Determinants of Entrepreneurial Intention: Selected Kenyan Universities Service Sector Perspective.

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ABSTRACT: Entrepreneurial intention has captured the attention of both academicians and policy makers during the last century. Unemployment poses a major challenge to developing nations Kenya inclusive where governments’ lacked sufficient resources to passing out of young graduates with immediate employment. However, many studies on entrepreneurial intention among graduates have focused mainly on developed countries and less on developing nations like Kenya perspective. Therefore, the purpose of the study was to bridge the gap by investigating the determinants of entrepreneurial intention among business undergraduate students. The specific objectives were to establish the effect of education, social network, innovativeness and self-efficacy on entrepreneurial intention. The study was guided by Ajzen’s Theory of Planned Behavior that views behavioral intent as an immediate determinant of planned behavior. Explanatory research design was adopted and the study targeted 1,649 undergraduate business students drawn from Moi, Mount Kenya and Catholic universities in Uasin Gishu County. Stratified sampling was used to select a sample size of 321. The results indicated that innovativeness among students was highly and positively correlated to entrepreneurial intention at \( r = 0.650 \). Self efficacy was the second characteristic among students to positively associated with entrepreneurial intention \( r = 0.618 \), education had significant and positively correlated with entrepreneurial intention \( r = 0.564 \). Finally, social network showed a positive and significant relationship with entrepreneurial intention \( r = 0.507 \). From the findings it showed that all the four variables were positively correlated to entrepreneurial intention at 0.05 level of significance level. The study findings were of have valuable assistance to develop students’ entrepreneurial skills and knowledge which equip graduates with creativity, innovation, risk-taking and ability to interpret successful entrepreneurial effect models and identification of business opportunities for the future.
INTRODUCTION

Many academicians have identified entrepreneurial activities as the function of uncertainty and risk bearing and others with the coordination of productive resources, the introduction of innovation and the provision of technical know-how (Burnet, 2000). The rate of growth for entrepreneurial culture varies from country to country as well as from time to time for the same country. Entrepreneurial culture has closely been associated with innovation, employment creation, wealth generation amongst other benefits (Orhan and Scott, 2001) and nations worldwide are encouraging their respective citizens to be more enterprising. This is because it plays an important role in the economy of countries through extending innovation, nourishing competitiveness, creating jobs and furtherance economic growth (Holmgren & From, 2005).

Entrepreneurial intention is therefore a major concern for research as it is seen as the solution to the problem of unemployment (Salmah 2006). This is because markets cannot cater the passing out graduates with immediate employment; hence the graduates should carve their own way and change the market conditions by opting for self-employment. Thus entrepreneurial intention has been considered as the first step to entrepreneurial development in emerging economies (Krueger et al., 2000). This study therefore is fourfold in its objectives in addressing the research problem as follows:

i. To establish the effect of education on entrepreneurial intention on selected Kenyan universities.
ii. To determine the effect of social network on entrepreneurial intention on selected Kenyan universities.
iii. To determine the effect of innovativeness on entrepreneurial intention on selected Kenyan universities.
iv. To establish the effect of self-efficacy on entrepreneurial intention on selected Kenyan universities.

LITERATURE REVIEW

Entrepreneurial Intentions

Entrepreneurial intention is the driving force which people wish to create a new venture (Wu and Wu, 2008). Douglas & Fitzsimmon (2008) identified the entrepreneurial intention as the action of an individual’s attitudes toward the outcomes of that actions and individuals self-efficacy. Current extant literatures have indicated the relationship between the entrepreneurial intention and the perceptions of desirability as well as the
reaction toward the opportunities and the abilities to deal with the opportunities. (Peterman and Kennedy, 2003)

According to Van Gelderen et al. (2008) they stated that entrepreneurial intentions are central to understanding the entrepreneurial process because they form the underpinnings of new organizations and it is also viewed as the first step in an evolving long term process. Behavioural intention results from attitudes and becomes an immediate determinant of behaviour (Pihie, 2009). Krueger et al (2000) conducted a study on American students facing career decisions and they found that intentions models offered strong statistical for predicting entrepreneurial behaviour. Entrepreneurial activity can be predicted more accurately by studying intention rather than personality traits, demographic characteristics, or situational factors (Krueger, et al 2000).

Education and Entrepreneurial Intention
The professional education in universities provides the necessary knowledge about entrepreneurial culture and business environment. By influencing the students’ mindset via tertiary education, more students will be attracted to know more not only the knowledge of entrepreneurship and entrepreneurial development but opportunities prevailing in the industry. The educational is a significant foundation for the students to them toward entrepreneurial intention (Luthje and Franke, 2003).

According to Samuel et al., (2013) education is an important contributor for entrepreneurial intentions. They argue that education enhances creativity, innovativeness, risk-taking and ability to interpret successful entrepreneurial effect models and identification of business opportunities in a dynamic business environment. More so Linan et al., (2008) stated that the information regarding entrepreneurs and new venture creation is obtained through entrepreneurship programme. Apparently Friedrich and Visser (2005) pointed out that education about entrepreneurship increases students’ interest in becoming entrepreneurs at some stage after graduation.

Agbim (2013) found that graduates who had gone through entrepreneurship programmes have intentions to start their own businesses. However, these intentions varied with respect to their level of creativity, access to start-up capital, family background, business experience, self-efficacy, influence of business minded friends, and exposure to entrepreneurial learning, risk propensity, age, course studied and ethnicity. Entrepreneurial education develops and stimulates entrepreneurial process, providing all tools necessary for starting up new ventures (Postigo and Tomborini 2002).

Social Network and Entrepreneurial Intentions
Networking is an activity by which entrepreneurs obtain information about new entrepreneurial ideas (Pek H. et al., 2008). Social networks have chains of persons in which specific service or is provided to a person and also expected from him to provide them with such kind of (Donnel et al., 2001). In networks, relationships provide emotional for entrepreneurial risk taking and this is fruitful for some situations (Ha Hoang et al., 2003).
Sandhu et al., (2011) argue that in a developing country, social networking is an important factor in influencing entrepreneurial activities positively. According to Birley and Stockley (2000) they argued that, entrepreneurs with good cultural and social networks can attract more capital and are more likely to be successful than those with limited networks. With more extended social network, individuals may encounter more business opportunities from gaining tangible or intangible resources (Davidson and Honig 2003). Individuals also use networks to get ideas and information to recognize entrepreneurial opportunities (Hoang and Young 2000). Entrepreneurs accumulate social network over time, which is important for starting a new business (Hansen, 2001). Linan & Santos (2007) pointed how social networks impacts the development of entrepreneurial intention and their study actually dealt only with cognitive aspects of social networks.

**Innovativeness and Entrepreneurial Intention**

Mueller and Thomas (2000) pointed out that that innovation is a primary motive in starting a business venture. Entrepreneurship and innovative business behaviour have been synonymously described as an act of creativity (Ward 2006). The connection between the two concepts is explained by the idea that a critical part of entrepreneurial culture is the newness and novelty that can influence the market process (Davidsson 2002).

Sternberg (2004) suggested that, entrepreneurs more so than non-entrepreneurs, have mental frameworks that endorse ‘thinking outside the box’ when it comes to opportunity recognition. Hmieleski and Corbett (2006) found that improvisation is a construct that is associated with creativity which accounts for a significant amount of variance in entrepreneurial intentions. Hamidi et al., (2008) provide further evidence that high creativity scores yield a strong positive effect on entrepreneurial intentions and argued that individual creativity should be incorporated in models of entrepreneurial intentions.

**Self-Efficacy and Entrepreneurship Intentions**

Self efficacy has been extensively researched in a wide variety of social science disciplines but only recently it has been extended to management and entrepreneurship research. Kuehn (2008) found that high self efficacy positively influences entrepreneurial intention. Similarly Ali et al., (2010) explored entrepreneurial attributes among the students of the Islamic University of Bahawalpur and found that self-efficacy does affect entrepreneurial intentions.

According to Wilson et al. (2007), self-efficacy is purview in nature and differs based on various chores and circumstances. However it should be noted, that one of the essential constituents model of entrepreneurial intention is self-efficacy and feasibly operationalized often (Segal et al., 2005). Olanrewaju (2013) investigated the relationship between self-efficacy and entrepreneurial intentions among some Nigerian adolescents and found a positive significant relationship between the two variables. Thus absence of self efficacy can reduce entrepreneurial intention among the youths.
Baum and Locke (2004) found in their study that self-efficacy were determined to have direct effect for venture growth. Nevertheless it affects the level and content of personal aspirations, goals and decisions that individuals undertake during their lifetime (Bandura 2001). The relationship of self-efficacy and entrepreneurial intention is demonstrated in situations involving risk and uncertainty such as career choice (Chen et al., 2001). According to Carmen and Joaquín (2012), they found on their study that the higher the stronger the perceived self-efficacy the greater the entrepreneurial intention among Latin American inhabitants and the relationship was positively significant.

**Theory development**

The Theory of Planned Behaviour predicts that planned behaviours are determined by behavioural intentions which are largely influenced by an individual’s attitude toward a behaviour, the subjective norms encasing the execution of the behaviour, and the individual’s perception of their control over the behaviour (Ajzen, 1991) and his theory has been used to predict an array of behaviours (Martin et al., 2010). Intentionality as well as forethought is acknowledged to be core features of human beings (Bandura, 2001), which constitutes a representation of the direction of future action. It affects individual’s choices as well as directs and maintains behaviour. Research to date in diverse disciplines demonstrates that intention is a strong predictor of behaviour (Armitage & Conner, 2001). The Theory of Planned Behaviour unlike other models offers a coherent and generally applicable theoretical framework, which enables people to understand clearly and predict entrepreneurial intention by taking into account not only personal but also social factors (Krueger et al., 2000).

Coherently with the Theory of planned behaviour insight, individuals’ awareness of their developed skills and competencies do not directly determine intentions but exert an influence on the degree to which a person develops a favourable appraisal of the behaviour in question. Therefore, the conceptual framework provides the link between the independent variable and the dependent variable.

**Figure 2.1 Conceptual Framework**
RESEARCH METHODOLOGY

This study adopted an explanatory research design which establishes causal relationships. Target population for the study was 1649 final year undergraduate students in the School of Business from Moi University both main and west campuses, Mount Kenya University and Catholic University in UasinGishu County. Yamane (1973) sample size formula was used to calculate a sample size of 321 students. Stratified sampling technique and systematic random sampling was used to select the students as respondents. Reliability test was carried out to test the consistency of the research tools using Cronbach coefficient alpha test as follows:

Table 3.1

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach coefficient alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>α = .738</td>
</tr>
<tr>
<td>Social networks</td>
<td>α = .824</td>
</tr>
<tr>
<td>Innovativeness</td>
<td>α = .702</td>
</tr>
<tr>
<td>Self-efficacy</td>
<td>α = .743</td>
</tr>
</tbody>
</table>

Source: (Survey study 2015)

Results
The data collected was analyzed, with respect to study objectives, using both descriptive and inferential statistics. Descriptive statistics include mean, mode and standard deviation while inferential statistics include Pearson Correlation which was used to assess linear relationship between the variables. To test the hypothesis, a multiple regression analysis was conducted.

Descriptive statistics
The study as shown in table 4.1 below indicated that entrepreneurial intention was high among undergraduate students in Kenyan universities (mean of 4.2546, standard deviation of 0.51991). Similarly education support (mean of 4.0824, standard deviation 0.64913), Social network (mean of 3.9556, standard deviation 0.60648), Innovativeness (mean of 4.2265, standard deviation 0.54522) and self efficacy (mean of 4.2287, standard deviation = 0.57747) were high among students in Kenyan public and private universities. Further both Skewness and Kurtosis approaches zero 0 hence normal distribution, so the farther away from 0, the more non-normal the distribution. Also using the rule of thumb that a rule of thumb that says a variable is reasonably close to normal if its skewness and kurtosis have values between −1.0 and +1.0, our study variables are normally distributed.
Table 4.1  Descriptive statistics

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial intention</td>
<td>4.2546</td>
<td>0.51991</td>
<td>-1.269</td>
<td>2.773</td>
</tr>
<tr>
<td>Education</td>
<td>4.0824</td>
<td>0.64913</td>
<td>-0.86</td>
<td>0.434</td>
</tr>
<tr>
<td>Social network</td>
<td>3.9556</td>
<td>0.60648</td>
<td>-0.555</td>
<td>0.108</td>
</tr>
<tr>
<td>Innovativeness</td>
<td>4.2265</td>
<td>0.54522</td>
<td>-0.538</td>
<td>-0.205</td>
</tr>
<tr>
<td>Self efficacy</td>
<td>4.2287</td>
<td>0.57747</td>
<td>-1.007</td>
<td>1.731</td>
</tr>
</tbody>
</table>

Source: (Survey study 2015)

Correlation Statistics
The findings indicated on Table 4.2 shows that innovativeness among students was the highly and positively correlated to entrepreneurial intention to become entrepreneurs in future \( (r=0.650) \). Self efficacy was the second characteristic among students to positively associated with entrepreneurial intention \( (r = 0.618) \). More findings indicated that education had significant and positively related with entrepreneurial intention \( (r=0.564) \). Finally, social network showed a positive and significant relationship with entrepreneurial intention \( (r = 0.507) \). From the findings it showed that all the four variables (education, social network, innovativeness and self-efficacy) were positively correlated to entrepreneurial intention at the 0.05 level of significance.

Table 4.2 Correlation Results

<table>
<thead>
<tr>
<th></th>
<th>Entrepreneurial intention</th>
<th>Education support</th>
<th>Social network</th>
<th>Innovativeness</th>
<th>Self-efficacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial intention</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>.564**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Network</td>
<td>.507**</td>
<td>.570**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovativeness</td>
<td>.650**</td>
<td>.541**</td>
<td>.492**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Self Efficacy</td>
<td>.618**</td>
<td>.453**</td>
<td>.458**</td>
<td>.660**</td>
<td>1</td>
</tr>
</tbody>
</table>

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

Source: (Survey study 2015)

Regression results
The findings in Table 4.3 revealed that variation of entrepreneurial intention among students were explained by education support, social network, innovativeness and self efficacy as supported by \( R^2 = 0.541 \), which means that the suggested model is able to predict about 54.1% of the change in entrepreneurial intention. This means that the variables in the linear equation possess powerful predictive power, and that the model
itself has strong predictive capability. Durbin Watson test showed that there was no autocorrelation among the variable as indicated by value =1.987 which was less than 2 thumb rule. Analysis of Variance (ANOVA) was employed to measure the differences between entrepreneurial intention and its antecedents. The results in Table 4.3 indicated that F value 87.053, with p<0.05 significant at 0.05, this implying that the joint prediction of aforementioned independent variables of entrepreneurial intention is significant. It showed that the model can be used in future to predict entrepreneurial intentions among students. Moreover, findings showed non existence of multicollinearity.

**Table 4.3 Multiple regression results**

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.931</td>
<td>0.18</td>
<td>5.158</td>
</tr>
<tr>
<td>Education</td>
<td>0.172</td>
<td>0.041</td>
<td>0.215</td>
</tr>
<tr>
<td>Social Network</td>
<td>0.097</td>
<td>0.043</td>
<td>0.113</td>
</tr>
<tr>
<td>Innovativeness</td>
<td>0.286</td>
<td>0.054</td>
<td>0.3</td>
</tr>
<tr>
<td>Self Efficacy</td>
<td>0.244</td>
<td>0.048</td>
<td>0.271</td>
</tr>
<tr>
<td>R Square</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td></td>
<td>0.534</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
<td>87.053</td>
<td></td>
</tr>
<tr>
<td>Sig.</td>
<td></td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

α  Dependent Variable: Entrepreneurial intention

**Source:** (Survey study 2015)

**CONCLUSION**

Based on the findings education support positively influences students behaviour of becoming an entrepreneur. Entrepreneurial education is needed to enhance skills and knowledge hence there is a need to be introduced into all the institutions in the country especially at the institutions of higher learning. Availability of social networks can come forth and support in students’ intentions of becoming entrepreneurs positively affects entrepreneurial intentions. In addition, entrepreneurial networks assist in the preparation of business plans paramount for students’ dreams realization. Based on the findings, innovativeness is an important determinant of student’s to become an entrepreneur. To build future entrepreneurs from the students, self efficacy is one characteristic to look at, this is evidence from the findings that self efficacy positively affect entrepreneurial intentions.
CONTRIBUTION TO ACADEMIC DEBATE AND BODY OF KNOWLEDGE

This study was deemed significant for a number of reasons. First, as observed by Krueger et al., (2000), the linking of entrepreneurial behavior with attitudes and individual background factors give a better understanding of how entrepreneurship occurs, and specific suggestions of how it can be influenced. The study was also of significance toward the understanding of how intentions are formed among students as it provides a theoretical explanation for the influence of students’ factors on the students’ intention to become an entrepreneur.

University management particularly those dealing with curriculum development in universities also benefits from the study by identifying factors that encourage students to be self employed. The study provide contributions to the existing literature and the theory, it also contribute to the learning institutions on various way to nurture the students who wish to be entrepreneur after college. The theory of planned behaviour predicts that planned behaviours are determined by behavioural intentions which are largely influenced by an individual’s attitude toward behaviour.

It is necessary for the higher learning institutions to encourage creativity among students and provides them with necessary knowledge about entrepreneurial culture. Universities need to develop students’ entrepreneurial skills and abilities by proving courses for calculating financial and business risk and that can give them more ideas and opportunities recognize to start a business in the future. Students also need to know how to create social network which are beneficial to them in terms of supporting them financially in starting their own business.

In addition, institutions for learning should consider providing students opportunities for them to be innovative, for instance, providing them with projects that need analytical, critical and creative thinking. Students also need to engage in creating new procedures for work tasks and participate in leadership responsibilities within the school/college and society.

RECOMMENDATIONS FOR FURTHER RESEARCH

i. Theory of planned behaviour does not explain the various variables that can trigger any behaviours change on entrepreneurs.

ii. This study focused on the entrepreneurial intentions and intentions may not turn into actual behaviour in future.

iii. The primary data collected was from students in school of business only. Therefore, a similar research can also be done in other schools.

iv. The model of this study does not include other factors such as regulatory and cognitive factors and increase the sample size to increase the validity of the study.
v. The future research can also be extended to identify the influences and impacts among the variables and the entrepreneurial intentions among entrepreneurs.
vi. This study was limited to the determinants of entrepreneurial intentions only hence there is need to moderate using other factors like gender in future research.

REFERENCES


