

The Effect of Personality Traits Towards Entrepreneurial Intension: A study on Undergraduates of South Eastern University of Sri Lanka

Gajanayaka, G.P.K.U¹, Salfiya Ummah M.A.C.²

^{1,2}South Eastern University of Sri Lanka

¹Gajanayake@gmail.com, ²salfiyau@seu.ac.lk

Abstract

Entrepreneurship has been identified as the engine of long-term economic growth of a nation and it is leading factor in achieving economic growth, high employment, strong job creation, and positive social development. It drives and shapes innovation, speeding up structural changes in the economy. Small and Medium Enterprises are the breeding ground for entrepreneurs to set up their ventures for many reasons. However, the recent statistics depict that the failure rate of SMEs are very high. As a result, a less number of successful entrepreneurs can be seen. Therefore, it is a timely need to promote entrepreneurship among individuals. Thus, entrepreneurial intention of individuals is of critical importance in this regard. The main objective of this study is to find out the personality factors that affect entrepreneurial intention among the under graduate, Sri Lanka. The study involves three factors such as need for achievement, risk taking, and internal locus of control.

A total of 230 students from all the four faculties of the south eastern university of Sri Lanka participated in this study by responding to the structured questionnaire. Structural Equation Modeling was used to analyses the data using SPSS 23.0. Findings of the study revealed that need for achievement, risk taking, and internal locus of control are positively related with entrepreneurial intention. This study also reveals the important factors to be addressed in order to improve the entrepreneurial intention of undergraduates in the Sri Lankan context. The findings will be immensely contribute to policy makers, government and non governmental organizations and academics to design policies to enhance entrepreneurship among university graduates.

Keywords: Demographic Factors, Personality Traits, Entrepreneurial Intention, Undergraduates

1.0 Introduction

Entrepreneurship is a key factor for economic development. Public, private and non-governmental organizations are taking various measures to promote entrepreneurship in different countries. Universities and colleagues throughout the world have implemented various Postgraduate, Undergraduate and Diploma courses on small business management and entrepreneurship. In a developing country like Sri Lanka, the role of entrepreneurship development is more important than that in developed countries so far as the creation of self-employment opportunities and reduction of unemployment situations are concerned. Entrepreneurial intention is defined as the willingness to start own business and to become self-reliant. It is generally formed by an

individual's approach toward entrepreneurship and the leading social norms attached to entrepreneurship in the future. For creating new venture entrepreneurial intention is considered as the key stair. In order to develop an entrepreneurial mindset within a person, the intention towards entrepreneurship is an essential (Casser, 2004).

Today, Sri Lanka is in the process of developing as a country. Development needs generation of jobs, opening up new industries, invention of new technologies etc. while protecting the environment in order to achieve the economic development under sustainable basis. Entrepreneurship has been identified as the main weapon which can be put in front of these timely needs. Entrepreneurship has been successfully practiced as a development strategy in the countries like Singapore, Malaysia, China and Japan. Therefore, it is a timely need to promote entrepreneurship among the university undergraduates in Sri Lanka. The Entrepreneurial intention of the individuals play a vital role in this regard and the responsibility of education institutions, government and other related authorities is to identify the factors affecting the of the individuals and establish a suitable environment that positively stimulate the Entrepreneurial intention among individuals, especially among the educated youth.

Sri Lankan undergraduates have to face many challenges in seeking suitable employment opportunities after their graduation although they are very talented. Promoting entrepreneurship among them and motivating them to create their own ventures and be self-employed while providing employment opportunities to others is an essential.

According to Carsrud and Bannback (2011), graduates including who have undergone Management Studies are waiting a long time to be recruited by the government recruitment schemes. Gill and Ganesh (2007) claimed that graduates have to go to the job market with insufficient self-confidence and an assurance for suitable employment opportunity. Due to these reasons un-employability and under employability among graduates has been a severe problem in the Sri Lankan economy., as a solution for this un-employment, promoting entrepreneurship among them and motivating them to create their own ventures and be self-employed while providing employment opportunities to others is an essential.

Entrepreneurial intention is a person's expectation to perform an entrepreneurial behavior (Yordanova & Tarrazon, 2010). Therefore, it is important to explore the factors that have affected to the Entrepreneurial intention of Sri Lankan undergraduates. Accordingly, this research, researcher will be attempt to study, "What are the personality characteristics influenced the Entrepreneurial intention of the undergraduates with special reference to the south eastern university of Sri Lanka?" Hence, the main objectives of the study is to identify the effect of personality traits to entrepreneurial intention among university students.

Specific objectives were;

- To identify the influence of Need for achievement to entrepreneurial intention.
- To identify the influence of locus of control to entrepreneurial intention.
- To identify the influence of risk taking propensity to entrepreneurial intention.

Few studies have been carried out on the Entrepreneurial intention in developing countries. Sri Lanka is also in the process of developing its economy. It is still a developing country and very few studies have been conducted here in Sri Lanka regarding entrepreneurial intention. Therefore, there is a dearth of literature in the Sri Lankan context. The findings in this research will provide a new avenue for future researchers on this field.

2.0 Literature Review

2.1 Entrepreneurial Intention

Bruni et al. (2004) argued that entrepreneurial intention is the prime indicator of future entrepreneurial behavior. It is generally formed by an individual's approach toward entrepreneurship and the leading social norms attached to entrepreneurship in the future (Wu & Wu, 2003). For creating new venture entrepreneurial intention is considered as the key stair (Peterman & Kennedy). Previous studies have suggested that while intention is a well-built forecaster of actual behavior (Bruni et al., 2004); the decision to become an entrepreneur and establish a new business involves a cautious planning and thinking which highly intentional (Gird & Bagrairn, 2008) and Gird & Bagrairn (2008) identified two types of entrepreneurial intention, one is impulsive and another one is deliberate. Impulsive entrepreneurial intention is affected by personal characteristics, culture or demographic factors. Deliberate entrepreneurial intention is influenced by external factors such as past experience or network building. Ajzen's theory of planned behavior includes that entrepreneurial intention is influenced by internal and external motivational drivers to start a business. This study considers the internal drivers for entrepreneurial intention.

In the literature, various scholars have mentioned about the contextual factors which affect entrepreneurial intention. According to Iakovieva, Kolvereid and Stephan (2011) intentions are affected by individual differences and can be occurred due to an individual's attitude, predispositions (biasness), skills and abilities and cognitive differences.

2.2 Effect of Personality Traits to Entrepreneurial Intention

Personality is an individual's unique and relatively stable patterns of behavior (Drucker, 1985). Personality traits are determined by both genetic makeup and environmental influences. Personality traits can predict quite accurately how people understand and view themselves, interact with others, perceive situations, solve problems, and carry out job responsibilities (Rotter, 1966).

Among the wide varieties of personality models, the 'Big Five Personality Model' is highly appropriate for capturing a broad picture of an individual's personality (Paço, et al, 2011). It has five personality dimensions which are more distinct from one another (John, 1990). These five dimensions are extraversion vs. introversion, agreeableness vs. antagonism, conscientiousness vs. lack of direction, openness vs. closeness to experience, and neuroticism vs. emotional stability (John, 1990).

The Trait Approach attempts to distinguish entrepreneurs from non-entrepreneurs and according to Drucker (1985) identifies a list of characteristics of entrepreneurs such as self-control, self-confidence, comprehensive awareness, emotional stability etc. and according to Frank and Lüthje (2004) characteristics such as taking risks, innovativeness, self-efficacy, need for achievement, business management skills, marketing skills, locus of control and ability to corporate are among those characteristics. According to Mohammad and Shariq. (2016), locus of control, need for achievement and tolerance for ambiguity are the determinants of the propensity for entrepreneurship. Entrepreneurial propensity is allied with personality characteristics such as risk-taking, initiative, environmental sensitivity and self-confidence (Paço, et al, 2011).

In trait theory of entrepreneurship, it was mentioned that entrepreneurial intentions are influenced by certain personality traits. Those are: Risk taking propensity which means one's ability to tolerate risks; innovation refers

to one's ability to create something new; locus of control means one's own judgment regarding events of his/her life; need for achievement refers to one's strong passion for achieving goals set by either himself or by others. (Palaniappan & Rafik-Galea (2009)). Hence, this study covers need for achievement, risk taking, and locus of control are the predictors of entrepreneurial intention of Sri Lankan undergraduates.

All the credit for achievement motivation theory goes for McClelland. In 1961, McClelland revealed that Human beings have a craving for success, accomplish, excel or achieve. It has been verified by Jonshon (1990) that there is relationship between achievement motivation and entrepreneurship. Achievement motivation may be the only forceful factor related to entrepreneurship (Urban, 2006). One research conducted on college fresher it was found that high need for achievement can be developed in childhood and by adult training and it is an indicator of entrepreneurship (Rotter, 1966).

Risk taking is the fondness of an individual to take risks. Risk taking propensity indicates the eagerness to allow substantial loss and also craving for higher career development risk and psychological risk (Jones et al. 2008). According to lakovieva (2011) risk taking propensity has considerable impact on entrepreneurial intention. In 2008 Jones et al. have mentioned that openness towards risk plays a vital role in the decision of becoming an entrepreneur. The willingness to take risk is the important differentiator that separate the entrepreneur from non-entrepreneur (Carsrud and Brännback. (2011)). Thus it can be assumed that risk is an entrepreneurial trait and those who want to be an entrepreneur should have higher propensity toward risk.

Rotter (1966) had introduced Locus of control for the first time in the 1950s. It is the observation of an individual regarding the rewards and punishment in his or her life (Bruni et al., 2004). locus of control is of two types; one is internal another is external. Individuals with internal locus of control consider themselves responsible for all the events in their life. On the other hand, individuals with external locus of control judge the life events based on external factors like chance, luck or fate. Positive association between internal locus of control and entrepreneurial intention has been proven in one research conducted by Husna et al. (2010). Entrepreneurs show slightly higher internal locus of control than others (Wilson et al. 2007)

2.3 Entrepreneurial Intention Among Undergraduates In Sri Lankan Perspective

In the SriLankan context, Nishantha (2008) has followed the study on exploring the relationship existing between personality traits and socio-demographic background of business management undergraduates toward an entrepreneurial career (self-employment intention).The respondents were assessed on three personality traits (risk taking propensity, internal locus of control and need for achievement), and three socio-demographic factors which are related to their personal background (Parents' occupation, gender and previous self-employment experience). The results revealed that there is a significant relationship between personality traits and entrepreneurial attitude. At the same time, male students have more entrepreneurial motivation than female students. However, the contribution of other background factors (parents' occupations and self-employment experience) for developing entrepreneurial intention among the business students is relatively low. Furthermore, Nishantha (2008) suggested that educators, policy makers, and others wishing to enhance entrepreneurial activity should focus first on developing selected personality characteristics among the potential entrepreneurs. Ummah (2009) concluded that the entrepreneurship is not very much preferred by the academics who are studying in different field and education levels in SriLanka. The study revealed that field of study, education level, gender and family business experience are significantly affect the intention in starting one's own business while the financial ability of the undergraduates' family is not related to their business interest. Furthermore, They recommended to promote entrepreneurship and awareness of entrepreneurial opportunities among

university students by conducting conferences, workshops and seminars. And he also suggested that it is important to upgrade the curriculums of the universities which will offer exposure for the students in small business such as discussing more real world cases at the class. Then it will increase the intention of undergraduates to start their own business.

Achchuthan and Nimalathan (2012 a) have approached the qualitative study on entrepreneurial intention of the management undergraduates in the University of Jaffna, Sri Lanka. Based on the findings, the entrepreneurial intention level of the management undergraduates was in the weakest level. There were so many barriers for the lowest level of intention, such as problems in the financial assistance, lack of infrastructure facilities, lack of technological facilities, lack of awareness in the entrepreneurial field, lack of support from governmental and nongovernmental organizations in the Jaffna district, cultural burdens, lack of research focus in the entrepreneurial field etc.

3.0 Research Methodology

This study was carried out through a survey method, with use of structured questionnaire. The population for this study consisted of all students at the undergraduate level registered during the academic year 2013/2014 at south Eastern University of Sri Lanka. The sampling method employed for this study was simple random sampling. The population of this study would be 445 Students who are in the final year in 2019 at the south eastern university of Sri Lanka. This is the number of students who are admitted to the universities as 2013/14, 2014/15 batch as and these undergraduates are now in their final year of their university career.

In this study, the researcher has used convenient sampling which is a non-probabilistic sampling method according to Zikmund (2000). The researcher has identified 05 stratum which come under the population as follows;

Accordingly, 230 sample size was suggested to carry out the study out of total population 445 final year undergraduates in 2019,

Accordingly, the sample was drawn as follows.

Table 3. 1Sample

Faculty	Population	Sample	Percentage
Faculty of management and commerce	179	94	40.8%
Faculty of engineering	101	52	22.6%
Faculty of applied science	26	13	5.6%
Faculty of arts and culture	91	47	20.4%
Faculty of Islamic study and Arabic language	48	24	10.4%
Total	445	230	

4.0 Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795 ^a	.793	.790	.13461

- a. Predictors: (Constant). need for Achievement, Risk taking, Internal Locus of Control
b. Dependent variable: entrepreneurial intention

Model		Sum of Squares	Mean Square	F	Sig.
1	Regression	50.230	6.279	105.799	.000 ^b
	Residual	5.400	.059		
	Total	55.630			

- a. Predictors: (Constant). Need for Achievement, Risk taking, Internal Locus of Control
b. Dependent variable: entrepreneurial intention

Coefficient Table					
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta		
(Constant)	-.426	.187		-2.281	.025
need for Achievement	.139	.048	.161	2.919	.004
Risk taking	.112	.032	.141	3.468	.001
Internal Locus of Control	.075	.036	.083	2.071	.041

- a. Dependent Variable: Entrepreneurial Intention

5.0 Summary Of The Hypothesis

According to the coefficient table 4.8 the internal locus of control, need for achievement, risk taking ability, independent variables has positive relationship between the dependent variable entrepreneurial intention. because Its B values are positive. (0.139, 0.112, 0.75). And the P values of the internal locus of control, need for achievement, risk taking ability, are less than 0.005 ($P < 0.05$). so it shows there are significant positive impact between independent variables (internal locus of control, need for achievement, risk taking ability) and entrepreneurial intention.

Number	Description	(P)value	Result
H1	There is a positive relationship between need for achievement and entrepreneurship	0.004	Accepted

H2	There is a positive relationship between risk taking ability and entrepreneurship	0.041	Accepted
H3	There is a positive relationship between risk taking ability and entrepreneurship	0.041	Accepted

6.0 Conclusion

Sri Lanka is in the process of developing the country. When a country develops more job opportunities should be generated, new industries should be opened up and new technology should be invented in order to maintain a sustainable economic development. Entrepreneurship has been identified as the main weapon which can be put in front of these timely needs and the SMEs would be the most suitable strategy that can foster entrepreneurship in a successful manner. However, in Sri Lanka, the failure rate of SME is at a higher level and as a result; a less number of success entrepreneurs can be seen. Further, it was observed that the number of persons who are attracted to entrepreneurship is very less compared to the attraction for jobs. The entrepreneurial intention of the individuals plays a vital role in this regard and also entrepreneurial intention of educated youth in Sri Lanka is very important in this regard.

The study investigated the effect of demographic factors and personality traits to entrepreneurial intention among undergraduate student special reference at south eastern university of Sri Lanka. the study comprised all the student of south eastern university of Sri Lanka and sample for the study consists 230 of students representing all the faculty in university. The instrument employed was questionnaire. The questionnaire was a self-constructed questionnaire in which variable chosen were from a thorough review of related literature. The collected data were analyzed using SPSS. correlation model, regression model and chi square test used for relevant statistics.

According to the finding relationship between personality traits and entrepreneurial intention has a positive and significant relationship. Internal Locus of Control, need for Achievement, Risk taking factors are positively and significantly influence on entrepreneurial intention.

7.0 Recommendation

The study recommends to design educational programs for undergraduates to sharpen up the necessary skills and knowledge related to entrepreneurship, appreciate and acknowledge successful role entrepreneurial models and share their experience with the undergraduates, introduce and strengthen entrepreneurial education, send undergraduates to industrial attachments to gain valuable business and technical experience, government to provide technical trainings, providing grants and loans at concessionary rates, to provide access to entrepreneurship education, extend the government guarantee to graduates to pick up access to capital and include entrepreneurship as a subject of the school syllabus for the junior secondary level.

Limitation and Areas for Future Research

The present research has several limitations. First, this survey was carried out on a relatively small sample of Sri Lankan undergraduate students. Although there is a number of personality characteristics and socio-demographic factors that may be influenced on entrepreneurial motivation this study has focused only few factors.

Data for this study will mainly be gathered through the means of a structured questionnaire. Therefore, it possesses the inherited limitations of the structured written questionnaires. This study is a quantitative study where an attempt is taken to quantify the relationships among the variables. Therefore, mathematical tools and techniques are extensively used in analyzing information and as a result, the findings are subjected to limitations arisen due to the use of quantitative techniques. There may be qualitative aspects in this area of study which cannot be covered by the quantitative aspects. Nevertheless, researcher has attempted to quantify such aspects under this study. The study occupies a sample drawn from the population. Thus, sampling errors may be occurred in the process of drawing the sample. Another limitation may be arisen due to the less accurate information provided by the respondents themselves.

The present survey opens several possibilities for future research. The present study can be replicated in a more comprehensive fashion, covering more students and other universities in Sri Lanka. Furthermore, the question of whether students in business colleges and technical colleges differ in terms of entrepreneurial attitude and intention could be an interesting topic for future research.

The entrepreneurial process is very complex and influenced by a large number of variables. This study has considered only few of these variables. Studying all the variables that have an effect on the entrepreneurial process is not possible in a single study. Therefore, avenues for future research can be opened in relation to other variables that have affected to the Entrepreneurial intention.

The study has not considered the inter-relationship among the independent variables and their impact on EI. Therefore, future research can be conducted in the same context by analyzing the data further and accordingly such effects in the analysis.

Reference

- Achchuthan, S. & Nimalathan, B. (2012), 'Level of entrepreneurial intention of the management undergraduates in the university of Jaffna, Sri Lanka: Scholars and undergraduates perspective', *South Asian Academic Research Journals*, vol.2, no.10, pp. 24-42.
- Bruni, A, Gheradl, S, & Poggio, B. (2004), 'Entrepreneur-mentality, gender and the study of women entrepreneurs', *Journal of Organizational change Management*, vol.17, no. 1 pp. 256-268.
- Carsrud, A. and Brännback, M. (2011), 'Entrepreneurial Motivations: What Do We Still Need to Know?', *Journal of Sinai! Business Management*, vol. 49, no. 1, pp. 9-26.
- Cassar, G. (2004), 'Entrepreneur motivation, growth intentions and preferences', *Frontiers of Entrepreneurship Research*, vol.19, no. 1, pp.422-435.
- Drucker, P.F. (1985), *'The Practice of Entrepreneurship'*, *Innovation and Entrepreneurship Practice and Principles*, Harper & Row, New York, pp.141-188.
- Frank, N. & Lüthje, C. (2004), 'Entrepreneurial intentions of business students—A benchmarking study', *International Journal of Innovation and Technology Management*, vol. 1, no.3, pp.269-288.
- Gill, R, & Ganesh, S (2007), 'Empowerment, constraint, and the entrepreneurial self: a study of white women entrepreneurs' *Journal of Applied Communication Research*, vol. 35, no. 3, pp. 268-293.
- Gird, A. & Bagirairn, J. (2008), 'The theory of planned behaviour as predictor of entrepreneurial intent amongst final-year university students', *South African Journal of Psychology*, vol. 38, no.4, pp.711-724.
- Husna, M.A.A., Zaino!, B., Zakiah, S. & Adura A. (2010), 'Predicting entrepreneurship intention among Malay university accounting students in Malaysia', *Unitar E-Journal*, vol.6, no. 1, pp. 1-10.
- Iakovieva, T., Kolvereid, L & Stephan, U. (2011), 'Entrepreneurial intentions in developing and developed countries', *Education and Training*, vol. 53, no5, pp.353-370,

- Isaacs E., Visscr, K., Friedrich, C. & Brijal, P. (2007), 'Entrepreneurship education and training at the Further Education and Training (FET) level in South Africa', *South African Journal of Education*, vol.27, no.4, pp.6-13
- Johnson, B. (1990), 'Toward a multidimensional model of entrepreneurship: The case of achievement and the entrepreneur', *Entrepreneurship Theory and Practice*, vol.14, no. 1, pp.39-54.
- Jones, P., Jones, A., Packham, G. & Miller, C. (2008), 'Student attitudes towards enterprise education in Poland: A positive impact', *Education and Training*, vol. 50, no. 7, pp. 597-614.
- Mohammad A.U., Shariq M. H. (2016), Influence of demographic factors on the entrepreneurial intentions of university students in Oman Oxford English Dictionary, 2005. 7th ed. Oxford: Clarendon Press.
- Paço, A.M.F., Ferreira, J.M, Raposo, M., Rodrigues, R.G. & Dinis, A. (2011), 'Behaviours and entrepreneurial intention: Empirical findings about secondary students', *Journal of International Entrepreneurship*, vol.9, no.1, pp. 20-38.
- Palaniappan, A.K. & Rafik-Galea, S. (2009), 'Creativity and Entrepreneurial Tendencies among Form two Malaysian Students', *Journal of Applied Sciences*, vol.9, no. 19, pp. 3539-3546.
- Peterman, N.E. & Kennedy, J. (2003), 'Enterprise education: Influencing students' perceptions of entrepreneurship', *Entrepreneurship Theory and Practice*, vol.28, no.2, pp.129-144.
- Rotter, J.B (1966), 'Generalized expectancies for internal versus external control of reinforcement', *Psychological Monographs*, vol.80, no. 1, pp. 609, viewed 13 March 2016, <http://www.soc.iastite.edu/sapp/soc5l2rottcr.pdf>.
- Ummah, M.A.C.S(2009), "Entrepreneurial Motivation and Self-employment Intention: An Empirical Study on Management Undergraduates in Sri Lanka", *Journal of Management*, Vol. V (1), pp.87-9
- Urban, B. (2006), 'Entrepreneurship in the Rainbow Nation: Intentions and Entrepreneurial Self-Efficacy across Cultural Groups', *Journal of Developmental Entrepreneurship*, vol.11, no.1, pp.3-14.
- Wilson, F, Kickul, J. & Marlino, D. (2007), 'Gender, entrepreneurial self-efficacy, and entrepreneurial career intentions: Implications for entrepreneurship education', *Entrepreneurship Theory and Practice*, vol. 30, no. 1, pp. 3 87-406.
- Wu, S. & Wu, L. (2008), The impact of higher education on entrepreneurial intentions of university students in China', *Journal of Small Business and Enterprise Development*, vol.15, no.4, pp.752-774 .
- Yordanova, D. & Tarrazon, M. (2010), 'Gender differences in entrepreneurial intentions: evidence from Bulgaria', *Journal of Developmental Entrepreneurship*, vol. 15, no.3, pp.245-261.
- Zikmund, W.G. (2000), *Business Research Methods*, 6th ed.. South-Western Thomson Learning, Kentucky.