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## The Factors Effecting Entrepreneurial Intention of University Students: Case of Mongolia

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**Key words:** Small and medium sized businesses, entrepreneurial intention, university students, entrepreneur education

**Abstract:** Small and medium sized businesses with entrepreneur orientation have been developing rapidly in recent years creating the wealth for the nations and some of them often to lead becoming large global enterprises. As the phenomenon is progressing promptly, the interest in studying entrepreneur intention and the factors affecting to becoming entrepreneur in relation to the education and attitude. Numerous researches have been paid attention on investigating if the college program nurturing the intention of choosing entrepreneur or other factors contribute to boosting them to start own businesses among the college students as well as graduates. To contribute to the current field of the study, this study aims at researching different factors affecting the entrepreneur intention including some factors like attitude of the students, subjective norms, entrepreneur education and perceived behavior control using sample survey. The survey involved 568 business major college students. The results demonstrated that the personal attitude has a significant influence on entrepreneur intention as majority of participants expressed their willingness starting their own businesses despite potential challenges and opportunities they may face pursuing this career path. The determinants such as subjective norms and perceived behavior control both represented positive impacts on entrepreneurial intention of participants. Conversely, an entrepreneur education background or specifically the courses they completed so far on business related studies, in their view, had a slight impact in their entrepreneur intention.

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### INTRODUCTION

An entrepreneurship is valued as a respectable strategy for the national development of any country and the start-up businesses have been supported by the countries governments and reflected in their economic

policies. Researchers have considered an entrepreneurship as an essential aspect of the development of a country that enables achieving an adequate economic growth and serves as one of the driving forces of the development<sup>[1]</sup>. A reinforcement of entrepreneurship results in numerous benefits like widening employment opportunities,

dwindling the dependence on a single industry, boosting of capital flow that strengthening the business environment, promoting prospective businesses, using an outsourcing to provide effective operations and introducing breakthrough innovations. Furthermore, it is regarded as a booster of social changes through creating promising new products and services that contribute to replacing old technologies and practicing green technologies that fully satisfies the millennium we live in. Venture creation is a significant source of employment for all countries regardless the development level<sup>[2]</sup>. Paradoxically, while technology and innovation start-up companies have been established in recent years in Mongolia, unemployment among higher education graduates remains high and it became one of the recent social challenges. Therefore, the universities and college's contribution in addressing the challenge via. sustaining the quality entrepreneur education through providing a novel teaching curriculum at colleges that enable preparing graduates with entrepreneurship mind is getting an agenda.

Objective of the current study aimed at studying correlation between entrepreneur intention and attitude, subjective norm, perceived behavior control and entrepreneur education.

**Literature review:** The previous studies provided in different countries to identify the factors affecting an entrepreneurial intention.

According to the earlier studies it is frequently studied from the perspectives of personal psychological factors focusing personal traits and behavior, later scholars started giving a significance inclusion of other demographic factors like age, origin, religion, level of education and employment.

According to Azjen<sup>[3]</sup> intentions to perform behaviors can be predicted as well as attitudes toward behavior. Therefore, it can be concluded that personal outlook, attitude and close personal associates have a significant influence on an entrepreneur intention. An entrepreneur intention is a personal intent and an intellectual process towards to implementation of the goals<sup>[4]</sup>.

Becoming an entrepreneur is a voluntary, sensible decision and the entrepreneur decision making is explained by entrepreneur intention model. Thus, an entrepreneur intention can be considered as an element of recognizing an entrepreneur behavior performing and an intention to perform the behavior depends on the personal attitude.

Historically, various theories and models have proposed in by different scholars like 'entrepreneur event'<sup>[5]</sup> 'implementing entrepreneur idea's<sup>[6]</sup>, "theory of planned behavior"<sup>[3]</sup>, 'an attitude approach to the

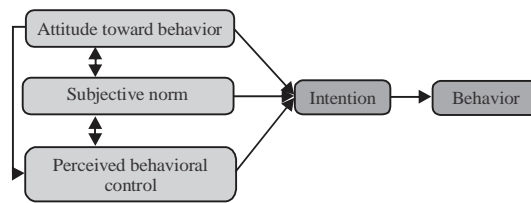


Fig. 1: Model by theory of planned behavior; Ajzen<sup>[7]</sup> "Organizational Behavior and Human Decision Processes", 50(2), pp.179-211

prediction of entrepreneurship'<sup>[8]</sup>, 'Entrepreneur intention's<sup>[9]</sup> and 'Competing model of entrepreneurial intention's<sup>[10]</sup>.

"Theory of planned behavior" proposed by Azjen<sup>[7]</sup>, applied in similar studies more frequently, explained thoroughly factors affecting behavioural intentions intensified researches in entrepreneur intentions and has been applied as the key theory.

**Theory of planned behavior:** As stated previously the current concept is widely applied in entrepreneur intention research that is based on the concept 'theory of reasoned action' proposed by Ajzen and Madden<sup>[11]</sup>. An intention to perform and actual performance have considered as factors that are strongly correlated and indicates the behavior. An intention expresses the motivation to perform the certain behavior and a strong intention increases the probability of performing the behavior. Three interrelated determinants are used for explaining the intention (Fig. 1).

**Attitude toward behavior:** The degree to which performance is positively or negatively valued. The outcome of the performance can be determined by the positive or negative experience<sup>[3, 12]</sup>. An attitude is determined by a certain outcomes, behaviors towards to a certain performance and personal skill, personality can influence it. Personality includes numerous factors like risk taking skill and goal orientation etc,

**Subjective norms:** The state can be explained by attitude, beliefs and perceptions of people surrounding an individual. People develop beliefs on what is acceptable or not acceptable and these beliefs shape one's perception of behavior and intention to perform or not. If the social view is positive towards to the entrepreneur intention increases or if the perception is negative the intention declines<sup>[13]</sup>.

**Perceived behavior control:** Refers to the person's belief that the performance of behavior is under his control. In other words, it is a perception on whether it is easy or complicated performs certain behavior. 'Perception'

can be determined by the past experiences, ability to overcome forthcoming challenges<sup>[14]</sup>. More people get experienced and obtain essential knowledge, skills become motivated in performing the behavior.

**Entrepreneurial education:** Bakri and Mehrez<sup>[15]</sup>, Del Rio *et al.*<sup>[16]</sup> discussed that college education played a significant influence in attitudes toward entrepreneur intention over roles models. Entrepreneurship education is also assumed enhancing among students increasing awareness of entrepreneurship as an another career path to employment<sup>[17, 18]</sup> as they have a solid knowledge on business administration.

The present research we aimed at revealing the interrelationship between entrepreneur education background and entrepreneur intention in relation to the theory of planned behavior. Entrepreneur education supports the entrepreneurs to perform their intentions to do business and develop necessary skills<sup>[19]</sup>. According to Linan<sup>[20]</sup> an entrepreneur education increases the intent of becoming entrepreneur. Entrepreneur education enables entrepreneurs developing key skills for managing the business. In selecting the model of the current study both theory of planned behavior by Ajzen and model of entrepreneurial intention by Shapero and Sokol<sup>[5]</sup> are considered with inclusion of a new determinant entrepreneur education as it is demonstrated below.

**MATERIALS AND METHODS**

**Draft study design:** Based on the literature review and request of the beneficiary, the following model for the research and hypothesis of the study elaborated (Fig. 2).

**Research hypothesis:**

- H<sub>1</sub>: an attitude toward behavior positively influences to the entrepreneur intention
- H<sub>2</sub>: subjective norm positively impacts in the entrepreneur intention
- H<sub>3</sub>: perceived behavioral control has a positive impact to the entrepreneur intention
- H<sub>3</sub>: perceived behavioral control has a positive impact to the entrepreneur intention
- H<sub>4</sub>: entrepreneur education has a positive effect on the entrepreneur intention of the students

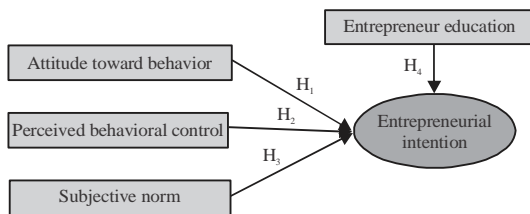


Fig. 2: Model for the study

**Technique data collection:** The research embraces a quantitative method to empirical support for the hypothesis. To study the how attitude toward behavior, perceived behavioral control and subjective norms and entrepreneur education have an impact in entrepreneurial education, we carried out survey among the Business School students who attended the subject in entrepreneurship in the academic year 2018-2019 between May-June, 2019. A total of 577 questionnaires were collected and 568 questionnaires considered valid for the analysis. The survey instrument included 22 questions that are grouped in to 22 questions along with the four questions on personal background of the respondents.

Out of 568 participants 354 or 62.3% are female and 214 or 37.7% male students studying in different years of their study. By the year of study, 40 students are studied in their first year, 186 students in their second year, 196 of them continued studying in the third year and 146 of them were the fourth year students.

**RESULTS AND DISCUSSION**

For testing relevance for factor analysis for data set, Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is used. According to KMO indicated 0.845 which means the size of the sample is adequate for the study. In addition, it considered essential to apply the Barlett test of Sphericity to assure that factor analysis can be applied to the data set and the results are shown below in Table 1. Sig. value 0.000 demonstrated that, we can carry out the proposed analysis.

**Reliability test:** For the internal reliability of each factor Cronbach Alpha coefficient is used which according to Nunnally (1978) a value >0.7 to be considered acceptable. In our case, cronbach  $\alpha$  demonstrated value of .880 which is acceptable for further analysis (Table 2).

T test is carried out to test whether the student's year of study or academic experience has an influence in an entrepreneur intention of the students. The test results are presented in Table 3.

Table 1: KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	-	0.845
Bartlett's test of Sphericity	Approx. $\chi^2$	508.535
	df	10.0000
	Sig.	0.00000

Table 2: Questionnaire reliability analysis result

Factors	No. of questions	Cronbach's $\alpha$
Entrepreneurial intention-EI	4	0.778
Attitude toward behavior-EA	4	0.839
Subjective norm - SN	3	0.852
Perceived behavioral control-TPB	6	0.809
Entrepreneur education- EE	5	0.810
	22	0.880

Table 3: Influence of student's year of study in an entrepreneur intention

Students	N	Mean	SE	t-values	Sig. (2-tailed)
I year	40	3.05	0.1285	23.671	0.000
II year	186	3.23	0.0671	49.426	0.000
III year	196	3.72	0.0960	63.588	0.000
IV year	146	4.17	0.0604	66.749	0.000

Table 4: Correlation between the courses the students enrolled and entrepreneur intention

Variables	Enrolled the courses			Did not enroll the courses			t-values	Sig. (2-tailed)
	N	Mean	SE	N	Mean	SE		
Business and society	463	3.63	0.0380	103	3.63	0.0931	38.776	0.000
Business planning	101	3.86	0.0833	465	3.46	0.0409	48.774	0.000
Project management	500	3.86	0.0863	66	3.57	0.0395	45.998	0.000
Small and medium business management	235	3.69	0.0520	331	3.41	0.0487	67.233	0.000

Table 5: Whether the family members or close people engaged in the business have an impact in student's entrepreneur intention

Variable	Family members or close people engaged in business			Family members or close people not engaged in business			t-values	Sig. (2-tailed)
	N	Mean	SE	N	Mean	SE		
EI	384	3.85	.0353	182	3.18	0.0601	87.466	0.000

Table 6: Pearson correlation analysis result

Correlation	Variables	Correlations				
		EI	EA	SN	TPB	EE
EI	Pearson Sig. (2-tailed)	1				
EA	Pearson Sig. (2-tailed)	0.563**	1			
SN	Pearson Sig. (2-tailed)	0.426**	0.498**	1		
TPB	Pearson Sig. (2-tailed)	0.473**	0.417**	0.324**	1	
EE	Pearson Sig. (2-tailed)	0.286**	0.305**	0.385**	0.370**	1

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

The results show that the students who studied in senior years tended to have an ambition of becoming an entrepreneur. T test is used to verify if the courses offered within the curriculum towards developing entrepreneurship knowledge and skills such as 'Business and Society', 'Business Planning', Project management' and 'Small and Medium Enterprise Management' have an impact in shaping entrepreneur intention results are summarized in Table 4.

The students who have successfully completed 'Business and Society', 'Project Management', 'Small and Medium Enterprise Management' courses had high motivation in becoming entrepreneurs compared to the ones who did not enroll the above courses, though 'Business and Society' course had no significant impact in an entrepreneur intention of the students regardless the course completion.

Moreover, test on whether the family members or close people engaged in the business had an influence in students' entrepreneur intention (Table 5).

The test results demonstrate that the student's business related family background have an influence on

their entrepreneurial intention (mean value 3.85) compared to the ones who had no business related family background. The participants with none business family background embraced low intention (mean value 3.18) in becoming entrepreneurs. Based on the findings it can be concluded that the business family background is crucial in student's entrepreneur intention. Factor analysis presented in Table 6.

The results demonstrate that an attitude toward to entrepreneurial intention of business school students ( $r = 0.563, p < 0.01$ ), perceived behavioral control ( $r = 0.473, p < 0.01$ ), subjective norm ( $r = 0.426, p < 0.01$ ) embraced a positive strong correlation but entrepreneurial education ( $r = 0.286, p < 0.01$ ) revealed a weak correlation.

Entrepreneurial intention in the study as subjective norm presented ( $r = 0.498, p < 0.01$ ) and perceived behavioral control ( $r = 0.473, p < 0.01$ ) showed a positive strong correlation, but an entrepreneurial education had a moderate correlation.

Attitude toward to entrepreneur to subjective norm showed a strong positive correlation ( $r = 0.498, p < 0.01$ )

Table 7: Regression analysis result

Model summary				
Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	SE of the estimate
1	0.590 <sup>a</sup>	0.552	0.546	2.5958

<sup>a</sup>.Predictors: (Constant), EE, EA, TPB, SN

Table 8: ANOVA<sup>a</sup>

Model	Sum of squares	df	Mean square	F-values	Sig.
1. Regression	681.542	4	170.386	25.287	0.000 <sup>b</sup>
Residual	3793.577	563	6.738		
Total	4475.120	567			

<sup>a</sup>.Dependent Variable: EI; <sup>b</sup>.Predictors: (Constant), EE, EA, TPB, SN

Table 9: Coefficients<sup>a</sup>

Model	Unstandardized coefficients		Standardized coefficients		
	B	SE	Beta	t-values	Sig.
1. (Constant)	8.765	0.739	-	11.865	0.000
EA	0.553	0.042	0.512	5.987	0.000
SN	0.331	0.053	0.327	2.587	0.000
TPB	0.389	0.030	0.331	2.948	0.000
EE	0.234	0.037	0.211	1.932	0.000

<sup>a</sup>.Dependent Variable: EI

but entrepreneur education ( $r = 0.385, p < 0.01$ ), perceived behavioral control ( $r = 0.324, p < 0.01$ ) revealed moderate correlation.

Perceived behavioral control to the attitude to entrepreneur had a positive and strong correlation ( $r = 0.417, p < 0.01$ ) and an entrepreneur education ( $r = 0.370, p < 0.01$ ) and subjective norm ( $r = 0.324, p < 0.01$ ) presented a moderate correlation. For the confirmation of the hypothesis regression analysis is carried out (Table 7-9).

As results of the analysis the correlation between entrepreneurial intention and other determinants such as attitude toward behaviour, perceived behavioural control, subjective norm and entrepreneurial education demonstrated value of 0.546%.

Next, the analysis on an attitude toward to the entrepreneur ( $\beta = 0.512, p < 0.01$ ) had a moderate impact and perceived behavioural control ( $\beta = 0.331, p < 0.01$ ), subjective norm ( $\beta = 0.327, p < 0.01$ ) and entrepreneurial education ( $\beta = 0.211, p < 0.01$ ) demonstrated that they had a low impact (Fig. 3).

Based on the above stated results of the analysis it can be concluded that the hypothesis are all supported as all effects of associated regulator variables (Beta coefficients) are both positive and statistically significant ( $p < 0.01$ ).

Establishing a new business venture is related with the social skills of the younger generation and their knowledge, skills and attitude are decisive in shaping future of all sectors. Accordingly, numerous studies have been conducted globally in recent years in youth entrepreneur intention, the factors influencing it, entrepreneur education and attitude.

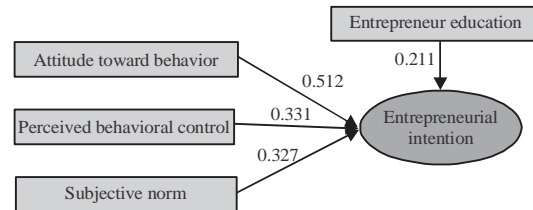


Fig. 3: Research result

The current study aimed at researching factors influencing in an entrepreneur intention to contribute reinforcement of application of theories and concepts in the case of business student's.

An attitude toward to entrepreneur, subjective norm, perceived behavior control and entrepreneurial education are taken as independent variables and an entrepreneur intention considered as a dependent variable and to support the proposed hypothesizes various analyses such as reliability test, correlation and regression analysis are carried out.

As correlation analysis show the all factors were correlated with the entrepreneur intention except the entrepreneurial education which indicated low correlation. According to the results, senior year student's intention to become entrepreneurs was comparatively high. Increase in attitude toward to entrepreneur by one point resulted in the increase of entrepreneur intention by 0.512 (beta) point. Particularly, the students are ready to take an opportunity and start their own businesses as they consider it advantage. In overall, the students participated in the survey have a positive attitude toward the entrepreneurship.

Subjective norm also has a positive influence on entrepreneur intention and the survey results show that when family or close people's influence increases by one point, the entrepreneur intention increases by 0.327 (beta) point. The students who are from families who engaged in business had more positive attitude toward entrepreneur intention as they have support and sympathy.

The study revealed that perceived behavioral control has a positive impact on the entrepreneur intention. As the knowledge and skills in performing a private business upgrade the behavior control increases. In the survey, one point increase of perceived behavioral control resulted in the 0.331 (beta) point in entrepreneur intention. It is clearly seen from the study that despite the potential challenges in performing business, the confidence built upon education experiences contributes to the increase of the entrepreneurial education. According to the survey, the respondent felt confident in overcoming challenges in developing their business ideas.

The survey results confirmed that more the students enroll and complete the courses on entrepreneurship, the more their entrepreneur intention increases by 0.211 beta point.

### CONCLUSION

Although, the entrepreneur education in overall showed a slight impact on the entrepreneur education, in their view the knowledge and education offered at the university influenced positively.

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