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Abstract

Entrepreneurship is becoming a very relevant instrument to promote economic growth and development in different regional and national economies. The aim of the research was to investigate empirically the relationship of entrepreneurial motivation and entrepreneurial intention. The conceptual model was formulated for the relationship of Desirability for Self-Employment (DSE), Feasibility of Self-Employment (FSE), Tolerance for Risk (TR), and Perceived Government Support (PGS) with Self Employment Intention (SEI). Hence, the study focused four variables related to self-employment intention. The selected sample for the study contained 316 final year Management undergraduates selected from six Universities in Sri Lanka based on simple random sampling method. The level of measurement of the variable was interval and the relevant statistical techniques for these measures under Uni-variate, bivariate analysis and multiple regression models were used. Four hypotheses were tested to assess the empirical relationships among variables. The study revealed that, there were strong positive relationships between Desirability of Self-Employment, Feasibility of Self-Employment, and Tolerance for Risk, and Perceived Government Support Intention. Thus, 57.5% of the variance in Self-Employment Intention was significantly explained by the four independent variables considered in this study, still leaves 42.5% unexplained. So, future research might be necessary to explain more of the variance in Self-Employment Intention. These findings have to be considered when creating an atmosphere for motivating undergraduates' self-employment intention. If the educators and policy makers highlight the advantage of finding self-employment and change their attitude by means of giving more emphasis in their curriculum, it also would be beneficial to the country as well.

Key Words: Self-Employment, Desirability, Feasibility, Tolerance for Risk, Entrepreneurial Motivation, Self-Employment Intention.

Introduction

Self-employment plays an important role in any economy through the generation of employment. The development of this sector is of paramount important in developing countries such as Sri Lanka where unemployment is the pressing problem in Economies. Creating self-employment is one way of solving the unemployment problem. Thus, self-employment is important to the economy (Stokes, 1998). Many governments apparently believe that entrepreneurs create jobs and that higher levels of enterprises promote economic growth (Storey, 2006). Entrepreneurship is a decisive factor in order for today's economy of knowledge to attain its competitive and dynamic character. According to Sarri, K. and Trihopoulou, A. (2005), "it is the driving force for the achievement of economic development..."
and job creation, contributing at the same time to personal development”.

Labour force of Sri-Lanka in 2006 was 7.5 million and unemployment rate was 6.3% (Department of Census & Statistic Report, 2006). The rate of unemployment among high schools and college graduates however remains proportionally higher than the rate for less-educated workers. The government has embarked on educational reforms it hopes will lead to better preparation of students and fewer mismatches between graduates and jobs (Department of Census &Statistics report, 2006). Providing employment opportunities for all graduates is a crucial issue for the Sri Lankan government of today. Government is not responsible to provide employment for the graduates. They the graduates must find employment on their own without launching unnecessary protest campaigns, demanding that government should provide them job. The research problem lies on the fact that the graduates have lack of willingness to engage in self employments. This was revealed from the conversation with some graduates just passed out from Sri Lankan universities. The decision to select the employment opportunity is very much crucial for all graduates. There may be several reasons for this situation. Therefore, from the above broad problem, the following research question was formulated for further exploration.

“Do Undergraduates motivated for self employment intention in Sri Lanka?”

Thus, the investigation’s focus was to study the self-employment intentions of Management undergraduate students in Sri Lanka to initiate self employment after their graduation. And it requires a significant effort to investigate the relationship between entrepreneurial motivation factors and self-employment intention.

Objectives of the Study

1. To find the impact of desirability on entrepreneurial intention of the undergraduates in Sri Lanka.
2. To find the impact of feasibility on self-employment intention of the undergraduates in Sri Lanka.
3. To find the impact of tolerance for risk for self-employment of the undergraduates in Sri Lanka.
4. To determine the impact of perceived government support in Sri Lanka for self employment.

Significance of the study

This research has less effort in the field of entrepreneurship. The research issue when addressed properly and data might bring in an answer to the question of “Do the undergraduates motivated to go for the self-employment after their graduation?” If the result of the statistical analysis enables the acceptance of the hypotheses, the findings might be of immense value for the whole nation to implement self employment scheme in island wide. Although the variables used in the conceptual framework were highly qualitative ones, an effort was taken to analyze the data in a quantitative form. This will add greater objectivity to the findings rather than depending totally on qualitative factors. Usually, entrepreneurial intention is studied in the light of such variables as availability of capital, background characteristics, and a little is studied in association with entrepreneurial motivation. Implicitly therefore, this study is unique in entrepreneurship literature. The significance of the study especially to the university graduates who are willing to work independently by means of initiating self employment opportunities. Accordingly, the findings might be immense value to the economy of developing countries, such as Sri
Lanka, as much research has not been conducted in this regard.

**Methodology**

This research was an explanatory study. The investigation of the study was the cross sectional correlation examination. The study design was the survey method using questionnaire as the research tool and unit of analysis was done with individuals. And it was conducted among a sample of final year Management Undergraduates in Sri Lanka. For the purpose of manageability, the sample was selected from six Universities out of fifteen universities in Sri Lanka. For this purpose Universities were categorized based on their age. The Universities established before 1980s considered as Conventional Universities and after 1980s considered as Young Universities. Randomly, University of Kelaniya, University of Colombo, and University of Sri-Jayawardenapura were selected from Conventional Universities and South Eastern University of Sri Lanka, Eastern University, Sri Lanka, and Sabaragamuwa University were selected from Young Universities. Thus, the sample size of undergraduates to be included in this research was 350 undergraduates. It was possible to collect 316 questionnaires from those undergraduates. The SPSS 13.0 student version statistical software has been used to analyze the data. And correlation and regression analysis were done mainly to test the hypotheses.

**Research Framework**

This model of entrepreneurship motivation introduces new constructs and uniquely combines them in specifying that the intention to become entrepreneur is a function of these four variables: the desirability of self-employment (DSE), the feasibility (personal factors) of self-employment (FSE), tolerance for risk (TR) and Perceived Government Support (PGS).

Thus, the model for this research is as follows:

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Desirability of Self Employment (DSE) H1

Feasibility of Self-Employment (FSE) H2

Tolerance for Risk (TR) H3

Perceived Government Support (PGS) H4

Self-Employment Intention (SEI)
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Hence the following hypotheses were developed.

**H1 :** There is a positive relationship between an individual's desirability for self employment and his or her intention to become an entrepreneur.

**H2 :** There is a positive relationship between an individual's feasibility for self employment and his or her intention to become an entrepreneur.

**H3 :** There is a positive relationship between an individual's tolerance for risk and his or her intention to become an entrepreneur.

**H4 :** There is a positive relationship between perceived government support for self employment and his or her intention to become an entrepreneur.
Measures

This study is intended to examine the hypothesized relationship between SEI as dependent variable and entrepreneurial motivation factors such as DSE, FSE, TR, and PGS as independent variables.

Measuring DSE

DSE has been operationalized as the degree to which an undergraduate student feels attraction to go for self-employment. That is, to what extent an undergraduate student has a desire to be in the own business. Hence, desirability of self-employment, which is a highly qualitative aspect, has been taken in to a scale to analyze quantitatively. The dimensions considered in developing the question items are:

1. Income potential: The degree of willingness to make higher income/money
2. Financial security: The degree of willingness to assure the own investment
3. Need to achieve: The degree of willingness to accept challenging works and responsibility
4. Independence: The degree of willingness to be independent in operating own business
5. Escape from corporate bureaucracy: The degree of willingness to be free from rules

Thus 09 question items are developed to measure the five dimensions of this variable.

Measuring FSE

FSE has been operationalized as the degree to which an undergraduate student consider himself/herself personally able to carryout certain behaviour (to go for self employment). That is, the degree of personal capability and background of an undergraduate with regard to initiate an own business. Having the intention on getting clear and more specific responses, the questions were developed in four dimensions.

1. Self efficacy: The level of self-confidence and internal locus of control
2. Business knowledge: The level of capability of Business knowledge
3. Family and others’ encouragement: The level of availability of support from family, mentor, teacher etc.
4. Innovative mind: The degree of attitude towards new concept and creativity

Measuring TR

Tolerance for risk refers as the degree to which an undergraduate student willing to take a moderate, calculated risk getting ahead. The dimensions considered in developing the question items were:

1. Financial risk: The degree of willingness to accept financial failures.
2. Risk in career: The degree of willingness to accept risk in career advancement.
3. Tolerance for ambiguity: The degree of willingness to accept uncertainties and challenges.
5. Physical and mental risk: The degree of willingness to work hard physically and mentally.

Measuring PGS

Perceived Government support has been operationalized as the degree of undergraduates’ perceptual measure of obtaining government support for the self-employment. The dimensions considered in developing the question items were:

1. Financial support: The degree of favorable attitude towards financial support.
2. Advisory support: The degree of favorable attitude towards advisory support.
3. Technical assistance: The degree of favorable attitude towards technical support.
4. Awareness and training program: The degree of favorable attitude towards awareness and training programs.
Measuring SIE

Self-employment intention refers as the degree to which an undergraduate student willing to go for self-employment.

The dimensions considered in developing the question items were,
1. Personal satisfaction scales and data was normally distributed. The regression models interpreted how an independent variable distributed to the dependent variable. According to the conceptual framework, SEI = a+b₁DSE+b₂FSE+b₃TR+b₄PGS+e

   Accordingly, the regression formula uses the constructs of DSE, FSE, TR, PGS to describe the behaviour of the dependent variable- SEI.

Reliability Analysis of the Questionnaire

The questionnaires were originally developed by the researcher for this particular study. A reliability analysis was done to check the inter item consistency reliability. The Cronbach's Alpha was measured. Accordingly, the Cronbach's alpha reliability coefficients of the four independent variables and dependent variables were obtained. Accordingly, the alpha value for DSE=0.706, FSE=0.751, TR=0.656, PGS=0.8000, and SEI=0.868 which showed a good reliability.

Correlation of Independent variables with Self-Employment Intention

Observing the correlations of independent variables (DSE, FSE, TR, PGS) with the dependent variable (SEI) it can be commented as follows:

1. There is a strong positive correlation of \( r = 0.719, p = 0.000 \) between FSE and SEI and significant at 0.01 level.
2. The correlation between DSE and SEI is positive and significant at 0.01 level \( r = 0.551, p = 0.000 \).
3. There is a moderate positive correlation of \( r = 0.536, p = 0.000 \) between TR and SEI and significant at 0.01 level.

4. SEI has a moderate positive relationship with PGS \( (r = 0.518, p = 0.000) \) and significant at 0.01 level.

Regression

The overall model explains the fit for the research. \( R^2 \) in the table given below shows this aspect. This coefficient is a measure of how well: The degree of personal satisfaction from autonomous life and creating jobs for others.

2. Personal recognition: Willingness to earn a community status

Analysis and Findings:

Bivariate analysis was done to see how the dependent variable is associated with the independent variables. Interval scale using five point Likert scale to enter the data for analysis and correlation matrix is made to see the strength and significance of various relationships between variables. Hence, parametric tests were used because the data were collected on interval.

The regression equation fits the data. Here, we have the \( R^2 \) is 0.575, hence, the regression equation apparently have a perfect fit with the data. So, we can predict our dependent variable (Self-Employment Intention) with the independent variables (DSE, FSE, TR, and PGS). Here, \( P = 0.000 < 0.05 \). So the model is significant and model exists.

If we look at the individual variables, at first, if we consider the constant variable in the equation. Its values; \( P = 0.010 < 0.05 \), hence, significant to model. DSE is considered; \( P = 0.032 < 0.05 \), hence, it is significant to the model and explain the dependent variable. Moreover, FSE and PGS; \( P = 0.000 < 0.05 \), are significant and much about explain the dependent variable. Finally, TR values; \( P = 0.035 < 0.05 \); which is also significant to the model.
Hence, the following Model fit equation is derived.

\[ SEI = -0.640 + 0.169DSE + 0.695FSE + 0.131TR + 0.243PGS \]

**Hypotheses Testing**

The most common policy in statistical hypothesis testing is to establish a significance level, denoted by \( \alpha \), and to reject \( H_0 \) when the \( p \) - value falls below it. When this policy is followed, one can be sure that the maximum probability of the type I error is \( \alpha \) (Policy: when \( P \)-value is less than \( \alpha \), reject \( H_0 \)). Here, the hypotheses are tested at 5% confidence level (\( \alpha = 0.05 \)). \( P \) values are denoted ‘Sig.’ in the above Table.

The following table shows the rejection and acceptance of the hypothesis.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Hypothesis</th>
<th>( P ) - Value</th>
<th>( \alpha = 0.05 )</th>
<th>( H_0 )</th>
<th>( H_A )</th>
</tr>
</thead>
<tbody>
<tr>
<td>DSE</td>
<td>( H_0, H_1 )</td>
<td>0.032</td>
<td>0.05</td>
<td>Reject</td>
<td>Accept</td>
</tr>
<tr>
<td>FSE</td>
<td>( H_0, H_1 )</td>
<td>0.000</td>
<td>0.05</td>
<td>Reject</td>
<td>Accept</td>
</tr>
<tr>
<td>TR</td>
<td>( H_0, H_1 )</td>
<td>0.035</td>
<td>0.05</td>
<td>Reject</td>
<td>Accept</td>
</tr>
<tr>
<td>PGS</td>
<td>( H_0, H_1 )</td>
<td>0.000</td>
<td>0.05</td>
<td>Reject</td>
<td>Accept</td>
</tr>
</tbody>
</table>

Source: Survey Data

**Test of Hypothesis 1**

The \( p \) value is for variable DSE is 0.032, hence, the null hypothesis is rejected. This means that DSE has much influence in Self-Employment Intention. The alternative hypothesis is accepted as the \( P \) value < \( \alpha \). Also the result in correlation table (Corr-coef=0.551; \( p=0.000 \)) support this hypothesis. Thus, Desirability of Self-employment of the University undergraduates is a predictor of the Self-Employment Intention.

**Test of Hypothesis 2**

Here too, the null hypothesis is rejected and the alternative hypothesis is accepted as the \( P \) value < \( \alpha \). This means that FSE has much influence in Self-Employment Intention. Also the result in correlation table (Corr-coef=0.719; \( p=0.000 \)) support this hypothesis. Thus, Feasibility of Self-employment of the University undergraduates is a predictor of the self-employment intention.

**Test of Hypothesis 3:**

The alternative hypothesis is accepted as the \( P \) value < \( \alpha \). This means that TR has influence in Self-Employment Intention. Also the result in correlation table (Corr-coef=0.536; \( p=0.000 \)) support this hypothesis. Thus, an individual’s tolerance for risk of the university undergraduates is a predictor of the self-employment intention.

**Test of Hypothesis 4:**

Here too, the alternative hypothesis is accepted as the \( P \) value < \( \alpha \). This means that Perceived Government Support has influence in Self-Employment Intention. Also the result in correlation table (Corr-coef=0.518; \( p=0.000 \)) support this hypothesis. Thus, perceived government support of the university undergraduates is a predictor of the self-employment intention.

**Conclusion and Recommendation**

Entrepreneurship is an attitude that reflects an individual’s motivation and capacity to identify an opportunity and to pursue it in order to produce new value or economic...
success (European Commission, 2003, quoted by Francisco, L. et al., 2005). This attitude is crucial for competitiveness, because new entrepreneurial initiatives raise the territory’s productivity, increasing competitive pressure and encourage innovation (Francisco L et al., 2005). Entrepreneurship is becoming a very relevant instrument to promote economic growth and development in different regional and national economies. However, social scientists have not still agreed on the determinants of the decision to become an entrepreneur (Linnan, F. et al, 2005). However, the present study addressed on four of such relationship. The intention of the study was to find out the degree to which variables relate with each other. So that predictability can be judged using hypotheses derived. As this is a pioneer effort in Sri Lanka, the relationship between Self-Employment Intention and other variables such as DSE, FSE, TR, and PGS will be found as the predictors of Self-Employment Intention.

Segal et al. (2005) found that, $R^2$ for their model was 0.528, Krueger (1993) found $R^2$ of 0.350 for new venture intention and Kruger et al (2000) found $R^2$ of 0.408 as in Segal et al (2005) and Francisco. L, et al (2005) found 53.8% variance in entrepreneurial intention.

According to the findings, it is proved that there is a significant strong positive relationship between FSE and SEI and also as expected there is a positive relationship between DSE and SEI, TR and SEI and PGS and SEI. Accordingly, only 57.5% of the variance in self-employment intention was significantly explained by the four Independent variables considered in this study, still leaves 42.5% unexplained. In other words, there are other additional variables that are important in explaining self-employment intention that have not been considered in this study. So, further research might be necessary to explain more of the variance in Self-Employment Intention. Also this research did not examine the role of negative motivations, or “push” factors. “push” factor appear to be less important than “pull” factors in explaining the motivation to become an entrepreneur. Also, it is believed “push” factors are less significant to our sample of young undergraduate students than to the general population. Because of the students’ lack of prior work experience, dissatisfaction or involuntary separation from previous employment would not have been an important issue. According to this research finding may not recognize to non-student population with great levels of work experience.

In Sri Lanka, the unemployment for the graduates is becoming a critical issue for many years. So if the educators and policy makers highlight the advantage of finding self-employment and change the undergraduates’ attitude by means of giving more emphasis in their curriculum, it would be beneficial to the economy of the country as well. And to stimulate entrepreneurship, perhaps educators should remind students of the high earnings potential and independence an entrepreneurial career makes possible.

REFERENCES


Draft National Employment Policy for Sri Lanka, 2000, pp.7-23.


