

# **STUDY OF PERSONALITY TRAITS INFLUENCING ENTREPRENEURIAL INTENTION AMONG BUSINESS STUDENTS: A TWO COUNTRIES COMPARISON**

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## **ABSTRACT**

*The objective of this study is to measure the impact of personality traits on entrepreneurial intention of business students in two universities with entirely different context, that is, Gatton College of Business and Economics, University of Kentucky, USA and Kohat University of Science and Technology, Kohat, Pakistan. Survey method was applied for data collection in this comparative study by using multiple regression analysis. The questionnaire consists of personality traits i.e. innovativeness, achievement motivation, risk taking, locus of control, tolerance for ambiguity and entrepreneurial intention measurement. Findings show that in the case of Gatton College of Business and Economics, risk taking attitude has been the most significant predictor for entrepreneurial intention whereas achievement motivation is found to be significant for the business students of Kohat University of Science and Technology. This research contributes to the body of entrepreneurial intention in the field of entrepreneurship by considering the cognitive approaches.*

**Keyword:** *Innovativeness, Achievement Motivation, Risk Taking, Locus of Control, Tolerance for Ambiguity, Entrepreneurial Intention.*

## **INTRODUCTION**

The significance of entrepreneurship in the today's world cannot be undermined particularly in current scenario where unemployment rate is mounting due to global financial crisis. Nowadays graduates have more probability than before to create their own business as a viable choice as compare to become job seeker. Attention in entrepreneurship is extremely generated internationally due to many reasons for instance economic growth, job formation, technological advancement and social adjustments (Koh, 1996; Urbano an Aparicio, 2015). Therefore, new business creation is extensively motivated and stimulated by government policies to expedite development and prosperity for the nation. Researchers in the USA like Lüthje and Franke (2003) and in Europe such as Kolvereid (1996) have reported the people's inclination to establish their own business or self-employment.

Similarly, in Pakistan and particularly in KP province, terrorism, law and order situation has devastated economic activities at a gross root level leading to enhanced unemployment

rate which further increase serious consequences for example raised crimes ratio and various social issues. Among various options, best solution recommended by the economists is self-employment or entrepreneurship which can be a major solution to such issues. Hence, the focus of this study is to measure the influence of personality traits on entrepreneurial intention among the business students of Gatton Business School and Institute of Management Sciences, Kohat keeping in view that the both business institutions work in entirely different contexts. Further, study gives conclusions relating to the most influencing personality trait which measure entrepreneurial intention.

## LITERATURE REVIEW

The history of entrepreneurship is still being written today and researchers continue to study the entrepreneurship and factors influencing entrepreneurial activities and intention among students. Cunningham and Lischeron (1991) have categorized entrepreneurship into six unique schools of thought as shown in the following table 1:

Table1: Approaches to Entrepreneurship

	Great person school	Psychological Characteristics	Classical school	Management school	leadership school	Intrap School
<b>Behavior &amp; Skills</b>	Intuition, vigor, energy, persistence and self-esteem	Personal values, risk taking, need for achievement, locus of control, tolerance for ambiguity	Innovation, creativity ,discovery, ability to see opportunity	Expertise, technical Knowledge, technical planning, people organizing, capitalization budgeting	Motivating, directing, leading, personal style, attitudes	Alertness to opportunities Maximizing Decisions

Cunnihgham &Lischeron (1991)

This research concentrates on “psychological characteristics”, which considers that entrepreneurs possess unique personal characteristics. These entrepreneurial characteristics are narrated in literature by various scholars (Schumpeter, 1934; Mitton, 1989; Robinson, Huefner, and Hunt, 1991; Koh, 1996; Dinis, Ferreira, & Gouveia, 2013). Therefore, research related to personality traits has an important role in examining the entrepreneurial behavior and reemerged as a burning issue.

## Entrepreneurial Intention

Entrepreneurship intention can be characterized as the dedication to begin new business (Krueger, 1993, Mobaraki & Zare, 2012) and in the majority career decision models it is viewed as the predecessor of entrepreneurial conduct. Scholars like Krueger (1993) and Kolvereid (1996) have utilized Ajzen theory of planned behavior to clarify the enterprise formation choice and have established empirical support of this theory in area of

entrepreneurship. The next section discusses various personality traits that not only facilitate decision of entrepreneurs to exploit opportunities but also have strong relationship with entrepreneurial intention.

### **Innovativeness**

Innovation can be defined as route of creating, altering, testing, transforming and evolving. In other word it means continuous search for new markets, products or ideas. According to Schumpeter (1934), innovativeness is an important component of entrepreneurial characteristics. Literature reported that entrepreneurs are more innovative than others (Robinson et al., 1991; Koh, 1996; Mueller, 2000). Hence, this lead to hypothesis 1:

*H<sub>1</sub>: Innovativeness has an influence on entrepreneurial intention of the university student.*

### **Risk Taking**

Risk taking is related to take risk or to avoid when confronted by risky situations. Risk taking is considered to be a major entrepreneurial characteristic and has been widely discussed in the literature that distinguish an entrepreneur from a non-entrepreneur (Teoh and Foo, 1997; Yurtkoru, Acar, & Teraman, 2014). Therefore, this is related with an enthusiasm for courageous actions like ingoing into unspecified novel markets, investing huge money having more chances of failure or uncertain outcomes. Since, risk taking attitude has positive influence on entrepreneurial intention, hence this create the hypothesis 2:

*H<sub>2</sub>: Risk taking has an influence on entrepreneurial intention of the university student.*

### **Achievement Motivation**

The theory of need for achievement theory was developed by McClelland in 1953. For every human action this achievement motivation is an essential psychological driving force that influences entrepreneurial behavior (Mendol & Marcus, 2015). People who possess achievement motivation have the ability to resolve issues, containing ambitions in life and want to achieve it by improving their performance (Riipinen, 1994; Koh, 1996; Mueller, 2000; Memdol & Marcus, 2015). Hence, this can be described that these people possessed higher achievement motivation as compared to others and have strong relation with entrepreneurial intention. Therefore,

*H<sub>3</sub>: Achievement motivation has an influence on entrepreneurial intention of the university student*

### **Locus of Control**

Personal spirit about good and bad in life is described as locus of control. Locus of control could be both inward and outward. People having inwards locus of control feel that they

have capacity to control various event, while individual having outward locus of control believe that many events in life are influenced by outward components such as luck or fate (Riipinen, 1994; Koh, 1996; McGee & McGee. 2016). Mitton (1989) suggest that this trait is related with the individual's perception having the capacities to control on the life occasions. Scholars Mueller and Thomas (2000) reported that entrepreneur have more locus of internal control as compare to others and found positive association with the aspiration to become an entrepreneur. Thus,

*H<sub>4</sub>: Internal locus of control has an influence on entrepreneurial intention of the university student*

### **Tolerance for Ambiguity**

When insufficient or too complex or contradictory information is available about an activity is referred to as ambiguous one. It referred to the tendency to perceive ambiguity situation as desirable whereas others perceive ambiguous situation as threat. Researchers reported that entrepreneurs have more ability to tolerate ambiguous situation and responds positively to ambiguous situations and willingly seeks out and manages uncertainty while others who feel uncomfortable in uncertain situation and hence avoid ambiguous stimuli (Koh, 1996; Teoh and Foo; 1997, Ferreira, Raposo & Paço, 2012). So, the entrepreneurial inclined individual are consider showing more tolerance for ambiguity as compare to others. Therefore,

*Hypothesis H<sub>5</sub>: Tolerance for ambiguity has an influence on entrepreneurial intention of the university student.*

### **Theoretical Framework**

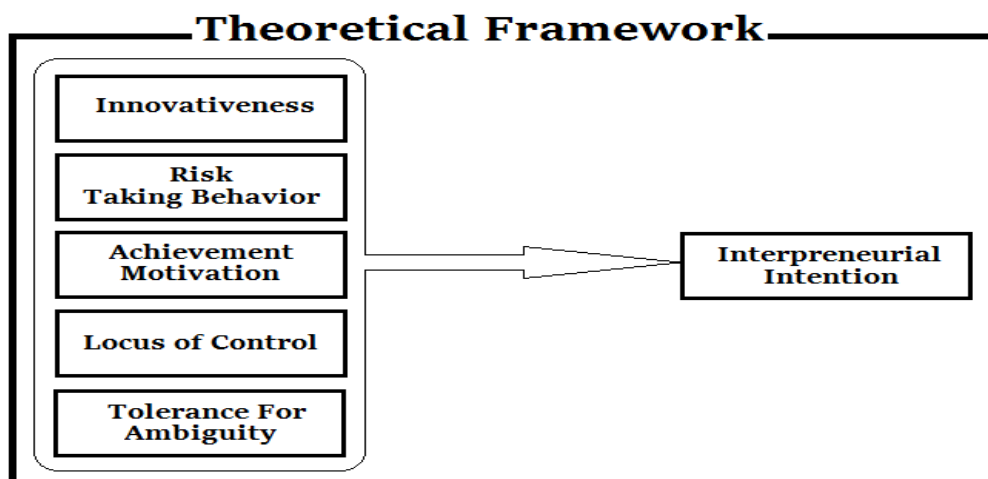


Figure 2.1 Personality traits that influence Entrepreneurial Intention

## RESEARCH METHODOLOGY

For data collection survey approach had mostly applied in social sciences (Babbie, 1993, p.256), to collect data through questionnaire from respondents. Hence, survey instrument is on paper and preserves anonymity

### Questionnaire Development

To build up content validity, researcher discussed questionnaire with specialists in their fields, supervisor and faculty members as well. Finally, it consist of thirty seven questions and used as means of data gathering.

To measure entrepreneurial intention and personality traits, questionnaire was adopted from Linan & Chen (2009) and Mohar, Manjit & Kamal (2007) respectively. These entire questions are measured on 5-point likert scale. Questions about demographics are also asked.

### Population

In Table 3.1, population consists of senior level MBA and BBA students of above stated universities. Since, total population is taken therefore, neither taken sample nor used sampling techniques.

Table 3.1 Population of the Study

SN	Universities	BBA	MBA	TOTAL
1	Gatton College of Business & Econ-Kentucky, USA	70	72	142
2	Kohat university of Science & Tech (KP)-Pakistan	120	46	166

Note: Incomplete questionnaires were ignored.

### Statistical Methods

Multiple regression analysis is used to measured personality traits influence on entrepreneurial intention. For reliability "Cronbach's Alpha" is calculated by Using SPSS.

## DATA ANALYSIS

### Introduction

Data is analyzed to create respondents' profile through frequency distribution as given in Table 4.1 (A) & 4.1 (B).

Table 4.1 (A) Gatton College of Business &amp; Economics Kentucky, USA

Gatton College of Busi & Eco-Kentucky, USA		Frequency	Percentage	Cumulative %
Program	BBA	70	52.6	52.6
	MBA	63	47.4	100.0
Home Town(Domicile)	Kentucky(local)	109	82.0	82.0
	Others(Non Local)	24	18.0	100.0
Gender	Male	90	67.7	67.7
	Female	43	32.3	100.0
Age	Bellow/equal to 25	115	86.5	86.5
	Between 26-35	16	12.0	98.5
	Above 35	2	1.5	100.0
Birth Order	First Born	50	37.6	37.6
	Others	83	62.4	100.0
Family Own Business	Yes	72	54.1	54.1
	No	61	45.9	100.0
Workshop/Seminar Attend	Yes	14	10.5	10.5
	No	119	89.5	100.0

Table 4.1 (B) Kohat University of Science &amp; Technology, KP, Pakistan

KUST, KP-Pakistan		Frequency	Percentage	Cumulative %
Program	BBA	110	72.4	72.4
	MBA	42	27.6	100.0
Home Town(Domicile)	Kentucky(local)	150	98.7	98.7
	Others(Non Local)	2	1.3	100.0
Gender	Male	135	88.8	88.8
	Female	17	11.2	100.0
Age	Bellow/equal to 25	112	73.7	73.7
	Between 26-35	40	26.3	100.0
	Above 35	--	--	--
Birth Order	First Born	66	43.4	43.4
	Others	86	56.6	100.0
Family Own Business	Yes	50	32.9	32.9
	No	102	67.1	100.0
Workshop/Seminar Attend	Yes	45	29.6	29.6
	No	107	70.4	100.0

### Reliability

A Cronbach's Alpha is used to test the reliability. As Cronbach's Alpha is above 0.60, hence, internal reliability has ranged from poor to good (Sekaran, 1999, p.311). The results are represented in Table 4.2(A) & 4.2(B)

Table 4.2 (A): Reliability Gatton College of Business &amp; Economics, Kentucky, USA

Gatton College of Business & Economics Kentucky, USA	Variables	Cronbach Alpha
	Entrepreneurial Intention	0.902
	Innovation	0.791
	Risk Taking	0.604
	Achievement Motivation	0.778
	Internal locus of Control	0.682
	Tolerance for Ambiguity	0.709

Table 4.2(B): Reliability Kohat University of Science &amp; Technology, KP, Pakistan

Kohat university of Science & Technology, KP, Pakistan	Variables	Cronbach Alpha
	Entrepreneurial Intention	0.836
	Innovation	0.767
	Risk Taking	0.794
	Achievement Motivation	0.849
	Internal locus of Control	0.838
	Tolerance for Ambiguity	0.726

### Hypotheses Testing

Hypotheses produced and tested by utilization of Multiple Regression. Outcomes are important if P-value is equal to or less than 0.05 levels of significance. To test H1, H2, H3, H4, H5 multiple regression analysis is calculated and displayed in Table 4.3 (A) & Table 4.3 (B). R (0.452) value in model summary Table 4.3 (A) is the correlation while R Square (0.205) shows that 20.5% of the variance in the entrepreneurial intention is due to impact of these five independent variables. Table ANOVA, shows that F value of 6.538 is significant at .0001 levels ( $p < 0.05$ ). Hence, hypothesis is accepted meaning that all above stated factors collectively predicts entrepreneurial intention.

Table Coefficients explains that which variable has most significant impact on entrepreneurial intention. Highest value of beta is 0.408 for the “risk taking attitude” and significant at 0.000 levels while beta is 0.086 for “tolerance of ambiguity” and 0.052 “for achievement motivation” but not significant at 0.005 respectively, while beta is negative for innovativeness and locus of control. OBrien & Robert (2007) reported that “tolerance value less than 0.20 or 0.10 indicates a multicollinearity problem”. As tolerance score are in range of 0.644 to 0.791 which show that “tolerance level is moderate and good.

Value  $VIF(\hat{\alpha}_i)$  measures the magnitude of multicollinearity problem and if  $VIF(\hat{\alpha}_i) > 5$  then multi collinearity is high (Kutner, Nachtsheim, Neter, 2004). As VIF score are in the limit of 1.264 to 1.552 which indicates nothing multi collinearity issues among factors.

Table 4.3 (A) Model Summary-Gatton College of Business & Economics-Kentucky, USA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig	
1	.452 <sup>a</sup>	.205	.173	.78400	6.538	.000 <sup>a</sup>

a. Predictors: (Constant), Innovativeness, Risk Taking, Achievement Motivation, Locus of Control, Tolerance for Ambiguity

b. Dependent Variable: Entrepreneurial Intention.

Table 4.3 (A) Coefficient of Regression

Model	Un standardized Coefficients		standardized Coefficients	T	Sig.	Collinearity statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.704	.856		.823	.412		
Innovativeness	-.062	.164	-.037	-.378	.706	.649	1.542
Risk Taking	.694	.161	.408	4.302	.000	.695	1.438
Achievement Motivation	.097	.168	.052	.576	.0565	.773	1.294
Locus of Control	-.104	.140	-.066	-.741	.460	.791	1.264
Tolerance for Ambiguity	.142	.164	.086	.869	.386	.644	1.552

a. Dependent Variable: Entrepreneurial Intention

Similarly in Table 4.3 (B), R Square (0.724) means that 72.4% of the variance in the entrepreneurial intention has been explained by these factors. ANOVA Table 4.3 (B) displays that F value of 76.648 is significant at the .0001 levels. Table Coefficients 4.3 (B) shows beta is 0.682 for the “achievement motivation” and 0.266 for “risk taking attitude” at 0.000 levels of significance and 0.116 for innovations, at 0.043 levels of significance correspondingly. The plus beta score specifies that if entrepreneurial intention is to be enhance then it is compulsory to increase the “achievement motivation, risk taking and innovative behavior level” of business students. But “locus of control and tolerance for ambiguity” has negative beta value of 0.110 and 0.024 respectively. Hence, three independent variables as mention above have positive and considerable impact on entrepreneurial intention. Therefore, over all hypotheses are partially accepted. Similarly the above table titled Coefficients also demonstrates that tolerance values of all (I.Vs) are in range of 0.280 to 0.589 which show that the tolerance level is moderate and good. In the



same way VIF numbers are in limit of 1.00 to 5.0 indicates nothing issue of multi collinearity problem.

Table4.4 (B) Model Summary-Kohat University of Science & Technology, KP-Pakistan

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig	
1	.851 <sup>a</sup>	.724	.715	.36061	76.648	.000 <sup>a</sup>

a. Predictors: (Constant), Innovativeness, Risk Taking, Achievement Motivation, Locus of Control, Tolerance for Ambiguity

b. Dependent Variable: Entrepreneurial Intention

Table 4.3 (B) Coefficient of Regression

Model	Un standardized Coefficients		standardized Coefficients	T	Sig.	Collinearity statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-.285	.294		-.969	.334		
Innovativeness	.149	.073	.116	2.043	.043	.589	1.699
Risk Taking	.295	.075	.266	3.915	.000	.409	2.443
Achievement Motivation	.716	.083	.682	8.605	.000	.301	3.323
Locus of Control	-.084	.063	-.110	-1.343	.181	.280	3.573
Tolerance for Ambiguity	-.032	.080	-.024	-.408	.684	.541	1.847

a. Dependent Variable: Entrepreneurial Intention

## DISCUSSION AND CONCLUSION

This study adopts “psychological characteristics school of thought” that describe entrepreneurs as individuals have unique values, attitudes and needs which drive them. These personality traits are frequently described in the literature and indicated strong association with entrepreneurial intent as discussed in literature. For this purpose existing literature was investigated with intention to learn about the current scholarly position on the topic selected. The literature provided the variables and relationship in the form of theoretical frame work. The literature review is also used as guide line to collect primary data for conducting survey through questionnaire from business students of Gatton Business School, USA and business students of KUST, KP-Pakistan. To check hypotheses multiple regression analysis was used and found that independent variables collectively predict entrepreneurial intention and supported the previous researches.

In case of students of Gatton Business School, USA beta is 0.408 for risk taking attitude which is significant at 0.000 levels and is the most influencing variable in entrepreneurial intention measurement. While in case of business students of KUST, KP-Pakistan, beta is 0.682 for the achievement motivation, at 0.000 levels. Next Beta is 0.266 for risk taking attitude at 0.000 levels of significance and 0.116 for innovations, at 0.043 levels of significance respectively. This indicates that achievement motivation, risk taking and innovation have most influence on entrepreneurial intention. Hence, if entrepreneurial intention is to raise then it is compulsory to enhance the individual's achievement motivation, risk taking and innovative behavior level of business students.

### **Recommendations**

Due to outcomes of study, investigators have described the following recommendations to thrive entrepreneurial intention among students: There is need to create more awareness among business students about the importance of entrepreneurial activities for country, society as well as for individual. For this purpose more training workshops and seminar should be conducted at various levels through public and private collaboration. It is also recommended that teaching and exercises with respect to enhancing skills particularly personal traits that promote entrepreneurial intention among business students who are the prospective entrepreneurs ought to be initiated. As the entrepreneurship education is very important, so more universities and colleges should offer courses about entrepreneurship which is need of time. Similarly, different Business plan competition should be organized regularly in the university level as well as among different universities. As the proportion of potential female students is low in KUST Pak (see table 4.3 B) as compare to Gatton School, US A (See table 4.3A), therefore, female should be appreciated and be considered trustworthy in male dominated society.

Hence, female of KP ought to think about their rights and privileges. This can be done through media by publishing the success stories and presenting them as positive role models. Networking is another important tool to promote entrepreneurial culture in society. Since, access to resources especially to financial resources is key element to promote entrepreneurial culture. Hence, there should be flexible banking policies to provide loan at low interest rate through one window operation. Finally, eminent researchers suggest that environment has significant role to boom entrepreneurial society. But in KP province of Pakistan "necessity-based entrepreneurship" is more prominent in relation to "opportunity-based entrepreneurship" due to reason that generally people established business to meet their personal needs of bread and butter. This may affect negatively the present and potential entrepreneurs to become job seeker rather than to become job creators. Hence, maximum incentives towards entrepreneurship development and business friendly

environment can be helpful to flourish this dream of people by giving chances to those having entrepreneurial mind set and can play their role by taking front line position.

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