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Affect of perceived barriers to entrepreneurship on the career choice decision of students: A study of Uttarakhand state, India

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In this study we have tried to evaluate the affect of perceived barriers to entrepreneurship on the career choice intentions of students with special reference to taking up entrepreneurship as a career choice. It is a quantitative study wherein we have taken data of 530 young students studying in the final year of various professional courses of Uttarakhand state of India. The results confirmed relationship between the strength of perceived barriers to entrepreneurship and their decision to take up entrepreneurship as a preferred career choice. A relationship was also established between the personality type of student and his strength of perceived barriers.

JEL Classifications: M13

Keywords: Entrepreneurship, career choices, perceived barriers, youth entrepreneurship in Uttarakhand

Introduction

The necessity for entrepreneurship for production was first formally recognized by Alfred Marshall in 1890. Marshall (1920) asserted that there are four factors of production: land, labour, capital and organization. Organisation is the coordinating factor, which brings the other factors together. He believed that entrepreneurship is a driving element behind organization. Entrepreneurs create new commodities or improve “the plan of producing an old commodity” by creatively organizing factors of production.

The knowledge based economy is considered to be a fertile ground for entrepreneurs in India. Entrepreneurs help in the proper and effective utilization of the raw materials, man power, capital, skill and knowledge of the country needless to mention they play a crucial role in job creations. As per the GEM Global Report (2011), the entrepreneurs are now numbering near 400 million in 54 countries, interest in investigating entrepreneurial inclination is on the rise. While youth entrepreneurship is an under-explored field, the main factor for its growing attention is the increased number of unemployed young people furthermore entrepreneurship is seen as a channel for the talents of many highly educated young people to explore their potential and cash their business acumen. Bradberry (2007) posits that identifying one’s career choice depends on one’s personality traits and how one perceives a particular job. He further states that one’s personality can give one a clear understanding whether or not each aspect of the profession chosen suits him or her.

Young minds now have higher self-esteem and are more inclined to work for their own self than to work for others. Both the Central Government and the state governments are taking increased interests in promoting the growth of entrepreneurship. Individuals are

being encouraged to form new businesses and are being provided various types of support by the Government. Entrepreneurship development has always been faced with serious barriers in all countries. It is also noteworthy that, complex and cumbersome regulations are always considered as barriers to entrepreneurship and its development.

The study intends to examine the affect of perceived barriers to entrepreneurship on the choice of student to become an entrepreneur; also to examine the strength of perceived barriers to entrepreneurship on students with different personality types.

Literature review

Different personal characteristics of an entrepreneur have been investigated in past research (Brockhaus, 1982; Baron, 1998; Shaver and Scott, 1991). Holland's (1997) theory proposes that people are attracted to work environments that conform to their personality orientation. Rauch and Frese (2007) have distinguished two sets of personality traits: General personality traits (extraversion, emotional stability, openness to experience, agreeableness, conscientiousness) and specific personality traits (need for achievement, risk-taking, innovativeness, autonomy, locus of control, self-efficacy); both can be related to venture success. Holland (1958) argued that personality traits have an impact on vocational choice and proposed a model containing six personality and work environment types, known as Holland types or RIASEC. Entrepreneurship is based on personality of the entrepreneur (Baum, Frese, Baron, and Katz, 2007).

Newer reviews and evaluations of entrepreneurship personality research (Baum et al., 2007; Chell, 2008) suggest that personality traits of entrepreneurs may be important for entrepreneurship. Several scholars have thoroughly studied the barriers in developed countries (Collins, Hanges and Locke, 2004; Kwong, Jones-Evans and Thompson, 2012). The research on entrepreneurship in developing countries has not very well been investigated (Nabi and Liñán, 2011; Sandhu, Sidique and Riaz, 2011).

There is a lack of research in the field of graduate entrepreneurship in the developing world, and further research in developing countries may help to understand the entrepreneurial venturing issues (Sandhu et al., 2011). According to Bates (1995), financing is a major barrier. Morrison, (2000) has emphasized that cultural factors such as social norms can influence the way entrepreneurs perceive opportunities and this could represent significant barriers. Kunene (2008) has identified elements in the macro environment such a economic factors, political-institutional factors, socio-cultural factors, market environment, internal environment such as company demographics and human capital as the primary barriers or at least perceived barriers for Small Micro and Medium Enterprise entrepreneurs in Mamelodi. Some tenors of Labor law and current state regulations may create a couple of constraints on the development of entrepreneurship (Jodyanne, 2009). Taormina and Lao (2007) found that budding entrepreneurs face psychological issues in entrepreneurial venturing, Sandhu et al. (2011) suggest that variables like fear of failure, lack of social circle, avoidance of risk and lack of resources affect entrepreneurship. Chowdhury (2007) explains that political instability, corruption, lack of infrastructure facilities, proper education and training and lack of financial help are barriers to entrepreneurship in developing nations.

Hypotheses

1. There is no significant difference in the strength of perceived barriers to entrepreneurship between the students who wish to start their own enterprise and those who wish to take up jobs after the completion of their degree.

2. There is no significant difference in the strength of perceived barriers to entrepreneurship between students with different personality types.

Research methodology

We have carried out a quantitative research to conduct this study. The main reason for choice of quantitative research was that we wanted to establish the causal relationships between variables. The quantitative approach has helped us to prevent bias in gathering and presenting research data. It has also helped us to establish very specific research problem and terms. A self-administered questionnaire was developed and used as the main data-gathering instrument for this study. The questionnaire, so developed, contains items of different formats: multiple choice, dichotomous answers and self assessment items measured on the Likert's 5 point scale. The questions related to personality of respondent were derived from the scales developed by Roberts (2010). Six commonly perceived barriers were chosen and an open ended question for respondent's choice was given.

Respondents

Since the study tends to evaluate the strength of perceived barriers of students of professional courses the target respondents were the students studying in B.Tech. (Bachelor of Technology), MBA (Master of Business Administration), PGDM (Post graduate Diploma in Management), BHMCT (Bachelor in Hotel Management and Catering Technology), B.Pharm (Bachelor of Pharmacy) and MCA (Master of Computer Applications). These students were in the final year of their degree courses and since this study pertains to the Uttarakhand region, the respondents were the students of Uttarakhand state of India.

Sampling

The sampling method used in this research is proportionate stratified sampling. In this type of sampling each stratum is properly represented so that the sample size drawn from the stratum is proportionate to the stratum's share of the total population. The whole universe of the target respondents was nearly 20,300. This universe may broadly be divided into two categories. For a size of population which falls in the range of 20 000, the sample size for a 95% confidence level when parameter in population is assumed to be over 85% or under 15%, and with a reliability of $\pm 3\%$ the sample size suggested is 530 (Zikmund, 2003). Therefore the sample size taken for this research is 530. Depending upon their prevalence in the universe, total number of seats in Uttarakhand state of each of the following courses - MBA, MCA, BTech., BPharm and BHMandCT were determined. These seats were then converted into the equivalent ratio of the sample size and finally separate samples were drawn from each course. In order to properly represent the population, similar process was used to draw samples from the Government institutions and private institutions as well.

Data analysis and interpretation

Six commonly perceived barriers were used to identify level of perceived barriers to entrepreneurship and an open ended question for their own choice of barrier was given. The score stood 1 point for strongly agree and 5 points for strongly disagree. Since the entire perceived barriers fell within the framework of the six questions asked, the score varied from 6-30. Accordingly, three intervals were developed between 6 and 30 on the basis of their scores (Figure 1, Table 1 and Table 2).

The perceived barriers of the respondents varied from High (41.89%) to Moderate (49.81%). A very less number of respondents i.e. only 8.3% were seen to have low amount of perceived barriers to entrepreneurship. This clearly indicates that overall students have a considerable amount of perceived barriers to entrepreneurship.

Hypotheses testing

Hypothesis H₀ 1: There is no significant difference in the strength of perceived barriers to entrepreneurship between the students who wish to start their own enterprise and those who do not wish to start their own enterprise after the completion of their degree.

To test the above hypothesis, researcher has applied Chi-square test. The students were categorized based upon their relative importance given to perceived barriers to entrepreneurship in three categories as given in Table 1. Figure 2 displays the perceived barrier category wise intentions of students after completion of their professional degree. Cross tabulation (Table 3) displays the number of cases in each category defined by two grouping variables i.e. 'Perceived Barriers Level' and 'Intention after completion of Degree.' It can easily be interpreted from the above table that out of 390 students who choose to seek a suitable job after completion of their degree are majorly falling in the high (170) and moderate category (183) of perceived barriers. Table 4 contains the output of the Chi-Square test. df equals the number of categories minus one. A low significance value of 0.017 and 0.011 of Pearson Chi-square test and Likelihood ratio respectively (typically below 0.05) indicates dependence of 'intention after course completion as a carrier choice' on level of difficulty to entrepreneurship perceived by the students.

Since the calculated value of Chi-square (~15.505) is greater than the tabulated value (~12.592). It is evident that data set obtained by the researcher indicates that variables 'Perceived Barriers Level' and 'Intention after completion of Degree' are dependent. Hence we reject the hypothesis at 5% level of significance. This justifies that not only correlating the 'Intention after completion of Degree' with 'Perceived Barriers Level' but also reaffirms the strength of the parameters of capability as emerged through the initial exploratory research, meaning thereby that career choices, specifically being an entrepreneur are actually getting affected by the perceived difficulty.

Since the significance value of Spearman's rho is less than 0.05 (Table 5), it is further clarified that the correlation between the variables is significant at 5% level of significance. Thereby proving that intention of students after completion of their degree is actually getting positively affected by the perceived barriers.

Hypothesis H₀ 2: There is no significant difference in the strength of perceived barriers to Entrepreneurship between students with different personality types.

To test the above hypothesis, researcher has applied Chi-square test. The students were categorized into three categories based upon their relative importance given to perceived barriers to Entrepreneurship as given in Table 1. Six personality features viz. Leadership, Risk tolerance, Drive & determination, Passion, Faith & commitment and Energy were considered to determine the personality of respondent. Ten statements, for each of the above personality feature were asked to determine the strength of each personality feature. The questions related to personality of respondent were derived from the scales developed by Roberts (2010). The score stood 1 point for strongly agree and 5 points for strongly disagree. Thus the score varied from 30 to 150. Accordingly, three categories were developed between 30 and 150 on the basis of their scores as given in Table 6. Figure 3 displays the personality type wise perceived barrier category of the respondents. Cross tabulation (Table 7) displays the number of cases in each category defined by two grouping variables i.e. Perceived barriers category and Personality type. Total out of 530 respondents only 44 respondents are found to be placed in the "Low" Perceived barrier category while 222 respondents are placed in the "High" Perceived barrier category and 264 respondents are placed in the "Moderate" Perceived barrier category.

Thus overall we can say that the strength of perceived barriers among the respondents is on a higher end. Table 8 contains the output of the Chi-Square test. A low significance value 0.00 of Pearson Chi-square test and Likelihood ratio respectively (typically below 0.01) indicates dependence between the two variables.

Since the calculated value of Chi-square (~ 41.110) is greater than the tabulated value (~ 13.277). It is evident that data set obtained by the researcher confirms that variables 'Perceived barrier category' and 'Personality type' are dependent. Hence we reject the hypothesis at 1% level of significance. This justifies the fact that Personality type has an influence on the strength of perceived barriers to entrepreneurship.

Since the significance value of Spearman's rho is less than 0.01 (Table 9), it is further clarified that the correlation between the variables is significant at 1% level of significance. The above results prove that there is a strong positive correlation between the intention of students after completion of their professional degree and the personality of the student.

Findings and conclusion

It is observed that nearly 91% of the respondents have fallen in "Moderate" to "High" category and only 8.3% of the respondents fell in the "Low" perceived barriers category. We can fairly conclude that the respondents overall have considerable perceived barriers to entrepreneurship. The Chi-square test and Spearman's rho correlation has further reaffirmed that career choices, specifically being an entrepreneur are actually getting positively affected by the perceived difficulty. The Chi-square test and Spearman's rho correlation done to find out the strength of perceived barriers to entrepreneurship on students with different personality types has clearly proved that Personality type has a strong influence on the strength of perceived barriers to entrepreneurship. Thus students with different personality traits have different strength of perceived barriers to entrepreneurship.

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Appendix

TABLE 1. PERCEIVED BARRIER CATEGORY VIS-À-VIS
THE SCORE OF THE RESPONDENT

Score of the candidate	Category of Perceived barriers to entrepreneurship
22 - 30	Low
15 - 21	Moderate
06 - 14	High

TABLE 2. DESCRIPTION OF RESPONDENTS BASED ON THE
PERCEIVED BARRIERS TO ENTREPRENEURSHIP

Category	Frequency	Percent	Valid Percent	Cumulative Percent
High	222	41.9	41.9	41.9
Moderate	264	49.8	49.8	91.7
Low	44	8.3	8.3	100.0
Total	530	100.0	100.0	

TABLE 3. CROSS TABULATION: 'PERCEIVED BARRIER CATEGORY'
AND 'INTENTION AFTER COMPLETION OF DEGREE'

		Perceived barrier category			Total
		High	Moderate	Low	
Intention after completion of Degree	Start a new business	17	10	2	29
	Seek a suitable job	170	183	37	390
	Go for higher studies	25	51	2	78
	Not yet decided	10	20	3	33
Total		222	264	44	530

TABLE 4. CHI-SQUARE TEST: 'PERCEIVED BARRIER CATEGORY' AND 'INTENTION AFTER COMPLETION OF DEGREE'

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.505 ^a	6	0.017
Likelihood Ratio	16.477	6	0.011
Linear-by-Linear Association	3.311	1	0.069
N of Valid Cases	530		

Note: ^a 2 cells (16.7%) have expected count less than 5. The minimum expected count is 2.41.

TABLE 5. SPEARMAN'S RHO CORRELATION: 'PERCEIVED BARRIER CATEGORY' AND 'INTENTION AFTER COMPLETION OF DEGREE'

		Perceived barrier category	Intention after completion of Degree
Spearman's rho	Perceived barrier category	Correlation Coefficient	1.000
		Sig. (2-tailed)	0.095*
		N	530
Intention after completion of Degree	Intention after completion of Degree	Correlation Coefficient	0.095*
		Sig. (2-tailed)	0.029
		N	530

Note: * Correlation is significant at the 0.05 level (2-tailed).

TABLE 6. PERSONALITY TYPE OF THE STUDENT VIS-À-VIS THE SCORE OF THE STUDENT

Score of the candidate	Personality type
30 – 60	Strong
61 – 119	Moderate
120 – 150	Weak

TABLE 7. CROSS TABULATION: 'PERSONALITY TYPE OF THE STUDENT' AND 'PERCEIVED BARRIER CATEGORY'

		Personality Type			Total
		Strong	Moderate	Weak	
Perceived barrier category	High	103	107	12	222
	Moderate	57	199	8	264
	Low	12	28	4	44
Total		172	334	24	530

TABLE 8. CHI-SQUARE TEST: 'PERSONALITY TYPE OF THE STUDENT' AND 'PERCEIVED BARRIER CATEGORY'

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	41.110 ^a	4	0.000
Likelihood Ratio	40.847	4	0.000
Linear-by-Linear Association	18.385	1	0.000
N of Valid Cases	530		

Note: ^a 1 cells (11.1%) have expected count less than 5. The minimum expected count is 1.99.

TABLE 9. SPEARMAN'S RHO CORRELATION: 'PERSONALITY TYPE OF THE STUDENT' AND 'PERCEIVED BARRIER CATEGORY'

		Perceived barrier category		Personality type
Spearman's rho	Perceived barrier category	Correlation Coefficient	1.000	0.209**
		Sig. (2-tailed)		0.000
		N	530	530
	Personality type	Correlation Coefficient	0.209**	1.000
		Sig. (2-tailed)	0.000	
		N	530	530

Note: ** Correlation is significant at the 0.01 level (2-tailed).

FIGURE 1. DESCRIPTION OF RESPONDENTS BASED ON THE PERCEIVED BARRIERS TO ENTREPRENEURSHIP

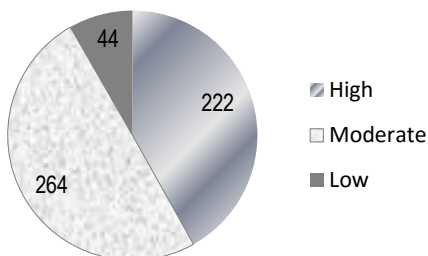


FIGURE 2. CROSS TABULATION: 'PERCEIVED BARRIER CATEGORY' AND 'INTENTION AFTER COMPLETION OF DEGREE'

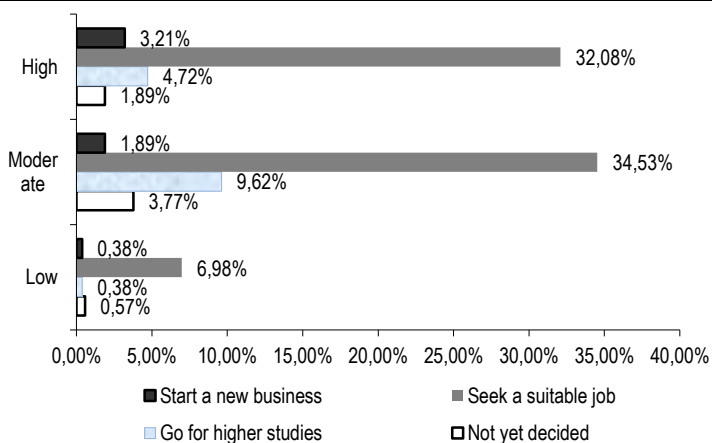


FIGURE 3. CROSS TABULATION: 'PERSONALITY TYPE OF THE CANDIDATE' AND 'PERCEIVED BARRIER CATEGORY'

