luthje (2004) lack of entrepreneurial education can influence the students' attitude towards entrepreneurship.

Aldrich and Cliff (2003) reported that family background and characteristics have great amount of impact on activation of entrepreneurial behavior among students. According to Carr & Sequeira (2007), experience to family or ancestors business also serves as an important, motivational and influencing factor of entrepreneurial intentions of students.

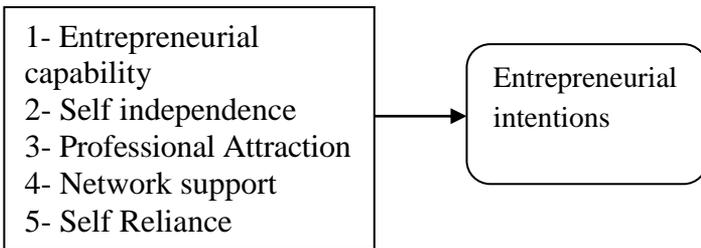
Tian et al., (2009) submitted that individuals and groups associated through networking can easily get access to knowledge and information from the sources already in existence and established, and can easily take actions to build up their capabilities and become hardliners regarding their future entrepreneurial prospects. Many students are studying business administration and entrepreneurship to invest their time and energies in modern business and ideas to achieve self-independence. Audretsch and Thurik (2001) reported that financial and self-independence are the main motivating forces that convince young students towards establishment of new business enterprises. Thus, to encourage students through providing entrepreneurial environment is a durable and long-lasting investment in the future

economic independence and economic growth, and development for the general public as a whole. On the basis of above literature, current study has been designed and following methodology has been used in this research study.

Theoretical Framework

Present research study used total six variables, one dependent or criterion variable and remaining five variables were used as independent or predicted variables. Dependent variable used for this study was entrepreneurial intention of Afghan business students and entrepreneurial capability, self-independence; professional attraction, network support and self-reliance were used as predicted variables (independent variables).

Schematic Diagram of theoretical framework



On the basis of given literature following hypothesis are developed for this study;

H1: Independent variables (Entrepreneurial capability, self-independence, Professional attraction, network support, Self-reliance) is not significantly related with dependent variable (entrepreneurial intentions of Afghan Business students)

H2: Predicted variables (Entrepreneurial capability, self-independence, Professional attraction, network support, Self-reliance) are not significantly explained variance in criterion variable (entrepreneurial intentions of Afghan Business students).

Research Methodology

Sample and Instrumentation

Quantitative research method was applied for current study. Close ended questionnaire method was used as an instrument. Subject selected for this study was 264 students of final semester of Business Administration, Computer Science and Economics at Kardan Institute of Higher Education, Kabul Afghanistan and two other private institutes of Business Administration and Computer Science. Almost 180 questionnaires were filled by students from Kardan Institute who were in final semester of their degrees and the remaining questionnaires were distributed to other institutes of final semester students. Kardan Institute is the first, large and leading private institute in Kabul where approximately four thousand (4,000) students are registered in different disciplines. The reasons of distributing more questionnaires at Kardan Institute were the large size of the students relatively compared to other private institutes in Kabul.

The questionnaire consists of two sections. Section “A” consisting of questions pertaining to demographic characteristics’ such as age, gender, and education level. Nominal scale was used to measure the responses of these questions. Section “B” consists of questions regarding dependent variable and independent variables of the study. In this section five points Likert scale was used from five (5) to one (1), 5 shows strongly agree and 1 shows strongly disagree with items. Responses required from respondents were about new venture creation (five items), professional attraction (four items), networking support (three items), entrepreneurial capability (four items) (Linan et al., 2008) and self-independence. These were measured, used and developed by the scale (Kolvereid, 1996). All variables were entered in software. Statistical package for social sciences (Spss, version 18), for analysis purpose, and Cronbach’s Alpha Reliability technique was applied in the same software to measure the reliability of the

instrument. Overall reliability was 0.909 which shows the highest level of reliability as shown in Table1.

Table 1: Cronbach's Alpha Reliability of the overall items

Reliability Statistics	
Cronbach's Alpha	N of Items
.909	25

Cronbach's Alpha reliability technique was also applied on all variables separately. Reliability of entrepreneurial intention was found .875, professional attraction, self-independence and entrepreneurial capability were found .821, and network support, .724, and self-reliance was .743. Descriptive statistics in form of frequency analysis and mean analysis was applied. Mean score was categorized in three levels for measurement as shown in **Table 2**, Mean score with 3.80 & above was considered high level, Mean score between 3.2 & 3.79 was considered moderate level and mean score less than 3.1 was considered in low level. Pearson product movement correlation coefficient was applied to test the first hypothesis and multiple regression was applied to test the second hypothesis of the study and results are reported in following section.

Table 2. Measurement of Mean Score

Mean values	Categories
Less than 3.1	Low
3.2-3.79	Moderate
3.80 & Above	High

Results

The result shows the biographical characteristics of the students'. Total two hundred sixty four (264) questionnaires were distributed among students, total male students were two hundred and thirty three and total female students were thirty one (31), male students from Computer Science were thirty one (31) and there was only (01) one female student from Computer Science ,male

students from Business Administration with specialization of management and finance were one hundred and twenty (120), and sixty eight (68) respectively, while female students from Business Administration with specialization of management and finance were twenty two and seven (7) respectively and there were fourteen male students from Economics and only one female student from Economics .

Mean values of all the variables are reported in **Table 3** which shows that entrepreneurial intention (mean score= 4.1136), self-independence (mean score = 4. 2395), professional attraction (mean score = 4.1127) mean scores are in high level of mean categories as compared to entrepreneurial capabilities, network support and self-reliance which shows moderate level of perception on interest of variables ,overall it shows that there are good and positive entrepreneurial intentions among Kabul based business students.

Table 3. Mean score of the variables

Factors	N	Mean
Entrepreneurial capabilities	264	3.732
Network support	264	3.662
Self-independence	264	4.2395
Self-reliance	264	3.880
Entrepreneurial intention of Afghan students	264	4.1136
Professional attraction	264	4.1127
Valid N (list wise)	264	

Results for Hypothesis 1

Pearson product movement correlation coefficient was applied to test five hypotheses of the study as shown in **Table 4**. Null Hypothesis and Entrepreneurial capability are not significantly related with entrepreneurial intentions of Afghan Business students, and are not substantiated as result shows that entrepreneurial capability is significantly related with entrepreneurial intentions of Afghan Business students as can be

seen in the **Table 4** ($r = .500$ & $p < .01$) therefore, null hypothesis is rejected and alternative hypothesis is accepted, entrepreneurial capability is significantly related with entrepreneurial intentions of Afghan Business, similarly, second hypothesis is that there is no significant relationship of self-independence with Entrepreneurial intentions of Afghan business students is also rejected ($r = .506$ & $p < .01$). Hypothesis number three, four and five are also rejected as shown in the following table that there is significant relationship between self-reliance ($r = .425$ & $p < .01$), network support ($r = .506$ & $p < .01$) and professional attraction ($r = .728$ & $p < .01$) with entrepreneurial intentions of Afghan business students. Result of the study shows that hypotheses developed for this study were not substantiated but supported by alternative hypothesis.

Table 4. Results for the statistical analysis of correlation

	PA	EC	NS	SI	SR
EI Pearson Correlation	.728**	.500**	.398**	.506**	.425**
Sig. (2-tailed)	.000	.000	.000	.000	.000
N	264	264	264	264	264

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

Note. PA = Professional attraction, EC = Entrepreneurial capability, NS = Network support, SI = Self Independence, SR = Self Reliance, EI = Entrepreneurial Intentions

Results for Hypothesis 2

Regression model

$$EI = \beta_0 + \beta_1 (PA) + \beta_2 (EC) + \beta_3 (NS) + \beta_4 (SI) + \beta_5 (SR)$$

Where

β_0 = A constant, the value of EI when all independent variables values are zero

EI = Entrepreneurial Intention

PA = Professional attraction, EC = Entrepreneurial capability, NS = Network support, SI = Self Independence, SR = Self Reliance

$$EI = 1.826 + .768 (PA) + .234(EC) + .209 (NS) + .078$$

Multiple regression was applied to test the **second** hypothesis of the study; results are reported in **table 5**. According to Sekeran (2002) one can interpret the result of multiple regression analysis if value of R-square, F-Value and significance value is known. Results reported in the **table 5** shows that Adjusted R- square = .579 (model summary), F= 70.992 and P < .05 (Anova) which means that predicted variables account 57% of the variance explained in criterion variable (entrepreneurial intention) and the significance value (p < .05) shows that this variance is not by accident but explained significantly by predicted variables (independent variables). Result shows that 57% of the variance is significantly explained by this model and remaining 43 % variance explained by other independent variables not considered in present study. Therefore, Hypothesis that predicted variables of study are not significantly explained. Variance in criterion variables is rejected and accepted alternative hypothesis that is, professional attraction, entrepreneurial capability, network support, self-independence, and self-reliance explain 57% variance significantly in criterion variable as shown in the following table 5.

Table 5. Multiple Regression

Hypothesis	Adjusted R ²	F	p-value	Hypothesis Supported
H2	.579	70.99	.000	No

Table 6. Coefficients and Significance

Model	Standardized Coefficients Beta	t	Sig.
(Constant)		1.646	.101
PA	.584	10.193	.000

EC	.181	3.733	.000
NS	.141	3.151	.002
SI	.059	1.055	.293
SR	-.052	-.978	.329

Note. Dependent Variable: Entrepreneurial Intentions of Afghan students (EI), PA = Professional attraction, EC = Entrepreneurial capability, NS = Network support, SI = Self Independence, SR = Self Reliance, EI = Entrepreneurial Intentions

Conclusion and Limitation of the Study

This research study, based on sample, found that there is a high level of entrepreneurial intention among Kabul based business students. This study is consistent with the previous studies supporting the view that young business students are highly motivated to take initiation of risk for starting their own business. Same study conducted by Hunjra et al (2010) in Pakistan found that young graduates are highly motivated and attracted towards new venture creation. Current study supports the study of Hunjra et al (2010). According to them, Network support, professional attraction, self-reliance and self-independence has strong influence on entrepreneurial intention of students. This study found that there is a significant relationship between independent variables with dependent variable of the study (entrepreneurial intentions). Binks, et al (2006) reported that understanding, accepting, encouraging and enhancing entrepreneurial activities requires consistent research, training and teaching efforts. The same findings reported by Shook et al (2003) that entrepreneurship is all about how individuals perceive and relate his/her perception with the specific environment to identify, evaluate and take advantage of opportunities. This research study found that entrepreneurial capabilities are significantly related with entrepreneurial intention of Afghan business students, therefore, study supports the findings of

Binks et al. (2006) and Shook et al. (2003). Present research study concludes that experience of family business is one of another important influencing factor of entrepreneurial intention of afghan business students, supporting the study of (Aldrich & Cliff, 2003). Therefore based on findings, present study concludes that predicted variables, (professional attraction, entrepreneurial capabilities, self-reliance, self-independence & network support) included in this study shows the significant and influencing role in entrepreneurial intention of business students of Kabul Afghanistan. Purpose of this study was to explore the perception of Kabul based business students, studying in business institutes specifically Kardan Institute of higher education Kabul Afghanistan, so the limitation of the study is sample size of 264 Kabul based business students, therefore findings of the study cannot be generalized and should be related to business students' views of entrepreneurship, the large sample size will help more to draw the real picture of the phenomena in Afghanistan.

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