

# Nativity and Its Bearing on the Students' Intentions for Entrepreneurship: An Empirical Study

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*The present paper attempts to identify the difference in the entrepreneurial intentions of the students who have come from rural and urban backgrounds. The study is conducted on the students pursuing management program in a business school in Ahmedabad. Ajzen's (1991) Theory of Planned Behavior (TPB) model is applied to understand the predictors of entrepreneurial intentions and the effect of nativity on it. TPB takes into account the psychological variables for explaining the intentions, which offer theoretical framework for predicting the entrepreneurial intentions (Krueger et al., 2000). The results show that independent variables like personal attitude, subjective norm, perceived behavior control and nativity account for 82% of variance in the dependent variable, entrepreneurial intentions. The multiple regression analysis indicates that all the three variables—personal attitude, subjective norm and perceived behavior control—have significant influence on entrepreneurial intentions. However, nativity has no influence on entrepreneurial intentions.*

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## Introduction

Any developing country is basically categorized into two areas: urban and rural. The very definition of the urban areas is where large populations settle and live in an environment which provides all the facilities required for human activity. The rural areas constitute villages and small hamlets and are the ones away from the cities or towns. The people living in rural areas are mostly engaged in agriculture, whereas the people in urban areas are engaged in trade, commerce, services, etc. Urban areas developed during the process of industrialization, whereas development in rural areas is mainly based on the available natural vegetation.

One of the aspects of society's development is education. It is an effective instrument that can enhance the student's self-esteem, forethought, self-belief and self-efficacy. The students

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living in rural areas are less likely to proceed for higher education and earn a degree than the students living in urban areas. The reasons are far many such as family factor, low socioeconomic factor, lack of facilities and resources, less qualified teachers, etc.

The rural students are deprived of a lot of advantages; they are less exposed to outside world as compared to students living in the urban areas. The living environment and peer learning is one of the most important factors for success. Though it cannot be generalized, India has witnessed several stalwarts who were born and brought up in rural areas and had achieved the highest positions and created history both in politics and business.

Entrepreneurship is the willingness and capacity to plan, develop and manage a business venture to make profits, assimilating the risks and problems associated with it. The key elements for any business are innovation, risk and proactiveness. The people who possess these characteristics can become entrepreneurs.

Entrepreneurship is defined as an activity having a passive or active component with inclination to induce changes, but has the ability to invite and support innovation, take onus for their own actions, either positive or negative, to achieve what has been started and also set the objectives to achieve and have motivation to succeed (Shapiro and Sokol, 1982). It is not only possessing the skills to run a business enterprise but beyond competencies like planning, organizing, analyzing, communicating, evaluating and implementing.

Entrepreneurship is a reflection of the individuals' motivation, capacity to identify and convert the opportunities into a business proposition and pursue and implement them to produce new value or economic success (Shapiro and Sokol, 1982; and Ajzen, 1991).

Entrepreneurship has become an important tool for the economic growth and development of a country. The small and new business firms help solve the unemployment problem and generate economic development (Davidson, 1995a). But the question that arises is: "Why do people establish new firms and what are the factors that influence and determine the people's intention to start a business?" The people who have got the skills and characteristics required to become entrepreneurs play the role of economic development agents. They are responsible for the promotion of business and enterprises. They bring in dynamism in economic activity, manage technical and organizational changes, and promote innovation and culture.

The basic concept and characteristics that are required by entrepreneurs are:

**Interest and Vision:** Interest is the first and foremost factor for entrepreneurial success. An entrepreneur should work in the area in which he has full knowledge and interest, as entrepreneurship pays off based on the efforts and performance and not on the time spent on it. The interest should be able to translate into a vision for the company.

**Skill:** Interest and vision are not sufficient. An entrepreneur will have to wear many hats and have to perform several tasks effectively. For example, if an individual would like to start a business of creating mobile games, he/she should have complete specialized knowledge of mobile technology, gaming theory, gaming design, gaming industry, mobile apps, programming and marketing.

**Investment:** It is also a very important factor. An entrepreneur who himself cannot invest in the company, cannot expect others to invest. Any entrepreneur must invest in his company, besides spending time, skills and intellectual property.

**Organization and Delegation:** Entrepreneurship is characterized by stable and consistent growth, which includes hiring people with the right skills for the specialized jobs. Hence, it requires extensive organization skills and ability to delegate tasks.

**Risk and Rewards:** Risk and rewards are directly related to each other. An entrepreneur invests in an activity, undertakes innovations and does business on his own; in the event of success, he suddenly becomes wealthy, while in the case of failure, he loses everything.

Against this backdrop, the present study attempts to identify the difference in the entrepreneurial intentions of the students who come from urban and rural areas.

## Data and Methodology

### Data Collection

Data was collected from 125 students pursuing postgraduate program in management at ICAFI Business School, Ahmedabad, India, through interview. The sampling technique used was random sampling. A structured questionnaire was designed as the main tool for data collection in the study (see Appendix). The first part of the questionnaire was designed to get information on demographic characteristics such as gender, age, whether they have come from rural or urban background, etc. The second part of the questionnaire consists of the variables used in the model covering various dimensions like personal attitude, subjective norm, perceived behavior control and entrepreneurial intentions. These statements are measured on a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree or possibility to the degree of extent with 1 = No extent to 5 = Very great extent.

### Variables Used in the Study

Ajzen's (1991) Theory of Planned Behavior (TPB) model is applied to understand the predictors of entrepreneurial intentions and the effect of nativity on it. TPB takes into account the psychological variables for explaining the intentions, which offer theoretical framework for predicting the entrepreneurial intentions (Krueger *et al.*, 2000).

**Personal Attitude:** It reflects the individual's behavior towards setting up a business venture which may be favorable or unfavorable. TPB assumes that the higher the behavior, the more are the entrepreneurial intentions.

**Subjective Norm:** It is perceived as the expectations from the family, friends and relatives to the extent whether the individual can perform the behavior of intention to do the business. TPB model assumes that the higher the expectations from the families and friends, the higher is the pull towards setting up a business venture.

**Perceived Behavior Control:** It is the key determinant for predicting the entrepreneurial intentions. It refers to the extent to which an individual is able to perform the specific behavior. TPB assumes that individuals who have positive attitude linked with higher perceived behavior control and encouraging norms tend to perform the behavior.

## Reliability of the Data

Reliability and consistency of the questionnaire was tested using Cronbach's alpha statistics. The Cronbach alpha coefficient for the complete set was 0.835, indicating that the data was consistent. SPSS was used for data analysis.

## Results and Discussion

The analysis was carried out in different steps. The first step was frequency analysis of the demographic profile of the students interviewed. The descriptive analysis and the correlation of independent variables was the second stage of data analysis. Analysis of Variance (ANOVA) was carried out to investigate the degree or extent of relationship among the variables in the study and to indicate the direction of the association between the variables. Further, multiple linear regression analysis was carried out to study the relationship between dependent and independent variables.

The demographic characteristics of the respondents are given in Table 1. The population consisted of 66% boys and 34% girls with 25% in the age group of 20-21 years and 54% in the age group of 22-23 years, while others are above 24 years of age. 42% students came from districts and rural background, while 58% students came from bigger cities. 78% of the students are from commerce background while 16% are engineering graduates. 80% of the students did not have experience, while 57% came from business families.

### Regression Analysis

Multiple linear regression analysis was conducted to find out the relationship between the independent variables personal attitude, subjective norm, perceived behavior control and nativity against the dependent variable, entrepreneurial intentions, among the students pursuing management program.

$R^2$  explains to what extent the changes in the entrepreneurial intentions can be explained by the changes in personal attitude, subjective norm and perceived behavior control. The independent variables explained 81.5% of the factors affecting the intentions among the

Table 1: Demographic Profile of Respondents		
Dimension	Frequency	Percentage
<b>Gender</b>		
Boys	83	66.4
Girls	42	33.6
<b>Age (in years)</b>		
20-21	31	24.8
22-23	67	53.6
24-25	22	17.6
26 and above	5	0.04
<b>Nativity</b>		
Rural	52	41.6
Urban	73	58.4

students (Table 2). 18.5% of the variation in the entrepreneurial intentions is contributed by factors not covered in this study.

<b>R</b>	<b>R<sup>2</sup></b>	<b>Adjusted R<sup>2</sup></b>	<b>Std. Error of the Estimate</b>
0.903 <sup>a</sup>	0.815	0.809	1.841
<b>Note:</b> <sup>a</sup> Dependent Variable: Entrepreneurial Intentions			

The ANOVA results presented in Table 3 indicate that there is significant difference between the variables at  $p = 0.000$ , which is lesser than 0.05, implying that the model is statistically significant to predict the influence on the intentions. The  $F$ -value at 5% is higher than the tabulated  $F$ -value, which again shows overall the model is significant.

<b>Model</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	1788.090	4	447.022	131.936	0.000 <sup>b</sup>
Residual	406.582	120	3.388		
<b>Total</b>	<b>2194.672</b>	<b>124</b>			
<b>Note:</b> <sup>b</sup> Predictors: (Constant), Personal Attitude, Subjective Norm, Nativity and Perceived Behavioral Control.					

The regression results are presented in Table 4. Thus, the equation can be written as:

<b>Model</b>	<b>Unstandardized Coefficients</b>	<b>t-Value</b>	<b>Sig.</b>
(Constant)	1.283	1.457	0.148
Nativity ( $X_1$ )	0.320	0.946	0.346
Personal Attitude ( $X_2$ )	0.355	5.573	0.000
Subjective Norm ( $X_3$ )	0.271	4.234	0.000
Perceived Behavior Control ( $X_4$ )	0.369	5.903	0.000

$$Y = 1.283 + 0.320*X_1 + 0.355*X_2 + 0.271*X_3 + 0.369*X_4$$

where  $Y$  is entrepreneurial intentions and  $X_1$ ,  $X_2$ ,  $X_3$  and  $X_4$  are nativity, personal attitude, subjective norm, and perceived behavior control respectively.

Evidence exists to support that entrepreneurial intentions are positively associated with attitude towards entrepreneurship, subjective norm and perceived behavior control, but not nativity. The attitude towards entrepreneurship and perceived behavior control have greater influence on the intentions as compared to the subjective norm which is in agreement with the findings of the study by Krueger and Dickson (1993). However, nativity does not have any influence on the entrepreneurial intentions.

The descriptive statistics given in Table 5 indicate that there is no significant difference between students who have come from urban or rural background in their entrepreneurial intentions. However, students who come from urban areas showed slightly higher intentions for the business.

Table 5: Comparison of Means				
Variable	Urban	Rural	t-Value	Sig.
Personal Attitude	14.67	14.39	0.3794	0.705
Subject Norm	10.88	10.52	0.7756	0.439
Perceived Behavior Control	14.53	14.38	0.212	0.832
Entrepreneurial Intentions	14.56	14.25	0.405	0.685

## Conclusion

The study was conducted on the students pursuing management program in a business school in Ahmedabad, to identify the difference in the entrepreneurial intentions of students who come from rural and urban background. Ajzen's TPB model was applied for explaining the difference in entrepreneurial intentions with change in nativity (rural or urban). The independent variables—personal attitude, subjective norm, perceived behavior control and nativity—were considered. The results indicate that all the independent variables, except nativity, have significant contribution in accounting for the variance in the entrepreneurial intentions. Personal attitude and perceived behavior control are the stronger predictors of entrepreneurial intentions than subjective norm.

**Limitations and Scope for Future Studies:** The results cannot be generalized as the sample considered is small. Hence, in the future, studies should be conducted involving several other colleges. ©

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## Appendix

### Questionnaire

The questionnaire intends to identify the entrepreneurial intentions for starting a business venture.

<b>Age</b>		<b>Gender</b>	Male/Female
<b>Background</b>	Rural/Urban	<b>Education</b>	Degree/Masters
<b>Degree</b>	Arts	<b>Specialization in MBA</b>	HR
	Commerce		Operations
	Engineering		Finance
	Medical		Marketing
	Others		
<b>Experience</b>	Yes/No	<b>Do you come from a business family?</b>	Yes/No

(Please rate your opinion closest to the degree of agreement in the scale of 1 = Low to 5 = High; 1 = No Extent to 5 = Very Great Extent).

Characteristics	1	2	3	4	5
<b>Personal Attitude</b>					
Being an entrepreneur would give me great satisfaction. (Satisfaction)					
Being an entrepreneur implies more advantages than disadvantages to me. (Advantages)					
A career as an entrepreneur is totally attractive to me. (Attraction)					
If I had the opportunity and resources, I would like to start a venture. (Opportunity)					
I am excited about starting my own business. (Excitement)					
<b>Perceived Behavior Control</b>					
I would have complete control over the situation if I start and run a business. (Control)					
I know all about the practical details needed to start a business. (Knowledge)					



## Appendix (Cont.)

Characteristics	1	2	3	4	5
You trust in your ability to succeed to start a business. (Trust)					
I am enthusiastic to start my own business. (Enthusiasm)					
<b>Subjective Norm</b>					
My friends would approve of the decision to start a business. (Friend's Desire for Self-Employment)					
My immediate family would approve of the decision to start a business. (Family Desire for Self-Employment)					
Confidence of the family can help in starting a business. (Family Confidence)					
The support of friends can trigger a business. (Friends Support)					
<b>Entrepreneurial Intention</b>					
I am ready to do anything to be an entrepreneur. (Readiness)					
I will be able to achieve all of my entrepreneurial goals that I have set for myself. (Professional Goal)					
I will make every effort to start and run my own business. (Effort)					
I am determined to set up a firm in the future. (Determination)					

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