

Factors Impacting Entrepreneurial Intention: A Literature Review

Abir S. Al-Harrasi, Eyad B. Al-Zadjali, Zahran S. Al-Salti

Abstract—Entrepreneurship has captured the attention of policy-makers, educators and researchers in the last few decades. It has been regarded as a main driver for economic growth, development and employment generation in many countries worldwide. However, scholars have not agreed on the key factors that impact entrepreneurial intention. This study attempts, through an extensive literature review, to provide a holistic view and a more comprehensive understanding of the key factors that lead university undergraduate students to become entrepreneurs. A systematic literature review is conducted and several scientific articles and reports have been examined. The results of this study indicate that there are four main sets of factors: the personality-traits factors, contextual factors, motivational factors, and personal background factors. This research will serve as a base for future studies and will have valuable implications for policy makers and educators.

Keywords—Entrepreneurship, Entrepreneurial Intention.

I. INTRODUCTION

RECENT developments in the field of economy have led to a renewed interest in entrepreneurship. Many governments and policy-makers around the world consider the entrepreneurship and entrepreneurial drives as primary drivers for economic growth and development [1], [2]. Entrepreneurship is defined as the process of identifying opportunities in the market place, committing actions and necessary resources to exploit the opportunities for long term personal gain [2]. According to Asamani and Mensah, entrepreneurship is “the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risk, and receiving the resulting rewards”[3]. An entrepreneur is a person who undertakes and operates a new venture and assumes some accountability for the inherent risk [2].

Opoku-Antwi et al. found that entrepreneurship is critical to the development and well-being of society since it creates jobs, drives and shapes innovativeness, and speeds up structural changes in the economy. Besides that, entrepreneurship creates new markets, new industries, new technologies, new jobs, and net increase in real productivity [2]. Therefore, the paradigm shift among graduates is needed to stimulate the country's economic growth and development [4].

Concerns have been raised by several relevant bodies about

Abir S. Al-Harrasi and Eyad B. Al-Zadjali are students with the Sultan Qaboos University, Sultanate of Oman (e-mail: u090274@student.squ.edu.om, u090702@student.squ.edu.om, respectively).

Zahran S. Al-Salti is an Assistant Professor with the Department of Information Systems, Sultan Qaboos University, Sultanate of Oman (e-mail: alsalti@squ.edu.om).

the importance of influencing the entrepreneurial intention which refers to the desire and commitment to start-up a business [1], [2]. It has been clearly stated by Zeffane that individuals with high entrepreneurial intention are more likely to start a business than are those with lower entrepreneurial intention. In fact, the intention is the best predictor of actual behavior [5].

Most studies have been carried out to investigate the importance of entrepreneurship when the concern is about future generation as they will be the key business leaders and the drivers of the development [2]. Despite the increased research on entrepreneurship, this study focuses on the key factors which directly affect the entrepreneurial intention among people. The aim of this study is to determine and investigate factors influencing the entrepreneurial intention, in order to present the most contemporary future generation of entrepreneurs that can shape the future of the economy and the country. The research question has been defined according to the research aim as “What are the factors influencing the students’ perception towards entrepreneurship?” The reminder of this paper is organized as follow. The following section describes the process of data collection and analysis. Section III presents the key findings and discussion. The last section concludes the study.

II. DATA COLLECTION AND ANALYSIS

To study the factors influencing entrepreneurial intention of people, a systematic literature review was conducted. The search was limited to the entrepreneurial intention using web-based search engines. Topic search was used to identify publications that refer to entrepreneurial intention in title, abstract, and author keywords. The search was further narrowed down to English language articles and reviews that were published in the last ten years (2003-2013). The search included only journal articles whereas books and press papers were excluded. Major online databases, such as Science Direct, Academic Search Complete, Wiley Online Library, Business Source Complete, and Emerald, were used.

Given the aim to gain a depth understanding of various factors already identified by other researchers, thirty-one articles [shown in Table I] were found to contain discussion about some of the factors influencing the entrepreneurial intention.

III. FINDINGS AND DISCUSSION

The reviewed articles suggested that there are four main sets of factors influencing entrepreneurial intention. These sets are: personality traits-related factors, contextual-related factors, motivational-related factors, and personal background-

related factors. Table I illustrates the key studies that have discussed some of the factors influencing the entrepreneurial

intention. It is worth noting that some of these factors are labeled differently in the literature.

TABLE I
FACTORS INFLUENCING ENTREPRENEURIAL INTENTION

Factor	Personality traits-related Factors					Contextual-related Factors				Motivational-related Factors			Personal Background-related Factors						
	Self-confidence	Risk-taking propensity	Needs for achievements	Internal locus of control	Innovativeness	Autonomy	Cultural	Social	Economical	Political	Perceived support	Need for more income	Desire for security	Desire for status	Age	Gender	Education	Family background	Business experience
Study																			
Hajer and Habib[6]										√									
Estay et al.[7]		√	√	√	√	√													
Asamani and Mensah[3]		√	√												√	√	√		
Siu and Lo [8]								√									√		√
Ghazali et al.[4]			√		√	√													
Varghese and Hassan [9]	√		√		√					√									
Ismail et al.[10]			√				√												
Farsi et al.[11]								√											
Shiri et al.[12]								√											
Uddin and Bose [2]		√	√	√		√											√		
Opoku-Antwi et al.[13]			√	√	√										√	√	√		√
Segumpan and Zahari[14]															√			√	
Perri[15]											√	√							
Altinay et al.[16]		√	√	√	√													√	
do Paço et al.[17]																	√		√
Goksel and Belgin[18]			√	√											√	√	√	√	
Humbert and Drew [19]															√			√	
Fatoki[20]					√	√		√										√	
Stefanovic et al.[21]			√			√				√		√							
Turker and Selcuk[22]	√						√	√	√								√	√	
Benzing et al.[23]											√	√							
Manolova et al.[24]						√					√		√						
Chu et al.[25]						√					√								
Gürol and Atsan[26]	√	√	√	√	√														
Veciana et al.[27]															√			√	
Franke and Lüthje[5]		√		√		√		√	√								√		
Kakkonen[28]					√														
Wang and Wong [29]																		√	√
Kristiansen and Indarti[30]			√	√											√	√	√	√	√
Swierczek and Thanh Ha [31]			√									√							
Carter et al.[32]					√	√	√				√		√						

A. Personality Traits-Related Factors

According to the literature, personality traits is the highest determinant in business start-up intentions [16]. The student's personality does, in fact, matter in people's career choices [5]. There are some personality traits that affect a person's entrepreneurial intention, such as self-confidence, need for achievement, risk-taking ability, internal locus of control, innovativeness, and autonomy [7]. Self-confidence is considered as a valuable individual asset and a key personal success because it makes people happier, it makes it easier to convince others (rightly or wrongly), and it improves the individual's motivation to undertake projects and persevere in the pursuit of his goals [22]. Risk-taking is defined as the

propensity of an individual to reveal risk taking or risk avoidance when confronted with risk situations [26]. Students with entrepreneurial intention have significantly higher scores in risk-taking than students without entrepreneurial intention [3]. Needs for achievements is another key factor influences individuals' intention towards entrepreneurship. Students who have a high need to achieve will reveal entrepreneurial behavior [9]. Locus of control is "an individual's perception of his/her ability to influence events in life" [16]. Students who have high internal locus of control are expected to become entrepreneurs than those with external locus of control [9]. Innovativeness is defined as creating new products or new quality, creating new methods of production, getting into a

new market, creating a new source of supply or creating new organization or structure in business [4]. It is suggested as a behavior that characterizes entrepreneurial intention [4]. Autonomy is one of the fundamental drivers of entrepreneurship.

B. Contextual-Related Factors

The contextual factors can either facilitate or impede the entrepreneurial activities and, therefore, impact the perceived cost/ benefits ratio of new venture creation [5]. Cultural attitudes in some societies interprets into primary socialization practices which promote entrepreneurial persons [9]. These cultures are more likely to have more entrepreneurs than other cultures. Social networks factor have a great impact on individuals' intention towards entrepreneurship. Social networks is defined as "series of formal and informal ties between central actor and other actors in a circle of acquaintances and represents channels through which entrepreneurs get access to the necessary resources for business start-up, growth and success"[30]. The current context of entrepreneurship is mainly shaped by economic and political mechanisms which are governed by actors in different sectors [22]. Basically, the intention to start a business involves an economic assessment in which students compare the expected costs and benefits of a career as entrepreneur [5]. Undoubtedly, if students find the given conditions are not challenging, they might be more motivated to start-up a business [22]. It was stated that the political role exert a significant and positive impact on the entrepreneurial intention [6]. Perceived level of support is a critical factor in entrepreneurial attitude [9].

C. Motivational-Related Factors

Segumpan and Zahari mentioned that need for more money and desire for a higher social and professional status are the motivations for business start-ups[14]. It was found that the desire to earn more money and the lack of appropriate job opportunities are the key motivators to start-up a business [15]. Entrepreneurs are motivated to start-up their own business to provide security for themselves and their families and to increase income[21]. Status refers to an individual's position relative to others in a given social situation [24]. It has been argued in the literature that entrepreneurs' social status may be considered as a factor to initiate a business [9].

D. Personal Background-Related Factors

Wang and Wong discussed that gender, family business experience, and education level are significantly impact persons' entrepreneurial intention[29]. Although it has been found in the literature that age is not a significant determinant to start-up a business, however, Kristiansen and Indarti mentioned that successful entrepreneurs are relatively young and aged 25-44 years [30]. It is traditionally assumed that men have higher inclination to self-employment than women [22]. In contrary, Varghese and Hassan argued that females are eager to establish a business more than males because females are more creative and have new ideas for a niche business [9]. Significantly, education and entrepreneurial training has more

significance and importance in enhancing entrepreneurial activities and those with limited education are rarely participating in these activities [9]. Also, individuals with limited education are less likely to become entrepreneurs [22]. Family background is a key factor that affects the attitudes towards entrepreneurship [14]. Particularly, Wang and Wong have studied two models to explain the family influence on entrepreneurial intention: parental model and family support model [29]. The parental model asserts that self-employed parents are most likely to influence their families to start-up their own business. The family support model attributes this phenomenon to the social or financial support for their families. Business experience encourages students to start-up their own businesses [29]. Gürol and Atsan discussed that individuals with prior business experience have higher entrepreneurial intention than those without such experience [30].

IV. CONCLUSION

Entrepreneurship is an important source to improve the economy. Identifying the factors impacting individuals' entrepreneurial intention has a high level of significance in specifying the extent to which individuals are interested in starting-up a business. This paper set out to determine the factors impacting the entrepreneurial intention. It focused on four sets of factors: personality traits, contextual, motivational, and personal background. The most obvious finding emerge from this study is that the personality traits factors (self-confidence, risk-taking propensity, needs for achievements, internal locus of control, innovativeness, and autonomy) are the most examined factors in the literature. This research will serve as a base for future studies and will help researchers to consider these factors when examining the intention of individuals toward entrepreneurship.

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