

# An Examination of Psychological and Familial Influences on Entrepreneurial Intentions of Postgraduate Management Students of Kerala: A North Malabar Perspective

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## Abstract

The purpose of this paper is to contribute meaningful insights into the literature of psychological/individual factors that influence the intention of post graduate management students to pursue entrepreneurship as a career option. The psychological factors chosen for this study are Innovativeness, Need for Achievement, Tolerance of Ambiguity, Locus of Control, Propensity to Take Risk, and Self-Confidence. Additionally, this study seeks to understand whether the entrepreneurial background of the student's family plays a vital role in such career decisions. Data was collected from 120 Post graduate management students in colleges of Kerala's North Malabar region using a 33-item, self-administered, web-based questionnaire measured with five-point Likert scale. The findings highlight strong association of self-confidence, need for achievement, and innovativeness with Entrepreneurial intention while the rest of the factors showing insignificant or low association with entrepreneurial intention. Reliability and validity analyses confirm the robustness of the model. The study offers insights that can help shape entrepreneurship education and policy.

**Keywords:** Psychological Factors, family background, entrepreneurial intention, family support, post graduate management students

## 1. Introduction

Entrepreneurship, often defined as, identifying, creating and pursuing business opportunities with a view of generating value either by developing new products, services or processes.

Entrepreneurship's invaluable role in accelerating the growth of a country's economy has attracted research interest on entrepreneurship all over the world. According to the GEM 2021-22 report (Global Entrepreneurship Monitor), India's entrepreneurial activity expanded in 2021, with its Total Entrepreneurial Activity rate (percentage of adults (aged 18–64) who are starting or running a new business) increased to 14.4% in 2021, up from 5.3% in 2020. Employment generation is one among the major challenges that India faces right now. The Centre for Monitoring Indian Economy (CMIE) states that India's unemployment rate rose to 9.2 percent in June 2024 from 8.5 percent in June 2023. According to the Indian Labour Organization's "Indian Employment Report 2024", the unemployment rate among Indian Youth is soaring. Still, the large majority of Indian youth seems to be crazy about Government jobs,

obviously due to high entry level salary even with benefits like paid leave, HRA and DA as opposed to the lack of job security and extremely low entry level salary in the private sectors.

Understanding students' personality traits that are vital in instigating their entrepreneurial intentions, enables educational institutions to design academic programs in ways that develop an entrepreneurial mindset in them. Educational systems play a pivotal role in portraying entrepreneurship as a reliable alternative to regular employment. Though Entrepreneurship is widely regarded as one of the significant career choices, yet, a vast majority of the young Indian workforce still prefers employment over setting up own ventures for obvious reason like job security, stability, access to capital, family expectations, fear of failure and inability to take risk. According to the GEM 2019-2020 Report, the easiest way to set a thing into the minds is done through its students and that greater entrepreneurial activity will be driven by a better exposure to entrepreneurial mindset and a positive thinking (Shukla et al., 2020). Though, extensive research has taken place nationally and internationally in trying to understand and organize the factors that trigger entrepreneurial intent of adults, studies that try to delve deep into the psychological characteristics of individuals, especially students, are rare in the Kerala context. The various communities of Kerala's North Malabar region have a long-standing tradition of international trade. This study aims to address this gap by analysing the major factors said to drive the entrepreneurial intention of post graduate management students of Kerala, with a special focus to the students of Kerala's North Malabar region.

## 2. Literature review and hypothesis formulation

Entrepreneurial intention is the affinity for an individual to become an entrepreneur (Karabulut, 2016) and intentions are still regarded as an ideal predictors of an individual's behaviour (Krueger, 2008; Sutton, 1998). Major models that dominate the literature on studies related to entrepreneurial intentions are the Theory of planned behaviour by (Ajzen, 1991) which explains intentions using attitudes, perceived behavioural control and subjective norms and model of entrepreneurial intentions proposed by Shapero, Albert and Sokol, (1982) that explains entrepreneurial intentions on the basis of perceived desirability, perceived feasibility and the propensity to act. Central to this study is the psychological approach to entrepreneurship that describes intentions based on psychological characteristics of an individual (McClelland, 1961), which is also regarded among the earliest and most comprehensive studies about factors that contribute to the decision to start a business (Dinis et al., 2013). Despite the criticisms this approach has faced Chye Koh, (1996) & Peter B. Robinson et al., (1991) suggests that individual factors have gained tremendous research attention. This study's objective is to determine how students' entrepreneurial intention is influenced by their psychological characteristics and their family's entrepreneurial background.

### 2.1 Family business background and entrepreneurial intention

Among a lot of factors that influence an individual's intention to take up entrepreneurship, family's entrepreneurial background has been identified as a key determinant. By ways of financial support, early exposure to business activities, role modelling and generational transfer of tacit knowledge, family's entrepreneurial background facilitates positive entrepreneurship mindset in offsprings (Carr & Sequeira, 2007; Szabó & Aranyossy, 2024) as well as develop higher levels of risk taking, self-efficacy and self-confidence to launch a new business as compared to one lacking such a background (Zapkau et al., 2015). Hence, we formulate our first hypothesis

**H1: Family entrepreneurial background is positively associated with the entrepreneurial intentions of postgraduate management students**

## 2.2 Psychological factors and entrepreneurial intention

### 2.2.1 Innovativeness

Innovativeness is the ability to act in unique and different ways in pursuits related to business (Peter B. Robinson et al., 1991). Innovativeness along with other personality traits emerged as a strong predictor of entrepreneurial intention (Krueger, 2002) and individuals with a greater degree of innovativeness tend to have better entrepreneurial intention (Zhao et al., 2010) with culture having a tremendous impact on innovativeness's ability to influence entrepreneurial intention (Mueller & Thomas, 2001). Hence, we formulate our next hypothesis:

**H2a: Innovativeness is positively associated with the entrepreneurial intentions of post graduate management students.**

### 2.2.2 Need for achievement

Proposed by David McClelland, (1961), need for achievement is a psychological concept, which refers to an individual's intrinsic motivation to accomplish set goals. Need for achievement inculcates an innovative mindset and is often indicative of other entrepreneurial factors such as risk-taking propensity, self-confidence and a strong intention to be successful (Ladokun et al., 2022). Hence, we formulate the next hypothesis

**H2b: Need for achievement is positively associated with the entrepreneurial intentions of post graduate management students.**

### 2.2.3 Tolerance of ambiguity

Tolerance of ambiguity is widely defined as an individual's capability to deal with unexpected and uncertain situations without experiencing discomfort or stress. According to Chye Koh, (1996) an ambiguous situation is said to exist when there is lack of information to structure the situation and tolerance of ambiguity is about the ability to perceive and organize this unstructured information. This is regarded as an important characteristic as far as an entrepreneur is concerned and is found to positively influence entrepreneurial intention (Gürol & Atsan, 2006; Kurjono et al., 2022). Hence, we formulate our fourth hypothesis:

**H2c: Tolerance of ambiguity is positively associated with the entrepreneurial intentions of post graduate management students.**

### 2.2.4 Locus of control

Locus of control is another personality variable which measures how an individual perceives the degree of control on the events happening in their life (Leone & Burns, 2000). People who have a higher degree of external locus of control are more likely to think that circumstances they encounter are caused by outside forces like fate, luck, and other people's activities, whereas people who possess internal locus of control strongly believe they are in control of their actions and its consequences (Chye Koh, 1996). Entrepreneurs generally look out for new and innovative opportunities to prove themselves and hence exhibits a greater degree of internal locus of control (Mueller & Thomas, 2001) and in turn locus of control has proven to be positively associated to entrepreneurial intention across several studies (Widjaya et al., 2021). Hence, we formulate our fifth hypothesis:

**H2d: Locus of Control is positively associated with the entrepreneurial intention of post graduate management students.**

### 2.2.5 Propensity to take risk

Entrepreneurship is always characterised by the elements of risk and uncertainty. It has been in fact the major discriminator between entrepreneurs and salaried employees as indicated by (Entrialgo, M.,

Fernández, E., & Vázquez, 2000). Risks to an entrepreneur is not only limited to financial and career risks but also to emotional stability and family relationships (Brockhaus, 1980). Hence propensity to take risk is considered as a fundamental characteristic of entrepreneurs (Cromie, 2000) and hence we formulate our sixth hypothesis:

**H2e: Propensity to take risk is positively associated with the entrepreneurial intention of post graduate management students.**

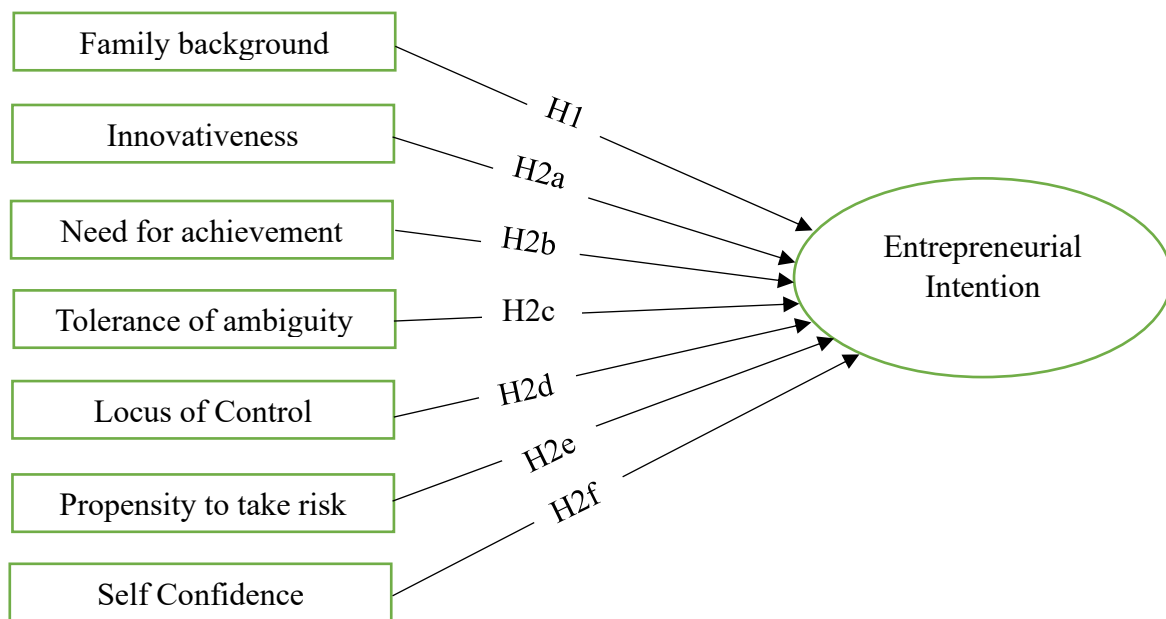
**2.2.6 Self confidence**

Entrepreneurs, as stated earlier, looks out for difficult and challenging tasks that often requires a high level of self-confidence for accomplishing them. Cromie, (2000) views self-confidence as a result rather than a predictor of entrepreneurship. When compared to non-entrepreneurs, entrepreneurs demonstrated a higher level of self-confidence (Peter B. Robinson et al., 1991) and is widely regarded as a standard characteristic of entrepreneurs (Ho, T. S., & Koh, 1992). Hence, we formulate our seventh hypothesis

**H2f: Self-confidence is positively associated with the entrepreneurial intentions of post graduate management students.**

The proposed conceptual framework of this study is as follows.

**Figure 1: Proposed Conceptual Framework**



**3. Methodology**

The current study employed an empirical research model based on data collected from 122 post graduate final year management students studying in the university campuses in the North Malabar region of Kerala using convenient sampling technique. The questionnaire consisted of sections measuring students’ demographic profile (age, gender and parents’ level of education and employment status), students’ family entrepreneurial background, psychological characteristics and entrepreneurial intention. Data collection was conducted using self-administered web-based questionnaire circulated among the students identified to be pursuing their final year post graduate management course. The questions were put forward in the form of statements measured using 5-point Likert-scale ranging from “Strongly Disagree” (1) to “Strongly Agree” (5). The items used to measure students’ family background was adapted from (Lingappa et al.,

2020), psychological individual traits such as innovativeness, need for achievement, tolerance of ambiguity, locus of control, propensity to take risk and self-confidence was adapted from Dinis et al., (2013) and entrepreneurial intention was adapted from (Liñán & Chen, 2009). The variables and statements used to measure the variable are included in the appendix in a table format. Data were analysed using IBM SPSS.

#### 4. Discussion

##### 4.1 Demographic Analysis

The average age of the respondents were 23.5 years (ranging from 22-25) of which 63% were female and 37% male. 31% of students claim to have a prior work experience, while only 10% seemed to have an experience running an own firm. The level of education of both the parents was on an average 10<sup>th</sup> grade and the most common answer to family’s annual income was “Up to Rs 1,00,000/- “. Hence in a nutshell most of the students came from families with relatively low annual income, basic parental level of education and limited entrepreneurial exposure.

##### 4.2 Descriptive Analysis

Descriptive analysis aims at understanding the respondent’s perception towards the constructs. This was done by assessing the measure of central tendency and measures of dispersion. Table 1 shows the measures of mean and standard deviation. On an average the mean values shows that the respondents are positively inclined to all the constructs in the study with scores mostly over 3.5. The construct with highest mean value is Innovativeness, followed by self- confidence and entrepreneurial intention and the least rated was Tolerance of Ambiguity.

**Table 1: Summary Statistics**

Variable	Mean	SD
Family Background	3.22	0.57
Innovativeness	3.74	0.51
Need for Achievement	3.51	0.55
Tolerance of Ambiguity	3.04	0.6
Locus of Control	3.4	0.41
Propensity to take risk	3.46	0.56
Self confidence	3.66	0.55
Entrepreneurial Intention	3.63	0.76

##### 4.3 Reliability Analysis

Table 2 lays down the reliability measures. The research instrument’s reliability can be assessed from the values of Cronbach’s alpha. Most of the constructs met the acceptable threshold value for Cronbach’s alpha (greater than 0.7), except locus of control (LC- Cronbach’s alpha- .049) and tolerance of ambiguity (TA- Cronbach’s alpha - 0.424) indicating weak internal consistency.

**Table 2: Reliability Measures**

Construct	Cronbach's alpha	No of items
Entrepreneurial Intention	<b>0.91</b>	6

Family Background	<b>0.795</b>	3
Innovativeness	<b>0.709</b>	5
Need for Achievement	<b>0.736</b>	4
Tolerance of Ambiguity	0.424	4
Locus of Control	0.490	7
Propensity to take risk	<b>0.715</b>	4
Self confidence	<b>0.705</b>	3

#### 4.4 Correlation analysis

Table 3 displays the results of correlation analysis. Innovativeness has the highest correlation with entrepreneurial intention (0.619) followed by self-confidence (0.455) and locus of control. Tolerance of ambiguity has the lowest correlation with entrepreneurial intention (0.175). All the correlations are positive indicating that all the factors positively influence the post graduate management students' entrepreneurial intentions.

**Table 3: Correlation Measures**

Variable	Correlation with Entrepreneurial Intention
Family Background	0.254
Innovativeness	0.619 (strong positive correlation)
Need for Achievement	0.373
Tolerance of Ambiguity	0.175
Locus of Control	0.437
Propensity to take risk	0.367
Self confidence	0.455

#### 4.5 Hypothesis testing results

The study was aimed at examining the relationship between post graduate management students' family business background and psychological characteristics with their entrepreneurial intention. All the independent variables except tolerance of ambiguity reported a significant positive correlation with entrepreneurial intention ( $p < 0.05$ ).

Innovativeness has the highest positive correlation ( $r = 0.619$ ,  $p < 0.01$ ) while tolerance of ambiguity has a positive but low correlation ( $r = 0.188$ ,  $p = 0.045$ ). All the hypotheses have been accepted. Table 4 shows a summary of the hypothesis testing results.

**Table 4: Hypotheses Testing Result**

Hypothesis	Independent Variable	Correlation Coefficient (r)	p-Value	Result
H1	Family Background	0.295	0.002**	Supported
H2a	Innovativeness	0.615	0.000**	Supported
H2b	Need for Achievement	0.374	0.001**	Supported
H2c	Tolerance of Ambiguity	0.188	0.045*	Supported (weak)

H2d	Locus of Control	0.334	0.003**	Supported
H2e	Propensity to take risk	0.357	0.002**	Supported
H2f	Self confidence	0.477	0.000**	Supported

## 5. Conclusion

The results of this study demonstrate how postgraduate management students' entrepreneurial intention is significantly shaped by their innovativeness, self-confidence, need for achievement, and propensity to take risk. The strongest predictor, innovativeness ( $r = 0.618, p < 0.01$ ), showed that students who consider themselves creative and open to trying new things are more likely to become entrepreneurs. This is consistent with the findings of Zhao et al., (2010). The self-efficacy theory proposed by Krueger, (2002) was supported by the finding that self-confidence was a significant factor ( $r = 0.473, p < 0.01$ ).

Additionally, there was a strong correlation between entrepreneurial intention and desire for achievement ( $r = 0.373, p < 0.01$ ), which supports the findings of McClelland, (1961), who postulated that those who have a higher need for achievement are more likely to start their own business. Additionally, there was a strong positive correlation with propensity to take risks ( $r = 0.357, p < 0.01$ ), which is in line with the findings of (Stewart & Roth, 2001) who found that taking risks is a crucial trait of entrepreneurs.

Contrary to research by Sharma & Madan, (2014) which indicated that exposure to family business greatly promotes entrepreneurial behaviour, the study found that family background ( $r = 0.296, p < 0.01$ ) had only a moderate link with entrepreneurial intention. Similar to this, tolerance of ambiguity ( $r = 0.182, p = 0.045$ ) only marginally significantly changed, suggesting that although it might be important, handling uncertainty is not as important as other psychological aspects.

These results highlight the necessity of entrepreneurship education initiatives that promote self-efficacy, encourage innovation, and support prudent risk-taking. To create a more thorough picture of entrepreneurial intention, future research should investigate these links further utilizing longitudinal studies and a variety of demographics.

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