

CHAPTER III CONCEPTUAL FRAMEWORK OF ENTREPRENEURIAL INTENTION

3.1 INTRODUCTION

Intentions to act are believed to be the central to understanding the behaviors in which people engage. There may be difference between actual behavior and intended behavior. But, it has been established that one's intention to act towards something in a certain manner is the most consistent predictor of actual behavior, particularly planned behavior which is evident from the writings and research work of Krueger, N.F., Reilly, M.D. and Carsrud, A.L.,(2000).

Intentionality is a state of mind which directs a person's attention and therefore experience and action toward specific object i.e. goal or a path in order to achieve something. Intention was examined by William James, as an independent faculty of mind operating through a person's attention, holding the intended image in the mind and consent.

Entrepreneurial intentions are aimed at creating a new venture or creating new values in existing ventures. Entrepreneurial intention acts as a link between the entrepreneur as an individual and the context with in which a venture is created. Entrepreneurship is not a process that happens by accident but an intentional creation or transformation for the purpose of creating or adding value through the organization of resources.

There are basically two broad determinants of entrepreneurial intention where the first one is the individuals with certain characteristics, abilities and percepts and secondly who find themselves in a context conducive to venturing.

Entrepreneurs distinguish themselves from others by intentionally linking and organizing their own and other resources to build a firm which adds value. Behavior intentions have been studied by psychologists for generations.

3.2 THEORY OF PLANNED BEHAVIOR MODEL

Ajzen theory of Intention on the basis of expectancy model of behavioral intention forms the base for entrepreneurial intention. Entrepreneurial intentions are central to understanding entrepreneurship process because they form the base of new organizations. Entrepreneurship occurs over time and entrepreneurial intention might be viewed as the first step in an evolving long term process.

There are several conceptual models of entrepreneurial intentions in literature Shapero and Sokol, (1982); Bird, (1988); Krueger and Carsrud, (1993), Krueger and Brazeal, (1994); Davidsson, (1995); Reitan, (1996); Autio et al., (1997; 2000), but, there is little difference in the approaches of these models. By and large, they are all founded on Azjen's theory of planned behavior.

Azjen's theory of planned behavior (TPB) maintains there are three predictors of intention: attitude toward the behavior, subjective norms and the degree of perceived behavior control. Attitude toward a behavior is a reflection of the individual's appraisal of the behavior. The appraisal may be placed along a continuum running from favorable to unfavorable.

According to the theory, the more favorable the appraisal the greater the intention. The second predictor, subjective norms, refers to the degree to which family, friends, peers and society at large expect or pressure the individual to perform the behavior in question. The TPB model suggests that the greater the expectation or pressure, the greater the gravitation toward the behavior. In terms of present study the factors also form a part of this study.

Perceived behavioral control refers to the extent to which the individual feels capable of performing the behavior. It is based on the individual's know how

and experience and his or her appraisal of likely obstacles while performing the behavior.

In the TPB, intentions are defined as the indication of an individual's willingness to perform a given behavior, with research suggesting intentions account for 22% of the variance in behavior, on average Armitage, C. J., & Conner, M. (1999). Intentions, in turn, are proposed to be a function of three independent determinants. The first determinant of intentions is the person's attitude, conceptualized as the overall evaluation, either positive or negative, of performing the behavior of interest.

The second determinant of intentions is subjective norm, which reflects perceived social pressure to perform or not perform the behavior. The third determinant of intentions is PBC which reflects the extent to which the behavior is perceived to be under volitional control. Subjective norm is proposed to be a function of the extent to which other people would want the person to perform the behavior normative beliefs, weighted by his or her motivation to comply with each of these referents motivation to comply.

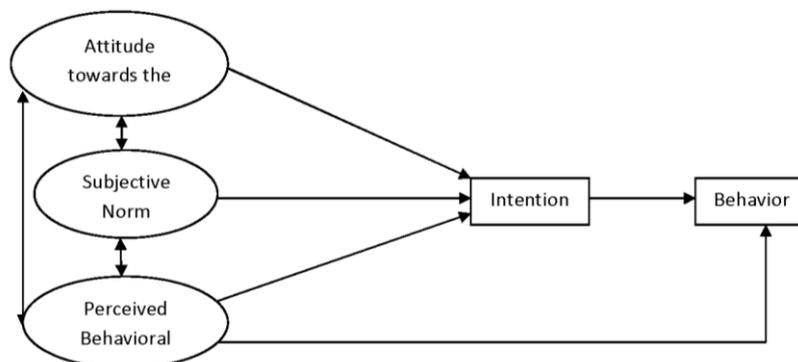


Figure 3.1 Theory of planned behavior (Ajzen, 1991)

3.3 KRUEGER MODEL

The Shapiro's Entrepreneurial Event model was developed to understand entrepreneurial behavior. Entrepreneurial intentions are derived from perceptions of

desirability, feasibility, and a propensity to act upon opportunities. In this model, perceived desirability is defined as the attractiveness of starting a business, perceived feasibility as the degree to which an individual feels capable to do so, and propensity to act as the personal disposition to act on one's decisions.

Both the TPB and SEE models provide comparable interpretations of entrepreneurial intentions Krueger, N.F., (1993; 2000). Krueger demonstrated that attitudes and subjective norms in the Theory of Planned Behavior model are conceptually related to perceived desirability in SEE; while perceived behavioral control in TPB corresponds to perceived feasibility in the SEE model. Essentially, perceived desirability and perceived feasibility are fundamental elements of intentional behavior.

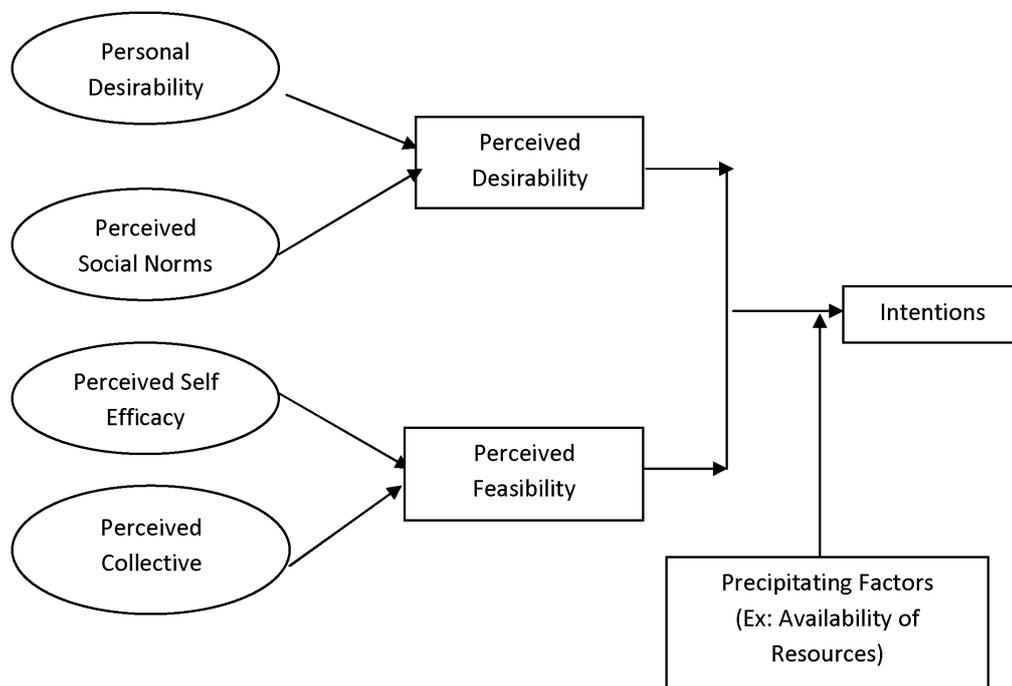


Figure 3.2 Krueger's Entrepreneurial Intention Model

Davidsson, P.,(1995) and Reitan, B. 1996 followed slightly revised models. Davidsson, P.,(1995) proposed an economic psychological model that combined aspects of previously used

models with a specific focus on entrepreneurial intent. Davidsson, P., (1995) contribution was the introduction of the concept of conviction (a product of general and specific attitudes) as the primary determinant of intention.

Reitan, B. 1996 combined Azjen's and Shapero's models and added situational variables. The combined model was tested on short-term (within two years), medium-term and long term intention to start a new venture. The model explained 63 percent of the variation in intention to start a business. Furthermore, Reitan found that situational factors play a more significant role in the short term than the long term intentions.

Entrepreneurial intentions are crucial to this process, forming the first in a series of actions to organizational founding according to Bird. Moreover, intentions toward a behavior can be strong indicators of that behavior as per Fishbein and Ajzen, in 1975. The understanding of entrepreneurial intentions is guided by two models: Ajzen's in 1991 theory of planned behavior (TPB), and Shapero and Sokol's 1982 model of the entrepreneurial event (SEE). TPB was developed to explain how individual attitudes towards an act, the subjective norm, and perceived behavioral control are antecedents of intentions.

3.4 HYPOTHESIZED MODEL

Based on the review of literature and previous tested models the following hypothesized model was conceived by the researcher for the study. The dimensions which have been included for the study involves broadly demographical, personal and institutional. The dimensions are selected on the basis of previous study which had been undertaken by the researcher on the university students in other parts of the world.

The hypothesized model is based on the review of literature which indicated the relationship between the variables influencing the key variable entrepreneurial intention. The demographic variables and the non demographic variables including the personal attitude , perceived desirability , perceived

feasibility, subjective norms, Situational, role models and personal motivation and institutional environment which is measured through institution research, support and entrepreneurship education.

These variables have high significant and not so high significant influence on the entrepreneurial intention of the students in the various researches undertaken at different countries and universities in the world.

The hypothesized model is needed for testing the entrepreneurial intention among the final year students of their specializing course. This is a very crucial period for the students as they have to take decision regarding the future career plan. The decision to go on make a corporate career for themselves or start a venture of their own.

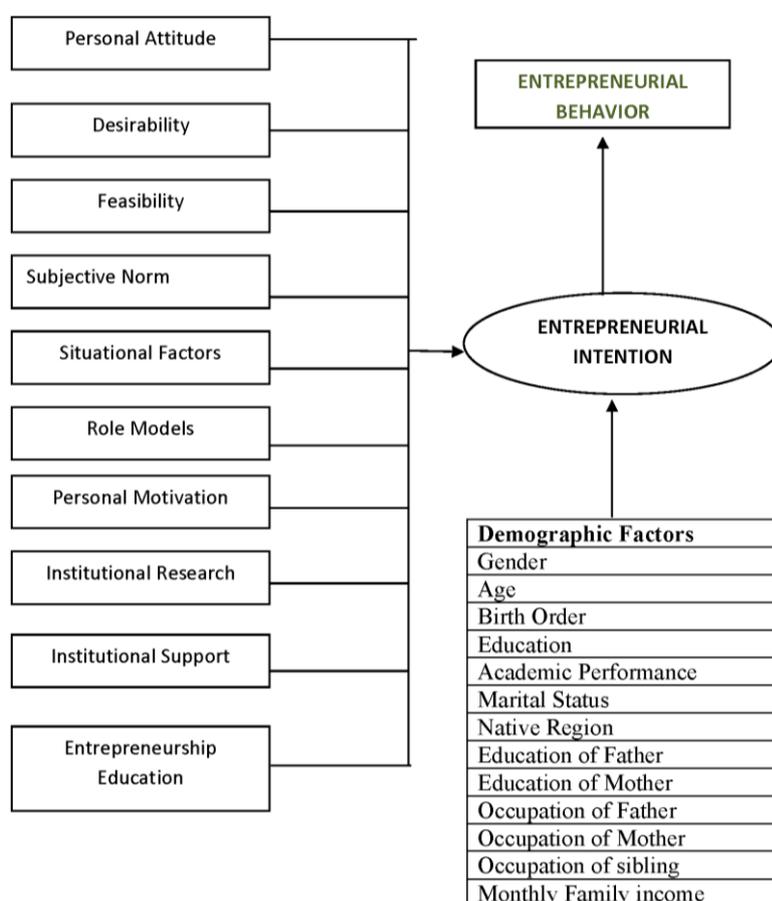


Figure 3.3 Hypothesized model for entrepreneurial intention

Most of these studies are dominantly undertaken in the developed countries of west. The developing countries till now have been the providers of human resource for working in the various businesses houses and not into the creation of entrepreneurs. Therefore the research in this area has been very minimal and any result as such is not available in the field of entrepreneurial intention among students in Chennai city.

The above hypotheses model, does not take strong apriori relationship between the variables and using multiple regression models may not be sufficient to establish the relationship. It needs to be proved by robust statistical analysis involving structure equation modeling.

Understanding intentions helps researchers and theoreticians to understand related phenomena. These include: what triggers entrepreneurial activity, the sources of ideas for a business venture, and how the venture ultimately becomes a reality.