CHAPTER 1
INTRODUCTION - THE CONCEPTUAL FRAMEWORK

“All that is valuable in human society depends upon the opportunity for development accorded to the individual.”
—Albert Einstein

1.1 Introduction
As defined by Katz (1992), the employment status choice is the vocational decision process in terms of the individual’s decision to enter in an occupation “as a wage/salaried individual or a self employed one”. An individual’s career choice decision depends upon many factors like his need for achievement, knowledge & skills, personality traits & attributes, demographics, family background, attitude & intention. It is suggested that the occupational decision process of an individual’s intention to be an entrepreneur may be predicted based on his/her career factors or salient beliefs. Since an individual’s career factors evolve through a process of career development by which an individual tests himself/herself in various conditions of job, any job successes experienced strengthen an individual’s career factors in those areas (Dyer, 1994).

Many small and medium businesses have become the major source of new job creation. Many socio-economic factors affecting small enterprises came to be noticed during the industrial revolution with notions of entrepreneurial significance gaining favour by the mid-twentieth century. There is a growing realization about the potential contribution of small & medium enterprises both in developed and developing countries. Because of their special economic and organizational features, these enterprises play a very significant role to become conducive in bringing about a significant change in economic scenario in an effective manner. They have made great contributions in introducing valuable new products and keeping the economy competitive in the world market. This rapid growth of entrepreneurship is envisaged to promote overall well being of an individual and societal development.

During the 1960’s, the individual’s behavior came into the limelight as a major factor contributing to small enterprise development as entrepreneurship and hence the development and growth of entrepreneur and entrepreneurship came to be
recognized as critical to development. The issue of unemployment and particularly graduate unemployment and its socio economic problems continued to be an issue of utmost importance for government, policy makers, non-governmental organizations (NGOs) as well as other sectors. Though the Indian economy has witnessed a good growth in the last couple of years, yet the country’s economic development in context to the expansion of facilities in higher education doesn’t fall in the same trend line. As a matter of fact, the Indian management education, as it exists today in most of the institutions is not having a significant contribution in catering to the needs of the industry resulting in large scale unemployment among qualified young management graduates and wastage of precious human resources. Unemployment in management segment is increasing while MBAs with the requisite knowledge and skills are in short supply. So, the involvement of youth in the economic struggle is of paramount importance. Fostering them with the spirit and drive towards entrepreneurship implies preparing them to become potential employment creators and in the same manner making the society entrepreneurial.

1.2 Concept of Career Choice

The reasons for individual’s career (employment status) choice have been accorded to various factors underlined by the models available in existing research. Trait models made a comparison of the psychological attributes of founders with non-founders. The underlying assumption is that people who pursue a career as Entrepreneur have a different personality profile than those who prefer OE (Begley and Boyd, 1987). Tracking models suggest that personal history and social context are determinants of the propensity to enter Entrepreneurship (Katz, 1992). These models underline the belief in tracking where the parent or another close family member's occupation defines the most likely occupation to be opted by an individual.

Other models have focused on psychological values as predictors of employment status choice. Katz (1992) argued that the most relevant values in this connection are autonomy, creativity, material gain and integration. Economists have applied human capital theory with a viewpoint to forecast occupational status choice. Human capital theory essentially states that the relative paths of earnings and value of marginal product diverge over the working life (Trucker, 1990). This perspective laid down
that people are likely to mark dissatisfaction with their compensation as an employee or expectation of increased compensation as reasons for entering entrepreneurship. The relationship between taxes and occupational choice has also been investigated. Under certain assumptions, higher income taxation can also pose more problems for organizational employed. In addition, tax avoidance may be easier for entrepreneurs as compared to organizationally employed persons.

Dyer (1994) developed an integrative model of entrepreneurial careers describing four essential core dimensions of theory of entrepreneurial careers: (i) a theory of career choice (ii) a theory of career socialization, (iii) a theory of career orientation and (iv) a theory of career progression from entry to exit. According to Dyer (1994), career choice is determined by three factors: (i) individual factors (demographic as well as psychographic factors) (ii) social factors (e.g. role models, family support and culture) and (iii) economic factors (e.g. lack of employment opportunities and resource networks). A similar categorization was made by Baucus and Human (1994) who argue that the antecedent variables of entrepreneurial processes may be grouped into three categories: (i) employment experience (ii) entrepreneurial experience and career orientation (iii) networks and perceptions of career departure (voluntary versus involuntary). Katz (1994) used Schein’s (1978) model of organizational socialization as a base to model entrepreneurial career socialization and progression.

In the choice of a vocation, Super (1957) classified these factors as i) Role factors ii) Personality factors and iii) Situational factors such as social and economic status of the community and of parents, normative beliefs, the general economic situation and training opportunities in various fields of different aspects of life. The modern thinking about the career choice and career development is broad and has to consider all aspects of life (Gysbers et al., 1998). It touches all spheres of activity and all corresponding facets of personal life (Hall, 1996)

Models that focus on entrepreneurial intentions have been the subject of considerable interest (Krueger and Carsrud, 1993; Krueger and Brazeal, 1994). In these models career intentions are seen as the immediate antecedent of behavior. Intentions, in turn are determined by factors such as attitude towards the behavior, social norms and perceived behavioral control (Ajzen, 1991).
One of the few existing empirical studies on “reasons for employment status choice” was carried out by Brenner et al. (1991). They investigated the relationship between work values as measured by Manhardt’s (1972) 25-item scale and career intentions among a sample of graduating seniors majoring in business at a state university in the eastern United States. In general, the findings indicated that individuals perceived that operating their own business is more likely to provide them with exciting and desirable work outcomes. Brenner et al. (1991) further found that people who prefer working for an organization feels such a career provides greater development of knowledge and skills, job security, higher income, intellectual stimulation and the opportunity to work with people they admire and respect.

On the other hand those who prefer their own business believe such a career provides greater development of knowledge and skills, higher income, more leisure time, greater variety, more comfortable working conditions. These results indicate several conflicting perceptions; both groups were found to feel that their preferred career provides greater opportunity for continued development, to earn a higher income and to work with people they admire and respect.

In many of the models of occupational status choice the outcomes associated with choosing entrepreneurship or employment as career are central to understanding the decision process. In this context, empirical studies that have compared work outcomes among entrepreneurs and organizationally employed individuals are relevant. In one study, entrepreneurs reported significantly higher work related worries and lower absence rates. Eden (1973) attributed the lower absence rate not to better health but to feeling indispensable. This argument is supported by Chay (1993), who found no differences between entrepreneurs and employees with regard to their psychological health. Eden (1973) found that entrepreneurs work longer hours, travel more and report working harder. Hammermesh (1990) and Chay (1993) also reported a striking difference in hours worked with entrepreneurs working an additional seventeen hours per week.

On the more positive side, entrepreneurs have been found to perceive higher levels of job satisfaction, lower level of role conflict and role ambiguity, greater opportunities to develop social abilities and greater freedom and autonomy at work (Eden, 1973). In a recent study, Thompson et al. (1992) found entrepreneurs to have
higher commitment than the organizationally employed subgroup, but he found no significant differences between the two groups for work satisfaction and job involvement. Thompson et al. (1992) found a stronger correlation between the variables: job and life satisfaction, job and self-satisfaction and job and family satisfaction for entrepreneurs in comparison to organizationally employed individuals. These results suggest that entrepreneurship increases the interdependence of affective work, non work reactions as a result of their psychological investment in and their commitment to the success of the business.

1.3 Concept of Entrepreneur and Entrepreneurship

Entrepreneurship is one of the four of mainstream economic factors: Land, Labor, Capital, and Entrepreneurship (Cassion, 1982). The word itself derived from 17th century French word ‘Entreprendre’ which refers to the persons who were undertakers, referring to those who were ready to take the risk of new enterprise and who bore the risk of profit or loss.

An Australian economist Schumpeter (1883-1950) described entrepreneurship as a process and entrepreneurs as innovators who use the process to shatter the status quo through new combinations of resources and new methods of commerce.

Entrepreneurship has been recognized as an important element in the dynamics of modern economies. It is the vital source of the sustained economic development of the country. The significance of the entrepreneurship is largely due to the positive effects it has on many countries as a catalyst that creates wealth and the generation of job opportunities (Postigo and Tamborini 2002; Othman, Ghazali et al. 2005; Gurol and Atsan 2006). More specifically, entrepreneurship is a major engine driving many nations’ economic growth, innovation and competitiveness (Scarborough and Zimmerer 2003; Kuratko and Hodgetts 2004). Moreover, the findings of most of the studies have reflected that there is a positive relationship between entrepreneurship and economic growth in terms of job creation, firm survival and technological change (Gorman, Hanlon et al. 1997; Lena and Wong 2003; Karanassios, Pazariskis et al. 2006).

The concept of entrepreneurship is versatile and used in wide variety of context. Opportunity Identification is the very first step in entrepreneurship and this process is clearly an intended process. In Schumpeter’s words, the “entrepreneur” seeks to
reform or revolutionize the pattern of production by exploiting an invention or more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up new sources of supply of materials or a new outlet for products. “Entrepreneurship is purposeful activity to initiate and develop a profit-oriented business” (Cole, 1959). In Drucker’s (1985) view, “Entrepreneurship occurs when resources are redirected to progressive opportunities”. This redirection of resources distinguishes the entrepreneurial role from that of traditional management role, a distinction that Henry Ford made in his decision. “Entrepreneurship is derived from the French word “entreprendre” which means “to undertake, to provide opportunities, to fulfill the needs and wants through innovation and starting a business” (Burch, 1986). Entrepreneurship, as defined, “essentially consists in doing things that are not generally done in the ordinary course of business routine. It is creation of new organizations” (Gartner, 1988). “Entrepreneurship is a human creative act. It involves finding personal energy by initiating and building an organization. He requires a vision and the passion, commitment and motivation for doing so” (Timmons, 1994).

While comparing the inventor with entrepreneur, Schumpeter (1934) says that an inventor might only create a new product, whereas a new entrepreneur will gather resources, organize talent and provide leadership to make it a commercially viable project. “Entrepreneur is the person who shifts economic resources out of an area of lower productivity into an area of higher productivity and higher yield” (Say, 1998). “Entrepreneur is the central person in the market driven economy. He is the founder, conqueror and the inventor” (Sombart, 1922). “Entrepreneur welcomes change, thrives on the seeming disorder in the economy and exploits change as a generator of opportunity to create value” (Schumpeter, 1934). “Entrepreneurs receive a return for bearing risk and uncertainty due to imperfect knowledge on the productive resources” (Knight, 1948). “An entrepreneur makes judgmental decisions about the coordination of scarce resources” (Cassion, 1982). “Entrepreneur makes innovation, takes risk, identifies opportunities and then establishes an enterprise to exploit it commercially” (Pottas, 1985). “Entrepreneur creates an innovative economic organization for the purpose of gain or growth under conditions of risk and uncertainty” (Dollinger, 1995). “Entrepreneur has the ability to generate change
through innovation; to find new combinations of resources; to take calculated risks; to recognize and improve existing operations; and to lead economic activity in times of uncertainty at a profit” (Neill, 1996). “Entrepreneur is a person who sees an opportunity and assumes the risk of starting a business to take advantage of the opportunity or idea. The risks that go with creating an organization can be financial, material and psychological” (Hatten, 1997). “Entrepreneur is an individual who constantly searches for economic opportunities in the market and who utilizes them in an innovative way to increase prosperity by combining and managing the necessary resources, of which a substantial part is usually contributed personally within a specific enterprise” (Reynolds and White, 1997). “Entrepreneur utilizes a wide range of skills to add value to a particular scheme of human activity. The effort expended in finding and implementing such opportunities is rewarded by income and independence as well as pride in creation” (Barrow, 1998).

### 1.4 Concept of Intention

Human beings are having diverse preferences as they differ genetically, environmentally & culturally from each other. This opinion laid the foundation of their ability to get attracted towards certain things while distracted and demotivated by certain factors & forces (Delmar & Davidsaon, 2000). This motivation and demotivation about objects, issue, feelings, beliefs and other verbal and non verbal expression is commonly referred as intention which may be positive or negative in both ways (Birds, 1989). Parker (2004) defines intention as an individual’s specific propensity to perform an action or a series of actions. Intention is of paramount significance in understanding social contexts in numerous ways. Behavior up to a great extent is caused by intention, so understanding intention is of utmost importance. Conscious thinking provides an input to intention leading to the output of behavior. The review of various studies have underlined that the probability of performing a behavior increases, if the person has positive intentions corresponding to that behavior.

### 1.5 Concept of Entrepreneurial Intention

According to Bird (1998), the influences of both personal traits and environment can define entrepreneurial intention. In contrary to this, some entrepreneurship scholars
argue that “situational variables” such as inflation rate or business regulations and “individual variables” like personal attributes have very poor clue to judge the formation of entrepreneurial intention. Apparently, intention factors are complicated and difficult to study (Ajzen, 1991). In a changing environment, people with closely identical characteristics may behave in a different manner, while the others with altogether diverse traits can have a same reaction in the correlative environment. Even with the same person, possessing the same potential/resources to become the entrepreneur, it is not an easier exercise to predict their next action in different moments and one cannot easily predict which factor has finally contributed to their choice. Entrepreneurial intention is defined as the growing conscious state of mind that a person desires to start a new enterprise or create new core value in existing organization (Bygrave, 1998). It is laid down that people opt for business intentionally and the process of becoming entrepreneurs is the outcome of decision making. Several psychology processes create an impact on humans mind to result in the entrepreneurial intention and further behavior. During this process, “pre-organizational phenomena” could be considered of paramount importance and interesting. Empirically, as per the results of the literature studies conducted over past decades, intention has been regarded as a significant factor in predicting behavior (Krueger, 2000).

Entrepreneurial intention has proven to be a primary predictor of future entrepreneurial behavior (Kureger et al 2000). Kureger et al. (2000) define entrepreneurial intention as a decision to form a new business venture that is planned rather than being conditioned. It can be emphasized that an individual may possess the capability of being an entrepreneur due to own competency and self efficacy but a lack of intention may prevent him for making the transition into entrepreneurship. S.Wu, & L.Wu (2008) says that entrepreneurial intention refers to create a new firm or a new value driver within existing organizations. X,Quan (2012) argued that there are two types of entrepreneurial intentions:

1) Impulsive

2) Deliberate

Impulsive entrepreneurial intention refers to intention without realistic control of business resources. It can simply be the consequence of personal characteristics,
cultural or demographic factors. Deliberate entrepreneurial intention is the willingness of the individual to opt for the business due to the feasibility of entrepreneurial behaviors. It depends on external resources such as prior entrepreneurial experience or network building. The table 1.1 depicts the recent studies related to entrepreneurial intentions.

**Table 1.1**
Factors influencing Entrepreneurial Intention in Recent Studies

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Factors</th>
<th>Researchers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>Education Programs</strong></td>
<td>De Jorge- Moreno et al., 2014</td>
</tr>
<tr>
<td></td>
<td>Perceived Desirability</td>
<td></td>
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<tr>
<td></td>
<td>Perceived Feasibility of Starting a Business</td>
<td></td>
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<tr>
<td>2.</td>
<td><strong>Institutional Environment</strong></td>
<td>Diaz- Casero et al., 2012</td>
</tr>
<tr>
<td>3.</td>
<td><strong>Individual - Level Entrepreneurial Intention</strong></td>
<td>Dohse, Walter, 2012</td>
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<td></td>
<td>Regional Level Controls</td>
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<tr>
<td>4.</td>
<td><strong>Peers</strong></td>
<td>Falck, et al., 2012</td>
</tr>
<tr>
<td>5.</td>
<td><strong>Country – Level Control Variables</strong></td>
<td>Falck, Woessmann, 2011</td>
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<tr>
<td></td>
<td>Individual and Family Background Variables</td>
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<tr>
<td>6.</td>
<td><strong>Motives</strong></td>
<td>Giacomin et al., 2011</td>
</tr>
<tr>
<td></td>
<td><strong>Barriers</strong></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td><strong>Feasibility</strong></td>
<td>Linan et al., 2011, Shook, Bratianu, 2010, Guerrero et al., 2008</td>
</tr>
<tr>
<td></td>
<td>Desirability</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td><strong>Personality Traits</strong></td>
<td>Sanchez, 2011</td>
</tr>
<tr>
<td>9.</td>
<td><strong>Culture/ Country</strong></td>
<td>Pruett et al., 2009</td>
</tr>
<tr>
<td></td>
<td><strong>Personal Role Models</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Entrepreneurial Disposition</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Perception of Motives</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Perception of Barriers</strong></td>
<td></td>
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<tr>
<td>10.</td>
<td><strong>Educational Support</strong></td>
<td>Turker, Selcuk, 2009</td>
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<tr>
<td></td>
<td><strong>Structural Support</strong></td>
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<td></td>
<td><strong>Relational Support</strong></td>
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</tr>
</tbody>
</table>
1.6 Models for predicting Entrepreneurial Intentions

Entrepreneurship has been defined as the process of ‘emergence’ in the creation of organizations (Gartner, 1988; Gartner et al., 1992). This implies that entrepreneurship is viewed as a process undertaken by individuals to enable an organization to come into existence and is looked upon as a ‘process of becoming rather than a state of being’. As a result, entrepreneurial intentions are central to the understanding of the entrepreneurship process because entrepreneurial intentions form the underpinnings for the founding of new organizations (Krueger, 1993). Since entrepreneurship occurs over time (Gartner et al., 1994), entrepreneurial intentions can be viewed as the first step in an evolving long-term process of organizational founding. Intention is a state of mind directing a person’s attention, experience and behavior toward a specific object or method of behaving (Bird, 1992). Intention is an important factor for opportunity identification process (Krueger et al., 2000) and they offer to better explain and predict entrepreneurship. Intentions have proved to be the best predictor of planned behavior and entrepreneurship is exactly the type of planned behavior (Bird, 1988; Katz and Gartner, 1988; Ajzen and Madden, 1985) for which intention models are ideally suited. Situational and personal factors analysis for entrepreneurship has proved to be very poor predictors of entrepreneurship. There are two intentional models used in this study for predicting entrepreneurial intentions:

i. Theory of Reasoned Action (TRA)

ii. Theory of Planned Behavior (TPB)

Ajzen (1991) argues that intention in general depends on perception of personal attractiveness, social norms and feasibility; Shapero (1982) argues that entrepreneurial intention depends on perception of personal attractiveness, social norms and feasibility. He argues that entrepreneurial intention depends on personal desirability, feasibility and propensity to act. Both models were tested by the authors and have implications for career decisions.

Understanding the background of intentions increases our understanding of the intended behavior. Attitude influences behavior by their impact on intentions. Attitude and intention depends upon the situation and person. So the intentional model will be far better. It provides superior predictive validity. Intention based
model describe how exogenous influence (for example perception of resource availability) change intentions and ultimately venture creation. The most important thing is that intentional behavior explains the model, “Why many men decide to become an entrepreneur long before they scan for opportunities” (Krueger et al. 2000).

Predicting entrepreneurship just by personal and situation factors usually resulted in disappointing results, small explanatory power and small predictive ability. Intentional models offer a significant opportunity to increase the ability to understand and predict entrepreneurial propensity or tenacity of an entrepreneur. In its simplest form, intentions predict behavior while in turn, certain specific attitudes predict intentions. Intentions thus serve as a conduit to better understanding the act itself (Ajzen, 1987 and 1991). As such intentions serve as an important mediating variable in the act of starting a business venture and potential exogenous influences.

1.6.1 Theory of Reasoned Action (TRA)

Krueger et al. (2000) have studied the competing models of entrepreneurial intentions. They say that opportunity identification process is clearly an intentional process and therefore entrepreneurial intentions clearly offer a means to better explain and predict entrepreneurship. The study on “which way to go either to Entrepreneurship or to OE” may be done based on so many factors such as intentional, attitudinal, motivational, economic opportunity, gender, family background, risk taking propensity, opportunity recognition, ethnicity, opportunity cost of capital, attainment of wealth etc. Krueger and Carsrud (1993) argue that entrepreneurial behavior, such as becoming an entrepreneur or starting a business is intentional and therefore best predicted by intentions toward the behavior. Among integrated intention theories, which include different theoretical constructs to explain and predict behavior, the most widely researched are the Theory of Reasoned Action (TRA) (Ajzen and Fishbein, 1980) and the Theory of Planned Behavior (TPB) (Ajzen, 1988; 1991).

The theory of reasoned action is a model for the prediction of behavioral intention, spanning predictions of attitude and predictions of behavior. Two conceptually independent determinants of intention are specified in the theory of reasoned action (TRA). One is personal factor: attitude towards the behavior which refers to the
degree to which a person has a favorable or unfavorable evaluation of the behavior in question. The second predictor of intention is subjective norm a social factor; it refers to the perceived social pressure to perform or not to perform the behavior. The constructs employed by the TRA are fundamentally motivational in nature (Ajzen and Madden, 1985). As per TRA, the immediate antecedent of any behavior is the intention to perform the behavior in question. The stronger the person’s intention, the higher is the probability that person will try for the behavior and hence the greater the likelihood that the behavior will actually be performed.

**Formula**

The TRA can be expressed as the following equation:

\[ BI = (AB) W_1 + (SN) W_2 \]

where:
- \( BI \) = behavioral intention
- \( AB \) = one's attitude towards performing the behavior
- \( W \) = empirically derived weights
- \( SN \) = one's subjective norm related to performing the behavior

**Source:** https://en.wikipedia.org/wiki/Theory_of_reasoned_action

Attitude and subjective norm, each weighted for its relative importance are assumed jointly to determine behavioral intention. Fishbein & Ajzen (1975) divide the beliefs antecedent to behavioral intentions into two conceptually distinct sets: behavioral & normative. The behavioral beliefs are assumed to be the major factor creating an impact upon the attitude to perform a behavior. On the other hand, the normative beliefs are postulated to influence the individual’s subjective norm about undertaking the behavior. Hence, intentions and subsequent behavior are influenced by either attitude or subjective norms.

Fishbein and Ajzen (1975) laid down an assumption that the variables which are external to the model will create an impact on the intentions only to the degree, to which they impact either attitude or subjective norms. Fishbein & Ajzen (1975) specify three boundary conditions that can affect the magnitude of the relationship between intentions and behavior (a) the degree to which the measure of intention and the behavioral criterion correspond with respect of their levels of specificity (b)
the stability of intentions between time & measurement and performance of the behavior and (c) the degree to which carrying out the intention is under the volitional control of the individual.

A diagram of this model is shown in Figure 1.1.

Figure 1.1
Theory of Reasoned Action


Process

As a behavioral process, an expanded TRA flow model can be expressed as follows in Table 1.2:

Table 1.2
Theory of Reasoned Action

<table>
<thead>
<tr>
<th>Belief towards an outcome</th>
<th>Evaluation of the outcome</th>
<th>Beliefs of what others think</th>
<th>What experts think</th>
<th>Motivation to comply with others</th>
<th>Attitude</th>
<th>Subjective Norm</th>
<th>Intention</th>
<th>Behaviour</th>
</tr>
</thead>
</table>


Limitations & Extensions

Sheppard et al. (1988) disagreed with the theory but made certain exceptions for certain situations when they say "a behavioral intention measure will predict the performance of any voluntary act unless intent changes prior to performance or
unless the intention measure does not correspond to the behavioral criterion in terms of action, target, context, time-frame and/or specificity". Sheppard et al. (1988) underlined three restrictive conditions on: 1) the use of attitudes and subjective norms to predict intentions and 2) the use of intentions to predict the performance of behavior. The conditions are as follows:

1. **Goals versus Behaviors**: distinction between the intention to achieve a goal (an ultimate accomplishment such as losing weight by 20 kg) and an intention to perform a behavior (following a stringent diet chart).

2. **Choice among Alternatives**: the availability of alternatives may create a change in the nature of the intention considerably leading to the final change in the behavior.

3. **Intentions versus Estimates**: In numerous situations, there occurs a clear difference between what one intends to do and what one actually expects to do.

Sheppard et al. (1988) further remarked "that more than half of the research till date that has utilized the model has investigated activities for which the model was not originally intended". Their expectation was that the model would not be able to fit in such situations. However, the results explicated that the model "performed extremely well in the prediction of goals and in the prediction of activities involving an explicit choice among alternatives." Thus, Sheppard et al. (1988) concluded that the model "has strong predictive utility, even when utilized to investigate situations and activities that do not fall within the boundary conditions originally specified for the model. That is not to say, however, that further modifications and refinements are unnecessary, especially when the model is extended to goal and choice domains".

Hale et al. (2002) also account for certain exceptions to the theory when they say "the aim of the TRA is to explain volitional behaviors. Its explanatory scope excludes a wide range of behaviors such as those that are spontaneous, impulsive, habitual, the result of cravings or simply scripted or mindless (Bentler & Speckart, 1979; Langer, 1989). Such behaviors are excluded because their performance might not be voluntary or because engaging in the behaviors might not involve a conscious decision on the part of the actor".
Theory Revision

Ajzen himself developed the theory of planned behavior to improve upon the Theory of Reasoned Action. The new theory developed involves the addition of one major predictor, perceived behavioral control to the model. This addition was made to account for situations when people possess the intention of carrying out a behavior, but they are not able to perform the actual behavior because of lack of confidence over the actual behavior (Miller, 2005)

Ajzen's revised conceptual model, accounting for actual behavioral control can be expressed as follows in Table 1.3:

<table>
<thead>
<tr>
<th>Behavioral Beliefs</th>
<th>Attitude toward the Behavior</th>
<th>Intention</th>
<th>Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normative Beliefs</td>
<td>Subjective Norm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Control Beliefs</td>
<td>Perceived Behavioral Control</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Actual Behavioral Control</td>
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</tbody>
</table>

1.6.2 Theory of Planned Behavior (TPB)

Intention-based models have been used successfully in practical applications and basic research by social psychologists and researchers. These models have been widely applied in practical situations like career preferences, use of internet, e-governance and use of IT in business (Ajzen, 1987; Kolvereid, 1996, 2001, 2005).

The concept was proposed by Icek Ajzen to improve on the predictive power of the Theory of Reasoned Action by including the additional variable of perceived behavioural control. It is one of the most predictive persuasion theories. It has been applied to studies underlining the linkage among beliefs, attitudes, behavioral intentions and behaviors in various fields such as advertising, public relations, advertising campaigns and healthcare. The theory underlines that there are three variables that contribute to the individual's behavioral intentions and behaviors: attitude towards behavior, subjective norm and perceived behavioral control.
The Theory of Planned Behavior (Ajzen, 1985) extends the boundary condition of pure volitional control specified by the Theory of Reasoned Action. This is accomplished by including beliefs regarding the possession of requisite resources and opportunities for performing a given behavior. The probability of the perceived behavioral control over the behavior is directly proportional to the perceived possession of the resources and opportunities by individuals. Perceived Behavioral Control is included as an exogenous variable that has both a direct effect on behavior and an indirect effect on behavior through intentions. The indirect effect is based on the assumptions that perceived behavioral control has motivational implications for behavioral intentions. When people believe that they have little control over performing the behavior because of a lack of requisite resources, then their intentions to perform the behavior may be low even if they have favorable attitudes or/and subjective norms concerning performance of the behavior. Bandura, Adams, Hardy and Howells (1980) have provided empirical evidence that people’s behavior is strongly influenced by the confidence they have in their ability to perform the behavior.

The direct effect of perceived behavioral control on actual behavioral control should be significant when (a) the behavior in question is likely to have some aspect not under volitional control and (b) perceptions of control over the behavior are accurate. Ajzen and Madden (1986) research was the first complete test of the Theory of Planned Behavior. Their first experiment investigated students’ class attendance. The results of the experiment revealed that after controlling for attitudes and subjective norms, Perceived Behavioral Control was a significant predictor of intentions. However, perceived behavioral control did not contribute to the prediction of target behavior after controlling for intentions. Ajzen & Madden argued that the degree of actual control over attending classes was relatively high and therefore the addition of perceived control would be expected to have little predictive validity with respect to target behavior.

Their second experiment assessed students attitudes, subjective norms, perceived control and intention towards getting an admission in particular course. The students actual grade in the course was used as a measure of the target behavior or goal. The data were collected in two waves: one at the beginning of the semester and
one at the end of the semester. The responses from wave one yielded results similar to those of the first experiment. That is, perceived control enhanced the prediction of intentions over the Theory of Reasoned Action but did not contribute to the prediction of behavior even after controlling for intentions. Comparison of the responses in the two waves indicated that there were large & significant changes in the subjects perception of control & intentions. As the subjects became more familiar with the circumstances surrounding the behavior, their perceptions of control became more accurate with respect to the actual level of control they had over being to perform the behavior or attaining the desired goal. Hence, perceived behavioral control is a significant predictor of target behavior, only when perceptions of control were accurate.

It can be concluded that the Theory of Planned Behavior predicts two possible effects of perceived behavioral control on behavior. The first case cited the indirect effect of motivational factors on behavior through intentions, whereas in the second case, perceived behavioral control reflects actual control and has a direct link to behavior not mediated by intentions.

**Figure 1.2: Theory of Planned Behavior**

![Figure 1.2: Theory of Planned Behavior](image)

Formula

\[ BI = (W_1) AB[(b) + (e)] + (W_2) SN[(n) + (m)] + (W_3) PBC[(c) + (p)] \]

*BI*: behavioral intention

*AB*: attitude toward behavior

*(b)*: the strength of each belief

*(e)*: the evaluation of the outcome or attribute

*SN*: subjective norm

*(n)*: the strength of each normative belief

*(m)*: the motivation to comply with the referent

*PBC*: perceived Behavioral Control

*(c)*: the strength of each control belief

*(p)*: the perceived power of the control factor

**Source:** https://en.wikipedia.org/wiki/Theory_of_planned_behavior

There have been a number of developmental intentional models that have resulted in the current state of the art Ajzen’s Theory of Planned Behavior. Three attitudinal antecedents of intention have been identified in TPB. The first factor is attitude toward outcomes of the behavior and the second factor is perceived social norms. Both these factors reflect the perceived desirability of performing the behavior. The third factor: perceived behavioral control (PBC) reflects the perceptions of controlling the behavior. PBC reflects the perceived feasibility of performing the behavior and thus relates to perceptions of situational competence.

Antecedents of all these three kinds of attitude are specified in TPB & are explained as under:

**Behavioral Beliefs**

Behavioral beliefs link the behavior of interest to expected results. A behavioral belief is the subjective probability that the behavior will produce a particular result. Although a person may hold many behavioral beliefs with respect to any behavior, only a few number are readily accessible at a given moment. Normally, it is assumed that these accessible beliefs – in combination with the subjective values of the expected outcomes – determine the prevailing attitude toward the behavior. Specifically, the evaluation of each outcome contributes to the attitude in direct...
proportion to the person’s subjective probability that the behavior produces the outcome in question.

**Attitude towards the Behavior**

Attitude (A) towards a behavior is the degree to which performance of the behavior is positively or negatively valued. According to the expectancy-value model, attitude towards a behavior (i) is determined by the total set of accessible behavioral beliefs linking the behavior to various outcomes and other attributes. Specifically, the strength of each belief (b), (ii) is weighted by the evaluation (e), (iii) of the outcome or attribute and the aggregate of the products is calculated, as shown in the following equation:

\[ A \propto \sum b_i e_i \]

**Normative Beliefs**

Normative beliefs refer to the perceived behavioral expectations of such important referent individuals or groups such as the person’s spouse, family, friends. Further, it also depends upon the population and behavior studied. It is the perception of what important people in respondent’s life think about performing a particular behavior. It may be family’s expectations about the desirability of becoming a doctor, engineer, or a lawyer (Krueger et al., 2000). The assumption is made that these normative beliefs in combination with the person’s motivation to comply with the different referents determine the prevailing subjective norm. Moreover, in specific terms the motivation to abide by each referent contributes to the subjective norm in direct proportion to the person’s subjective probability that the referent thinks the person should perform the behavior in question.

**Subjective Norm**

Subjective norm (SN) is the perceived social pressure to engage or not to engage in a particular behavior. Drawing a correlation to the expectancy-value model of attitude (attitude toward the behavior), it is assumed that subjective norm (SN) is determined by the total set of accessible normative beliefs (n) considering the expectations of important referents. Moreover, in specific terms, the strength of each normative belief (n) is weighted by motivation to comply (m) with the referent in question, and the aggregate of the products is done as shown in the following equation:

\[ SN \propto \sum n_i m_i \]
**Control Beliefs**

Control beliefs have to do with the perceived presence of factors that may facilitate or impede performance of a behavior. The assumption is made that these control beliefs in combination with the perceived power of each control factor determine the prevailing perceived behavioral control. Moreover, it can be specified, the perceived power of each control factor to obstruct or facilitate performance of the behavior contributes to perceived behavioral control.

**Perceived Behavioral Control**

The conceptualization of perceived behavioral control in the TPB owes much to Albert Bandura’s work on self-efficacy (Bandura 1977, 1986, 1997). In Bandura’s social cognitive theory, people’s beliefs about their capabilities to exercise control over events that affect their lives function as proximal determinants of human motivation and action. Bandura emphasized that self-efficacy is not a context free global disposition but instead it “refers to beliefs in one’s capabilities to organize and execute the courses of action required to produce attainments “ (Bandura, 1997:3). Clearly, the concept of perceived behavioral control in the TPB, though focusing on the extent to which people believe that they are capable of or have control over, performing a given behavior is very similar to Bandura’s conception of self-efficacy.

Perceived behavioral control (PBC) refers to people’s perceptions of their ability to perform a given behavior. Drawing the correlation to the expectancy-value model of attitude (attitude toward the behavior), the assumption is made that perceived behavioral control is determined by the total set of accessible control beliefs, i.e. beliefs determining the presence of factors that may facilitate or impede performance of the behavior. Investor relationship, opportunity recognition, challenge and risk taking and financial control are some of the control beliefs which can be used to predict self efficacy. Specifically, the strength of each control belief (c) is weighted by the perceived power (p) of the control factor and the aggregate of the products is done, as shown in the following equation. Perceived behavioral control together with intention is used to predict behavior to the extent to which it is an accurate reflection of actual behavioral control.

\[ PBC \alpha \sum c_ip_i \]
**Intention**
Intention is the cognitive representation of a person’s readiness to perform a particular behavior. Moreover, Intention is considered to be the immediate antecedent of behavior. The intention is dependent on attitude toward the behavior, subjective norm and perceived behavioral control, with each predictor weighted for its importance in context to the behavior and population of interest.

**Actual Behavioral Control**
Actual behavioral control refers to the extent to which a person has the skills, resources and other prerequisites required to perform a particular behavior. For the successful performance of the behavior, a satisfactory level of behavioral control is equally important along with a favorable intention. Perceived behavioral control can serve as a proxy of actual control to the extent to which it is accurate.

**Behavior**
Behavior is the apparent, observable response in a given situation with respect to a given intention. The aggregate of single behavioral observations can be done across contexts and times to produce a more broad representative measure of behavior. The Theory of Planned Behavior (TPB) states that behavior is a function of well-matched intentions and perceptions of behavioral control. In conceptual terms, perceived behavioral control is expected to regulate the impact of intention on behavior in a manner that a favorable intention produces the particular behavior only when perceived behavioral control is expected to be strong. In practice, intentions and perceptions of behavioral control are often found to have key impact on behavior but no relevant interaction.

**Evaluation of the Theory**

**Strengths**
The theory of planned behavior covers people's non-volitional behavior which has not been explained by the theory of reasoned action. This theory underlines that an individual will not undertake any behavior only by behavioral intention, control over the behavior is incomplete. By adding "perceived behavioral control," the theory of planned behavior can explain the relationship between behavioral intention and actual behavior.
It has been observed in various studies that the prediction of health-related behavioral intention is better in theory of planned behavior than the theory of reasoned action. The predictability of intention in various fields has been improved by TPB.

**Limitations**

The theory of planned behavior is based on cognitive component of attitude and level of behavior change. The theory of planned behavior overlooks the affective component of attitude reflected by emotional variables such as threat, fear, mood and negative or positive feeling and assessed them in a limited fashion. The affective component i.e. various emotions may impact various kinds of behaviors. However, this is not necessarily a drawback for predicting these behaviors contrary to some complaints. Strong emotions are relevant to this model because they can influence beliefs and other constructs in this model. Poor predictability for health-related behavior in previous health research may be attributed to poor application of the model, associated methods and measures. Most of the research is correlational and more evidence based on experimental studies is welcome although experiments by nature lack external validity because they prioritize internal validity.

**Applications of the Theory**

In the recent years, TPB has proven to be a useful framework for understanding, predicting and changing human social behavior. Judging by the sheer no. of investigations, it has stimulated, the TPB is perhaps the most popular of the reasoned action models. Its applications in various domains has allowed investigators to identify important psychological determinants of socially significant behaviors. Armed with the conceptual framework and methodologies provided by the TPB, investigators have collected information about the behavioral, normative and control related determinants of many different behaviors from exercising, eating a healthy diet, donating blood etc.

Recently, various studies underlined that the contribution of TPB would be more in predicting behavioral intentions than the TRA. The theory of planned behavior is also applicable to the field of environmental psychology. In general terms, actions that are environmentally friendly carry a positive normative belief. That is to say, sustainable behaviors are widely promoted as positive behaviors. However, although
there may be a behavioral intention to practice such behaviors, perceived behavioral control can be hindered by constraints such as a belief that one's behavior will not have any impact. For example, if one intends to behave in an environmentally responsible way but there is a lack of accessible recycling infrastructure, perceived behavioral control is low and constraints are high, so the chances of occurrence of behavior would be very low. By applying the Theory of Planned Behavior in these conditions, contradictions between sustainable attitudes and unsustainable behavior can be explained.

So, it can be underlined that the theory of planned behavior model is very useful and predictive model for explaining human behavior. It is also observed that the health and nutrition fields have been using this model often in their research studies. In one study, utilizing the theory of planned behavior, the researchers determine obesity factors in overweight Chinese Americans. Intention to prevent becoming overweight was the key construct in the research process.

1.7 Variables undertaken in the Present Study

1.7.1 Demographic Variables

For the present study, the demographic variables include: Gender, Caste, Area of residence, Academic Merit in MBA, Specialization in MBA, Studying in State University/Affiliated Institute, Father’s Educational Qualification, Father’s Occupation, Mother’s Educational Qualification, Mother’s Occupation, Family Income and Prior Employment Experience.

1.7.2 Attitude

Attitude may be defined as “preconceived beliefs or feelings about an object affected by education, environment, intelligence and experiences of the past. It determines the future course of action in given circumstances”. It can also be defined as the predisposition to respond in a generally favorable or unfavorable manner with respect to the object of the attitude (Ajzen, 1982, Rosenberg, 1960, Shaver, 1987). Definitionally, every attitude has an object, be it a specific person, place, thing, event, activity, mental concept, cognitive orientation, lifestyle or even combination of these categories. Because of this, a specific attitude needs to be matched by measurement specificity (Ajzen, 1982). For example, attitude towards achievement in general is not the same as attitude towards achievement in general in
an entrepreneurial setting. Matching attitude specificity with measurement specificity increases the accuracy of measurement as well as it increases the predictability of the instrument.

There are two fundamental approaches to the nature of attitude. One approach holds that attitude is a unidimensional construct and is adequately represented by affective reaction alone (Ajzen and Fishben, 1975). The other approach holds that there are three types of reactions to everything: cognitive, affective and conative. Attitude is a combination of all three (Carlson, 1985; Shaver, 1987). The cognitive component consists of the beliefs and thoughts of an individual, an affective component consists of positive or negative feelings towards an object. The conative or behavioral component consists of behavioral intentions and predisposition to behave in a given way towards the object. The dynamic nature of attitude and the improved methodology provide a foundation for the development models of entrepreneurship.

Khera, (1999) considers positive attitude as the first step towards winning the world or win what we want. According to him “Intelligence is quickness to learn. Ability is the skill to apply what is learnt. Competence is the ability and desire to apply what is learnt. Desire is the attitude that makes a skilful person competent. Ability without the right attitude is wasted.” It is what is inside that count”. The thing inside of us that makes us go up is our positive attitude.

Eisenhauer (1995) demonstrated that the individual’s choice to be an entrepreneur can be represented as a utility-maximizing decision. He showed that both employment and entrepreneurship can be characterized by the level of income, work effort, risk, independence, and other working conditions (net perquisites) and an individual’s choice between the best available alternative in employment and the best alternative in entrepreneurship depends on his/her preference (or aversion) for each of these job attributes.

**Attitude to Work Effort**

Work effort is defined as the product of time spent working and index of work intensity. It is generally accepted that people are averse to work (that is work has a disutility weight). Therefore, the level of aversion to work influences the type of career chosen. This relationship between the degree of work aversion and total utility from one’s career likely influences the choice between entrepreneurship and
organizational employment, as entrepreneurs typically must work long and hard hours and even put their business ahead of their personal and family life (Bird and Jellinek, 1988).

**Attitude to Risk**

When profit is an uncertain function of work effort, there will be an expected profit level for each level of work effort, surrounded by varying possible outcomes. While employment options vary in level of risk and employee typically receives a salary or a wage that may or may not be supplemented by commissions and bonuses, entrepreneurship typically represents a riskier endeavor (Knight, 1948). Such potential profit variability introduces the risk that the employee (or the self-employed person) may expend additional effort without any additional remuneration. Therefore, attitude to risk will affect career choice; a less-risk averse person is more likely to choose entrepreneurship (Rees and Shah, 1986).

**Attitude to Independence**

Attitude to independence refers to the preference for or aversion to controlling one’s own decision-making. Confidence is one’s own abilities like decision-making rather than frequent recourse to advisors. While some people may prefer to be directed and feel uncomfortable with the responsibility that comes with independence, people typically have a preference for independence. A possible explanation is that decision matters; receive credit for success in a choice that involves judgment in an area of competence but blame for failure if the choice involves judgment in an area of relative ignorance. Independence is typically higher in entrepreneurship (Bird, 1988; Katz, 1994). Flexibility in hours worked contributes to a significantly higher propensity for entrepreneurial older workers to postpone retirement as compared with organizationally employed workers.

**Attitude Determinants**

Are we born with attitudes or do we develop them as we mature? What are the factors that form our attitude? There are primarily three factors that determine attitude. These are: (i) Environment, (ii) Experience and (iii) Education. These are called triple ‘Es’ of attitude (Khera, 1999).

A study was carried out by Dionco and Adetayo (1998) to investigate the attitude of the youth towards entrepreneurship program. It aimed at identifying the capacity
factors of potential youth entrepreneurs and the critical external factors towards entrepreneurship. There are students who want to get an OE due to the reason that it comes with much ease, they do not want to get into entrepreneurship because of the difficulties and risk involved in becoming an entrepreneur. They have got a very hazy picture of achievements of entrepreneurship. Once these students are told about different aspects of entrepreneurship, long-term achievements of entrepreneurship over job, once they got a platform to discuss their blurred questions, the hazy picture becomes clearer and clearer to adopt the path of entrepreneurship. The author in this paper has scientifically analyzed the factors influencing the attitude on the Likert scale. The other factors have been analyzed by normal and interval scaling techniques.

The factors influencing attitude are as follows:

(i) Innovativeness, (ii) Industriousness, (iii) Infrastructure, (iv) Finance (v) Technical factors (knowledge availability of a particular item), (vi) Educational systems (vii) Rate of information & technology development (viii) Social factors and (ix) Security of minimum certain amount for life.

The role of entrepreneurship is of paramount significance in the development of an individual, a society and a country on the whole (Cassion, 1982). In general terms, Attitude plays an important role in determining one’s behavior. Attitude has been defined as a feeling or evaluating reaction to an idea, object or situation. It reflects how positive or negative, favorable or unfavorable a person feels towards that particular idea, object or situation in question.

**Positive or Negative Attitude**

The positive or negative attitude of the youth towards entrepreneurship is a function of his/her held beliefs on those attributes associated with entrepreneurship. These held beliefs are the basis of his attitude about entrepreneurship. It is felt that the right positive attitude is the most important belief which is responsible for a person to go for entrepreneurial activities. He might have finance, family in business, infrastructure, knowledge and everything required to become a entrepreneur but until and unless a person has the right attitude (the burning fire of entrepreneurship) to become a entrepreneur, he will always take those facilities as secondary and by that time he would have joined an organization. The utility can be defined as the
product of a person’s positive attitude towards an attribute and the absolute value of that attribute. Disutility is the product of a person’s negative attitude towards an attribute and the absolute value of the attribute. The overall utility of a career option is the combination of the utilites and/or disutility for each of the attributes in the Levesque et al. (2002) career maximization model.

The level and determinants of interest in entrepreneurship among university graduates of Singapore (Wang and Wong, 2005) was studied in Asia, perhaps for the first time. While the study finds a high level of interest, inadequate business knowledge, and perceived risk are found to be significant deterrents. Entrepreneurship education has been recognized as one of the vital factor that paves a platform for youth to understand and develop an entrepreneurial attitude (Gorman et al., 1997; Kourilky and Walstad, 1998). Some empirical studies have examined the entrepreneurial propensity of university students as source of future entrepreneurs. The attitude of the students and their entrepreneurial knowledge contributes in fostering their inclination to start their own business in the future. Gender, family experience and education are also found to affect entrepreneurial attitude.

1.7.3 Subjective Norm

Subjective norms refer to a person’s perception of the normative expectations of others and a person’s motivation to follow these expectations. Subjective norm also known as social norm refers to the perceived social pressure to perform or not to perform a desired behavior (Ajzen, 1991). Pressure from family, friends and society affect one’s behavior to be an entrepreneur. A simple example of social norms could be one’s parents expect their child would become a doctor or engineer in the future just because it is considered as an honor and a famous career under the view of majority people of the society. Interestingly, it is argued that the impact and predictive power of social norm would be weaker for individuals who strongly desire to achieve and highly orientate to implement the behavior or who has high internal locus of control.

Krueger argued that individual’s entrepreneurial intentions are also impacted by their subjective norm which is influenced by perceived expectation levels of the persons important to him or her like family, friends, peer group, near and dear ones.
and so forth to their certain behaviors and individual’s obedience to these expectations (Krueger, 1993).

Subjective norm has been challenged by many researchers, stating the relevancy in predicting entrepreneurial intention. There are some who found that subjective norm is insignificant in predicting entrepreneurial intention (Reitan, 1997; Krueger et al., 2000; Autio et al., 2001; Liñán, 2004; Liñán & Chen, 2009), some who found that subjective norm is significant (Kolvereid, 1996a; Kolvereid & Tkachev, 1999; Kolveried & Isaksen, 2006; Yordanova & Tarrazon, 2010) and some who completely neglect this variable in measuring entrepreneurial intention (Peterman & Kennedy, 2003; Veciana, Aponte & Urbano, 2005).

There are conflict opinions regarding subjective norm in measuring entrepreneurial intention due to the place of research and the dimension of national culture. Hofstede (2001) stated four dimension of national culture and these are power distance, individualism versus collectivism, masculinity versus femininity and uncertainty avoidance. Individualism versus collectivism culture is considered. Subjective norm has a greater influence in a collectivist culture (Japan) than individualistic culture (Britain) (Abrams, Ando & Hinkle, 1998 as cited in Azjen, 2001). Begley and Tan (2001) did a comparison between East Asian and Anglo-Saxon Countries and found that individualist culture will be less likely to be affected by subjective norm compared to collectivist culture. Besides these, locus of control does play a role in how significance it is for subjective norm in predicting entrepreneurial intention. In general, subjective norm tend to contribute more weakly to intention (Armitage & Conner, 2001) for individuals with strong internal locus of control (Ajzen, 2002). Family background will also influence subjective norm in affecting entrepreneurial intention (Kolvereid, 1996a).

1.7.4 Self-Efficacy

It can be defined as one’s ability to muster and implement necessary resources, skills and competencies to attain a certain level of achievement on a given task (Bandura, 1991). It can also be defined as judgments of how well one can execute courses of action required to deal with prospective situation. Self Efficacy has been found to be strong predictor of the decision by persons to start a new venture. The higher the
person’s generalized self-efficacy (self-efficacy across a wide range of task contents) the more likely they were to start new ventures (Ajzen, I., 2002).

Self-efficacy is linked to initiate and to persist a behavior under uncertainty in setting higher goals and reducing threat rigidity and learned helplessness (Bandura, 1986). In this theory, the individuals prefer situations in which they anticipate high personal control and avoid situations in which low personal control is anticipated. This is also important because opportunity recognition depends on situational perceptions of controllability (Dutton, 1993) and self-efficacy (Krueger and Dickson, 1994). Applying these ideas to the activity of entrepreneurship explicates that the individuals who possess a belief that they are capable of performing the roles and tasks of an entrepreneur (i.e. who have strong beliefs in their entrepreneurial self-efficacy) will engage in activities associated with firm start ups (Boyd & Vozikis 1994; Scherer et al. 1989). The persons possessing higher self-efficacy are having more probability to identify entrepreneurial opportunities. They also feel more competent to cope with perceived obstacles and should anticipate more positive outcomes. In a study (Chen et al. 1998), a comparison is made of small business founders versus non-founders and the results propounded that founders were having a higher score on a measure of entrepreneurial self-efficacy. At the same time some people avoid entrepreneurial actions due to a lack of personal belief in possessing necessary skills or low self-efficacy. This category of persons willfully avoid company growth because of low self-efficacy which leads to a fear of losing one’s sense of control.

There is an increasing emphasis on the role of self-efficacy in the study of entrepreneurship, including areas such as entrepreneurial career preferences, intentionality and performance (Boyd and Vizikis, 1994; Gartner, 1989; Krueger and Brazeal, 1994). Self-efficacy is an individual’s cognitive estimate of his or her “capabilities to mobilize the motivation, cognitive resources and courses of action needed to exercise control over events in their lives” (Wood and Banduras, 1989). Starting one’s own business or initiating a new venture is often described as a purposive and intentional career choice (Bird, 1988; Katz and Gartner, 1988).
Although there can be a wide variety of contextual as well as individual factors (Boyd and Vozikis, 1994; Krueger and Brazeal; 1994) Boyd and Vozikis (1994) explicitly laid down that entrepreneurial self-efficacy is the crucial factor in developing entrepreneurial intentions. Further, it was also explored whether entrepreneurial self-efficacy can explain the differences amongst those who pursue or intend to pursue a career of owning and running their own businesses from those who do not. Two surveys were conducted; one on students to examine whether entrepreneurial self-efficacy affected entrepreneurial intentionality and the other on small business executives to examine whether it distinguished entrepreneurs from managers.

Chen et al. (1998) proposed an entrepreneurial self-efficacy construct (ESE) to predict the likelihood of an individual being an entrepreneur. ESE refers to the strength of a person’s belief that he or she is capable of successfully performing the various roles and tasks of entrepreneurship. It comprises of six factors: marketing, innovation, opportunity recognition, management, risk-taking, and financial control. Further, the results of the study also revealed the entrepreneurship students to have higher self-efficacy in marketing, management, and financial control in comparison to their psychology counterparts. Chen et al. (1998) simultaneously tested effects of self-efficacy and locus of control on the criteria of founders vs. nonfounders of current businesses. More specifically, it was found that business founders had higher self-efficacy in innovation, risk-taking and opportunities recognition than did nonfounders.

1.7.5 Feasibility

Kolvereid et al. (2007) investigated in his research, whether the Theory of Planned Behavior (Ajzen, 1991) and the Model of Entrepreneurial Event (Shapero and Sokol, 1982) can be integrated into one model of entrepreneurial intentions. The results indicated that for entrepreneurial intentions, the two models can be successfully integrated into one where attitude and subjective norm determine desirability, subjective norm and perceived behavioral control determine feasibility and where desirability and feasibility in turn determine Intentions (Figure 1.3).
Shapero’s Entrepreneurial Event (SEE) is implicitly an intentional model specific to the domain of entrepreneurship. In the SEE, intention to start a business derives from perceptions of desirability and feasibility and from the propensity to act upon opportunities. Shapero’s model (Figure 1.3) assumes that inertia guides human behavior until someone interrupts or “displaces” that inertia. This interruption precipitates a change in behavior where the decision maker seeks the best opportunity available from a set of alternatives (Katz, 1992). The choice of behavior depends upon the relative credibility of alternative behaviors plus some “propensity to act” (without which significant action may not be taken). Credibility requires a behavior be seen as both desirable and feasible. SEE thus requires a potential to start a business (desirability, feasibility, and a propensity to act) to exist before the displacement and a propensity to act afterwards (Shapero, 1982). In SEE perceived feasibility and perceived desirability and the propensity to act explain well over half the variance in intentions towards entrepreneurship; feasibility perceptions explained the most variance (Krueger, 1993).
Shapero defined perceived desirability as the personal attractiveness of starting a business, including both intrapersonal and extra personal impacts. Perceived feasibility is the degree to which one feels personally capable of starting a business. Empirically, Shapero proposed a testable eight-item inventory of questions aimed at different aspects of perceived desirability and feasibility.

1.7.6. Perception of Ease, Perception of Control and Perception of Success

Outcome expectancy was originated from the expectancy-value model. It is a variable that underlines the linkage between belief, attitude and expectation. The theory of planned behavior's positive evaluation of self-performance of the particular behavior is similar to the concept to perceived benefits, which refers to beliefs regarding the effectiveness of the proposed preventive behavior in reducing the vulnerability to the negative outcomes, whereas their negative evaluation of self-performance is similar to perceived barriers, which refers to evaluation of potential negative consequences. Perception of Ease implies to how much extent an individual perceives easiness or difficulty in accomplishment of the task. Perception of Control implies as to how much extent an individual perceives that he would be able to control the various factors in the situation. Further, Perception of success reflects an individual’s belief regarding the chances of success or failure in a particular situation.

1.8 Scenario of Entrepreneurial Inclination in India

It is well documented that employment possibilities (Louw et al., 1999) can be enhanced by means of entrepreneurship. Small and medium industrial enterprise in India contributes approximately 40 per cent to the country’s GDP. Despite this, the so-called “entrepreneurial culture” appears to be lacking in India. In general, Indians are socialized and educated to enter the labor market as employees and not as entrepreneurs (Aardt et al., 1997). This culture could also be attributed to the past political dispensation where the state played a major role in the provision of employment. This mindset continues despite the high unemployment and only a small percent of school leavers being able to find employment in the formal sector. The situation is further aggravated by the increase in poverty, capital spending and by the fact that approximately 33 per cent of the population have no education. The promotion and development of entrepreneurship in the country is currently receiving
much attention and is widely supported in a wide variety of fields because it is regarded as partially offering the key to unfolding economic development and creation of wealth. The low productivity in India in relation to other countries which may partially be attributed to the acute shortage of entrepreneurs (Marx et al., 1998) highlights the necessity for the development of an entrepreneurial culture. The entrepreneurship is considered to be of paramount significance in the development of the country. The importance of entrepreneurship is not only for the country development but also for the society and the development of the individuals (Béchard & Toulouse 1998; Schaper & Volery 2004; Matlay & Westhead 2005). It has been observed that almost 12 percent of the adult population of the world is involved in entrepreneurial activities (Prof G.S Gopli, 2010). The concept of entrepreneurship is becoming more important in the countries like India where we are facing the problems of the poverty and where the unemployment rate is almost 15.2 % (2009). The Government of India is looking forward to the under-25 population of the country as the future pool of entrepreneurs and job creators. This segment is expected to be techno savvy and familiar with global trends (Beth Huetter (2007). According to a survey conducted by the Indian National Newspaper, The Hindu (2006), 36% of the nation's urban youth own cell phones, and 39% nationwide believed that there is nothing wrong with being ambitious and successful, a view that would not have been shared as broadly by their parents and it has also been emphasized that 65% are very anxious about their employment and career growth. The Government of India also realizes that to foster the development of entrepreneurs, the group needs to be facilitated with training and support. A report (Gujarat Global News Network, Ahmedabad) highlighted entrepreneurship as a new trend among management students. Eleven students of (2006 batch) IIM-Ahmedabad has rejected lucrative pay packets offered by multinationals and decided to be entrepreneurs. Bhandari (2006) conducted a study on a group of university students in India to understand their entrepreneurial intentions after the completion of their college education. The results of the study revealed that the various factors promoting entrepreneurship amongst the students are: opportunity to lead other people, to be one’s own boss, to put innovative ideas into practice, determination, personal challenge and non-business education.
Global Entrepreneurship Monitor (GEM) 2014 showed that 58% of Indian adults (18-64 years old) consider entrepreneurship as a desirable career choice; around 66% think that entrepreneurs enjoy high reputation and status in society. However, taking these measures as the base, India ranks below its peers in the factor-driven (least developed) economies as well as among the BRICS (Brazil - Russia - India - China - South Africa) nations. GEM consistently underlines in its survey that early-stage entrepreneurial activity is influenced greatly by the gender factor for a combination of cultural, societal and economic reasons. Global findings suggest that early-stage entrepreneurial activity is male-dominated and that females opt for entrepreneurship out of necessity in comparison to their male counterparts. India bucks this trend - in India there are relatively more men who started their businesses out of necessity. In India, entrepreneurship motivated by necessity (no other option for work) accounts for 32% of early-stage activity, while 37% is 'improvement-driven' (in pursuit of a business opportunity). The findings of the GEM 2014 revealed that in India, 4.1% of adults are ‘nascent entrepreneurs’ (actively involved in setting up a business) while 2.5% are ‘new business owners’ (in operation for more than 3 but less than 42 months). Combining these rates gives the Total early-stage Entrepreneurial Activity (TEA) rate, meaning that close to 7% of the Indian adult population – or 1 in every 15 adults – are engaged in one or other form of early-stage entrepreneurial activity.

**Enablers and Constraints**

According to the GEM National Experts Survey, the three major constraints in promoting entrepreneurship in India are:

- Government regulations and policies
- Entrepreneurial education that can foster entrepreneurial intentions
- Transfer and commercialization of R&D – new know-how and technologies

The major enablers are:

- Commercial Infrastructure- the presence of property rights and commercial, accounting, and other legal services and institutions that support or promote SMEs.
- Internal market dynamics – the extent to which markets change dramatically from year to year.
• Ease of access to available physical infrastructure – communication, utilities, transportation, land or space at a price that does not discriminate against new, small or growing firms.

• Cultural and social norms- the extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially increase personal wealth and income.

1.9 Role of B-Schools in developing Entrepreneurship Education in India

The B-Schools are the foundation of shaping and promoting management graduates for entrepreneurship who possess integrity and ethical standards, a deep sense of social responsibility, a commitment to the upliftment of their communities, understand the issues of environmental protection and sustainability and an upgradation in the people’s quality of life. The B-Schools can taken an initiative to develop case studies on entrepreneurship practices relevant to Indian scenario. While discussing this, the students will develop cognitive approach, gain new insights into the entrepreneurship and also gain a clearer sense of their role as drivers and facilitators of positive change in the society in the way they do business. Some B-Schools are already in the process of starting entrepreneurship education in their course structure. Most of the B-schools are providing the electives in their course structure by which students will gain interest and knowledge in that field and open their own enterprise. Courses in entrepreneurship at B-Schools are the core activity of entrepreneurship education in India. A number of B-Schools offer courses in entrepreneurship. To quote, NMIMS conducts a two-year, fulltime program on family business management. Most of the courses cover the legal and managerial aspects of entrepreneurship. These kind of programs has prepared students with the requisite skills, knowledge and cognitive approach to run their family business.

The Indian School of Business (ISB) at Hyderabad is affiliated to non-profit organization Wadhwan Foundation committed to promoting entrepreneurship. ISB, Hyderabad provides a start in developing outstanding entrepreneurial leaders. ISB's program is designed primarily to prepare managers to respond to the challenges of rapidly changing business environments. Within an environment of intellectual vibrancy, there are more than 500 students who graduate each year after studying entrepreneurship, strategy and the impact of technology on commerce. They spend
time developing their own projects while utilizing state-of-the-art communications technology to interact with members of industry and experts worldwide. The ISB, Hyderabad further plans to open an Entrepreneurship Centre which will be founded, led and managed by several leading Silicon Valley entrepreneurs, who are on the school’s Governing Board. The Centre will help students become successful entrepreneurs by offering a diverse set of programmes, activities and facilities such as a New Business Development Project, an on-campus incubator, an Entrepreneur-in-Residence programme, field projects and a Young Entrepreneurs Club. Another example in the trend line is of National Institute of Industrial Engineering (NITIE), which is one of the colleges in India to initiate in entrepreneurship education. There is also NCSE (Nation center for student enterprise) where the main objective is to facilitate the student to open their firm and encourage the students to think of the future of entrepreneurship. In India, many entrepreneurship centers have been founded to coordinate the broad array of activities, programs and resources within the B-Schools. For example, the NS Raghavan Center for Entrepreneurial Learning in IIM Bangalore (NSRCEL—IIMB) carries out international collaboration projects. The Global Entrepreneurship Monitor (GEM) Project with the London Business School, the Ewing Marion Kaufmann Foundation and Babson College has been a major project for the last three years. In the case of IIM Calcutta, activities on innovation and entrepreneurship are more practical and driven by students along with the faculty advisors. These partnerships and centers are also happening in the technical schools as much as in the business schools. The notable names include the Technology Business Incubation Unit Delhi, the SIDBI Innovation and Incubation Centre in IIT Kanpur and the Society for Innovation and Development (SID) at the Indian Institute of Science Bangalore, one of the oldest centers in India.

Recently, a new tribe of MBA-Entrepreneurs is emerging who undergo the best management training at B-schools and leverage it to the less travelled road of entrepreneurship. Notably, B-schools are supporting and promoting this trend enthusiastically. Many premier institutes like IIM-Ahmedabad, IIM-Bangalore and SPJIMR, Mumbai have modified placement rules to offer ‘placement holidays’ where students can trial at setting up their own venture and if things don’t go favorably, the student may return to the campus for placements within two years of passing out.

The diagram below provides a summary of the various aspects of entrepreneurship education:
1.10 Scenario of Entrepreneurial Inclination at International Levels

During the 1980’s mainstream scholars got attracted towards entrepreneurship education which lead to development of several new entrepreneurship programs. Babson College, Baylor University, MIT, Stanford University, and the Wharton School were some of the 300 Colleges/Universities where serious entrepreneurship education was provided.

Over the past few years, interest and research in entrepreneurship and entrepreneurship education have been growing (Hatten and Ruhland, 1995; Green et al., 1996; Outcalt, 2000; Alstete, 2002; Morrison, 2000; Rohaizat and Fauziah, 2002; Klapper, 2004; Frank et al., 2005; Gurol and Atsan, 2006).

In many parts around the globe, this interest is intense. One of the significant factors contributing to this is the important role of entrepreneurship in promoting economic growth and development. In the context of developed economies, entrepreneurial activity (new venture formation) is a means of stimulating economy, a means of finding solution to problems arising due to unemployment, a potential catalyst and incubator for technological progress, product and market innovation. In the context
of developing economies, entrepreneurship is observed as an engine of economic growth, creation of job opportunities and social adjustment. Thus, national economic policies widely support small business growth/new business formation to kindle economic growth and wealth creation. However, the Global Entrepreneurship Monitor (GEM) study (Minniti et al., 2005) underlined that there is a strong variation across countries in terms of frequency and quality of entrepreneurial activity and orientation of youth. Middle-income countries show evidence of higher percentages of individuals starting a business compared to higher-income countries. For example, some countries such as Venezuela (25%), Thailand (20.7%), and New Zealand (17.6%), exhibit very high rates of individuals participating in early-stage entrepreneurial activity. On the other side of the spectrum are countries with very low participation rates, such as Hungary (1.9%), Japan (2.2%) and Belgium (3.9%). In Malaysia, the government has supported numerous financial assistance schemes towards the promotion of entrepreneurship especially for small and medium-sized enterprises. However, the uptake is still slow. In fact, over the last few years, graduate unemployment has become a major issue of concern. There were about 60,000 unemployed graduates in 2005 according to a Bernama report.

Motivational and attitudinal studies have been done in different countries by different researchers; Wang and Wong (2004) have done a similar study in Singapore University. The findings of the study revealed that the interest of Singapore University students is at par with those of Western countries. Although many of them are inclined towards entrepreneurship as a career option, inadequate preparation has been a major hurdle in the fulfillment of their dreams. Their business knowledge is inadequate and moreover they are not having risk bearing capacity to fulfill their dreams. Students are now apparently searching for a business education that can equip them with the necessary entrepreneurial knowledge and skills to succeed in running businesses or to create a job from seizing existing entrepreneurial opportunities (Brown 1999; Henry 2003). In an effort to respond to this demand many colleges and universities in the world have introduced entrepreneurship courses (Postigo and Tamborini 2002). For instance, in the United States, more than 1500 colleges and universities offer entrepreneurial courses and small business management to approximate 15,000 students (Scarborough and Zimmerer 2003;
For imparting practical exposure to entrepreneurial skills, training programmes are organised by educational institutions apart from being the subject taught at colleges and universities (Landstrom 2005). All these activities focus on one major goal i.e. to develop entrepreneurial spirit and expect change in attitudinal dimension of students after undertaking entrepreneurial courses. Students are also expected to worth entrepreneurship as a personal and future career development alternative (Kantis, Postigo et al. 2002). The Table 1.4 below provides an overview of entrepreneurial intentions across Asia and Oceania.

Table 1.4
Overview of Entrepreneurial Intentions across Asia and Oceania

<table>
<thead>
<tr>
<th>Region (Asia &amp; Oceania)</th>
<th>Perceived Opportunities</th>
<th>Perceived Capabilities</th>
<th>Fear of Failure *</th>
<th>Entrepreneurial Intentions **</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>45.7</td>
<td>46.8</td>
<td>39.2</td>
<td>10.0</td>
</tr>
<tr>
<td>China</td>
<td>31.9</td>
<td>33.0</td>
<td>39.5</td>
<td>19.3</td>
</tr>
<tr>
<td>India</td>
<td><strong>38.9</strong></td>
<td><strong>36.7</strong></td>
<td><strong>37.7</strong></td>
<td><strong>7.7</strong></td>
</tr>
<tr>
<td>Indonesia</td>
<td>45.5</td>
<td>60.2</td>
<td>38.1</td>
<td>27.4</td>
</tr>
<tr>
<td>Iran</td>
<td>27.7</td>
<td>59.5</td>
<td>32.7</td>
<td>25.5</td>
</tr>
<tr>
<td>Japan</td>
<td>7.3</td>
<td>12.2</td>
<td>54.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>26.5</td>
<td>52.5</td>
<td>23.8</td>
<td>15.4</td>
</tr>
<tr>
<td>Malaysia</td>
<td>43.4</td>
<td>38.4</td>
<td>26.8</td>
<td>11.6</td>
</tr>
<tr>
<td>Philippines</td>
<td>45.9</td>
<td>66.1</td>
<td>37.7</td>
<td>42.8</td>
</tr>
<tr>
<td>Qatar</td>
<td>63.4</td>
<td>60.9</td>
<td>25.5</td>
<td>50.4</td>
</tr>
<tr>
<td>Singapore</td>
<td>16.7</td>
<td>21.4</td>
<td>39.4</td>
<td>9.4</td>
</tr>
<tr>
<td>Taiwan</td>
<td>33.5</td>
<td>29.0</td>
<td>37.4</td>
<td>25.6</td>
</tr>
<tr>
<td>Thailand</td>
<td>47.3</td>
<td>50.1</td>
<td>42.4</td>
<td>21.8</td>
</tr>
<tr>
<td>Vietnam</td>
<td>39.4</td>
<td>58.2</td>
<td>50.1</td>
<td>18.2</td>
</tr>
</tbody>
</table>

* Denominator: 18-64 age group perceives good opportunities to start a business.
** Respondent expects to start a business within three years; denominator: 18-64 age group that is currently not involved in entrepreneurial activity.

Source: Global Entrepreneurship Monitor 2014 Global Report
In the above table 1.4, Perceived opportunities reflect the percentage of individuals who believe that there is occasion to start a venture in the next six months in their immediate environment. Perceived capabilities reflect the percentage of individuals who believe that they have the required skills, knowledge and experience to start a new venture. The measure of fear of failure (when it comes to starting own venture) only applies to those who perceive opportunities. Fear of failure can be a strong inhibitor for seizing opportunities and transforming entrepreneurial intentions into entrepreneurial activity. Entrepreneurial intentions are defined by the percentage of individuals who expect to start a business within the next three years (those already entrepreneurially active are excluded from this measure).

Further the table 1.4 reveals in majority of the countries perceived capabilities are more than perceived opportunities, but in India, the trend is reverse and perceived capabilities are less than perceived opportunities. The fear of failure is highest in Japan in Asia & Oceania region followed up by Vietnam & Thailand. In context to the Entrepreneurial Intentions, the Japan is having the lowest at 2.5 whereas India is at the second lowest 7.7

1.11 Rationale of the Study

Entrepreneurship is a key factor for economic development. With the advent of liberalization in the 90s, the country saw the potential of entrepreneurship not only as an entry-level employment generator but also as a means of wealth creation. The country as a whole saw a growing interest in entrepreneurship, fuelled by factors such as growth potential of economy, changing social and cultural milieu, global success of several Indian firms, emerging opportunities in different sectors and lower capital requirement in IT and service sectors. The past two decades have witnessed the entry of industry associations, NGOs, consultants and voluntary organizations into the entrepreneurship education space. In general, this time period saw the strengthening of the entrepreneurial ecosystem, with the establishment of modes of education that were not training based. Examples of such modes include:

1. Mentoring pools like TiE, and networking events 2. Entrepreneurship Development Cells (NSTEDB, AICTE, UGC) 3. Incubators at various institutions such as:
   (i) Technology Business Incubators (NSTEDB, at over 30 educational institutions)
Engineering colleges (IITs, NITs, leading private colleges)

Management schools (ISB, IIMs, leading private schools)

The Global Entrepreneurship Monitor GEM (Reynolds, Bygrave, and Autio, 2004) provides reports and highlights on the current importance of entrepreneurship. GEM provides annual survey results on entrepreneurial activity in forty (40) countries. According to GEM, entrepreneurship activities in any country boost economic development, jobs, investments and growth through knowledge, venture dynamics and innovation. Public, private and governmental organizations are taking various measures to promote entrepreneurship in different countries. Entrepreneurial intention has emerged as a foremost construct within the entrepreneurship literature over the last few decades (Drennan, Kennedy, & Renfrow, 2005). World class universities and colleges have implemented various postgraduate, undergraduate and diploma courses on small business management and entrepreneurship. There is an increased rate of MBA students across developed and developing countries considering the issue of entrepreneurship as whether it is a choice or a necessity for a preparation of new venture (Pietrobelli, Rabellotti, & Aquilina, 2004). Such an increasing trend is even more evident for developing countries than for developed countries. In a developing country like India, the role of entrepreneurship development is more important than that in developed countries so far as the creation of entrepreneurial opportunities and reduction of unemployment situations are concerned. Entrepreneurial orientation has extensively been studied in the US context, but its investigation in the emerging developing country context is very limited (Tang, Tang, Zhang, & Li, 2007). In developing countries, entrepreneurial intention may represent evidence of an emerging entrepreneurial cohort needed to surmount an economic depression.

Moreover, though the Indian economy has touched new heights in the last couple of years, yet the country’s economic development did not exactly pick up in direct proportion to the expansion of facilities in higher education. Unemployment in management segment is increasing as there is large gap between supply & demand of jobs. This trend needs to be corrected at the earliest possible, if sustained development is to be made and the challenges posed by the new industrial policy and globalisation of economy are to be met with success. India needs entrepreneurs
in large numbers to capitalize on new opportunities and to create jobs. As per the estimates of Mckinsey & NASSCOM by year 2015, 110-130 million Indians has been searching for jobs, including 80-100 million looking for their first jobs. The traditional large employers including the Government and the old economy players may find it difficult to sustain this level of employment in the near future and the new generation entrepreneurs will have to create the new jobs and opportunities.

Many research studies have been undertaken by scholars for assessing the career choice intentions of management students in India and at International levels. On the basis of review of literature, it has been observed that very less studies in the same context have been conducted in Haryana. With entrepreneurship assuming greater significance in the current economic scenario, the data need to be gathered & analysed in this context.

1.12 Statement of the Problem
The present study is an attempt to examine the career choice intentions (with focus on Entrepreneurial Intentions) of management students in Haryana. This study determines the impact of various demographic variables on career choice intentions of management students in Haryana. Furthermore, the study also measures the individual & collective impact of Attitude, Subjective Norm, Self-Efficacy, Feasibility and Perception of Ease, Perception of Control and Perception of Success on career choice intentions of management students in Haryana.

The present study has been stated as follows:

“ORGANIZATIONAL EMPLOYMENT VS ENTREPRENEURSHIP:
A STUDY OF CAREER CHOICE OF MANAGEMENT STUDENTS
IN HARYANA”