

Environmental Factors Affecting Entrepreneurial Intentions of University Students

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Abstract: In recent years, entrepreneurship and entrepreneurs have become popular terms for Vietnamese people. Entrepreneurship is generally described as the process by which people seek opportunities without taking into account to resources they currently control for the purpose of exploiting future goods and services. Fashioning the fresh idea into the practical business is under the impact of both internal and external environment factors of the business venture. The entrepreneurial intention is, too. As a result, this article focuses on analyzing the impact of different environmental factors on students' entrepreneurial intentions. Based on a previous model, it will analyze the relationships between the personal and professional characteristics of potential entrepreneurs, the environmental factors and the resources involved, aiming to see how they affect students' entrepreneurial intention.

Key words: entrepreneur; entrepreneurship; environment; characteristics; entrepreneurial intention

JEL code: O

1. Introduction

How to fashion a solid idea into a business opportunity is the primary goal of entrepreneurs. However, it seems that what really affects entrepreneurial intention hasn't been clearly detected yet. According to recent studies, the key factors affecting entrepreneurial intention include the entrepreneur's characteristics, personal and professional, the internal and external business environment, and the vital resources to implement these business ideas. As a result, this research tends to focus on students' entrepreneurial intention, using a number of factors. The first influence factor is the entrepreneur's personal and professional attributes. A number of factors which it contains are vision, creativity, previous knowledge of industry, perseverance and determination, charisma and persuasion, positive thinking, passion for the business, trust in people and attitude.

The second group of impact factors that this research employed is the internal and external business environment. It is composed of natural-geographical environment, demographic environment, legal environment, economic environment and political environment. The last category of factors influencing the entrepreneurial intention include temporal resources, physical resources (i.e., machines, equipment, etc.), informational resources, financial resources and human resources.

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This article attempts to examine the relationships between potential entrepreneurs' personal and professional characteristics, the environmental factors and the resources involved. It will therefore point out how they affect entrepreneurial intentions of university students.

2. Literature Review

2.1 Entrepreneur

According to Hisrich R., Peters M. and Shepherd Dean (2011), to an economist, an entrepreneur is one who brings resources, labor, materials, and other assets into combinations that make their value greater than before, and also one who introduces changes, innovations, and a new order. To a psychologist, such a person is typically driven by certain forces-the need to obtain or attain something, to experiment, to accomplish, or perhaps to escape the authority of others. To one businessman, an entrepreneur appears as a threat, an aggressive competitor, whereas to another businessman the same entrepreneur may be an ally, a source of supply, a customer, or someone who creates wealth for others, as well as finds better ways to utilize resources, reduce waste, and produce jobs others are glad to get (p. 6).

According to Kuratko (2014), entrepreneurs are individuals who recognize opportunities where others see chaos, contradiction, and confusion. They are aggressive catalysts for change within the market place. They have been compared to Olympics athletes challenging themselves to crack new boundaries, to long-distance runners struggling with the pain of the miles, and to symphony orchestra conductors combining different skills and sounds into a seamless whole.

2.2 Entrepreneurial Intentions

Entrepreneurial intentions can be defined as being able to own a business or be self-employed. Entrepreneurial intentions are also seen as personal orientations which could lead to the creation of ventures.

Krueger et al. (2000) and Kolvereid & Isaksen (2006) claim that intentions are the single best predictor of most planned behaviour, including entrepreneurial behaviour. Pillis and Reardon (2007), 383 define entrepreneurial intention "the intention to start a new business". The decision to become an entrepreneur and create a new business is a deliberate and conscious decision (Wilson et al.2007) that requires time, considerable planning and a high degree of cognitive processing.

2.3 Entrepreneurial Process

Kuratko (2014) emphasizes the importance of the twenty-first century advances in entrepreneurship. Entrepreneurship is defined as a dynamic process of vision, change, and creation. It requires that energy and passion are applied toward the process of creating and implementing new ideas and creative solutions.

Essential ingredients consists of the courage to take calculated risks- in terms of time, equity, or career; the ability to develop an efficient venture team; the creative skill to marshal required resources; the strategic skills of building a solid business plan; and finally, the vision to recognize opportunity where others see uncertainty, inconsistency, and ambiguity.

According to Hisrich (2010), the process of pursuing a new venture is embodied in the *entrepreneurial process*, which involves more than just problem solving in a typical management position. An entrepreneur must find, evaluate, and develop an opportunity by overcoming the forces that resist the creation of something new. The process has four clear phases: identification and evaluation of the opportunity; business plan development;

determination of the resources needed; and management of the resulting enterprise. Although these phases proceed progressively, no one stage is dealt with in isolation or is totally completed before work on other phases take place.

2.4 Conceptualisation of Terms Used in Research

This research utilizes the quantitative approach. Another is the survey, using a non-probabilistic method, followed by structural equation modeling. The most important goal is to achieve a composite indicator that can demonstrate which factors influencing entrepreneurial intention.

This research focuses on the hypothesis that entrepreneurial intentions are affected by three factors. They are the focus of the young (potential) entrepreneur, noted with “A”, environment, noted with “M” and resources, noted with “R”. These kinds of factors of influence are listed in depth.

2.5 The Competences of a Young (Potential) Entrepreneur

An entrepreneur is someone who organizes a business venture and assumes the risk for it (Hebert & Link, 1989).

This study has utilized nine entrepreneurial competences (Table 1) of a young (potential) entrepreneur. These competences are considered the most crucial for entrepreneurial intentions.

One of the most important qualities is the entrepreneur's vision (A1). It is not easy to give its definition, because it means seeing what others do not see, at least not yet. Entrepreneurs need to develop a vision and determine ways to combine previously unidentified components to take advantage of perceived business opportunities.

Creativity is also another important factor (A2). There is a close relationship between Creativity and innovation. In certain cases, in the business environment, innovation may be regarded as an applied creativity. Thus, technological strategy involves a commitment of the company to acquire, develop and launch technology.

Table 1 Competences of A Young (Potential) Entrepreneur (A)

Nr.	Influence factors
A1	Vision
A2	Creativity
A3	Industry knowledge
A4	Perseverance and determination
A5	Charisma and persuasion
A6	Positive thinking
A7	Passion for your own business
A8	Trust in people
A9	Attitude

According to Sun Tzu in “The Art of War”, “We are not fit to lead the army in the march unless we are familiar with the face of the country — its pitfalls and precipices, its marshes and swamps.” It is still true in business field which entrepreneurs can apply. The industry knowledge (A3) refers both to the knowledge, the know-how and the experience in the respective field of activity.

To be successful, entrepreneurs must have the competence (A4), namely perseverance and determination. Besides, tenacity despite failure is also important, so to create something requires a combination of many traits, including the discipline and perseverance to transform new ideas into product. Entrepreneurs’ motivation, desire and determination play a very important role in entrepreneurial intention.

Influence factor noted (A5), that influences the entrepreneurial intention is represented by the charisma and

persuasion. Having a great business idea or being a charismatic visionary leader is “telling time”; building a company that can prosper is “clock building”. Also, one of the ten most important entrepreneurial competences is persuasion — “Entrepreneurs influence other people to follow them or do something for them”.

Positive thinking (A6) can also affect an entrepreneur’s decision in the process of idea development.

Another factor of influence on the entrepreneurial intention is the passion for their own business (A7). Passion plays an important role in the first start-up. Passion was identified as a key factor influencing venture capitalists investment decisions.

Trust in people (A8) is also a factor that puts mark on the entrepreneurial intention.

Attitude (A9) is the last in the table but it is still an important characteristic. The righter attitude a person has, the more suitable it is for him to start the business.

2.6 Environment — Influence Factor of Business

The entrepreneurial intention is influenced by the environment, both inside and outside the business. There are five factors of influence (M) as shown in Table 2.

Natural-geographical environment (M1) influences the entrepreneurial intention based on the scope of the idea. This environment includes factors such as geographic location positioning implementation of the business idea (i.e., for operation of a micro-hydroelectric plant we need running water or to build wind power plants we need the hillside with windy conditions). But also, regardless of the scope of the business (of the field of activity of a business), even when it’s about an idea of technological entrepreneurship, it must be complied with environmental protection standards, emission limits, European and national standards, so as not to pollute the natural environment.

Table 2 Environment (M)

Nr.	Influence factors
M1	Natural-geographical environment
M2	Demographic environment
M3	Economic environment
M4	Regulatory environment
M5	Political environment

Demographic environment (M2) is the macro-variable which affect entrepreneurial intention strongly. Economic environment (M3) is an essential element which affects entrepreneurial intention significantly. This environment focuses on the domestic market, the external one and the financial and economic levels through production, distribution, exchange and consumption of goods services.

The regulatory environment (M4), which is called the legal framework and it is represented by the legal system of economic-geographical area in which operates the company resulted from the implementation of the business idea. This environment has a significant influence on entrepreneurial intention because it is regulating the business conduct.

Political environment (M5) always affects entrepreneurial intention, because it has implications both-direct and indirect, manifested by organization and state government, economic policy that promotes it, economic and community membership and political groups.

2.7 Resources — Engine of Business

Directly derived from the above-mentioned definition of entrepreneurship, a specific skill would appear to be

particularly important: that is making use of resources (Table 3) which are outside the entrepreneur’s control, since entrepreneurial behaviour implies pursuing opportunities regardless of the resources under control.

Table 3 Resources (R)

Nr.	Influence factors
R1	Temporal resources
R2	Natural resources
R3	Informational resources
R4	Financial resources
R5	Human resources

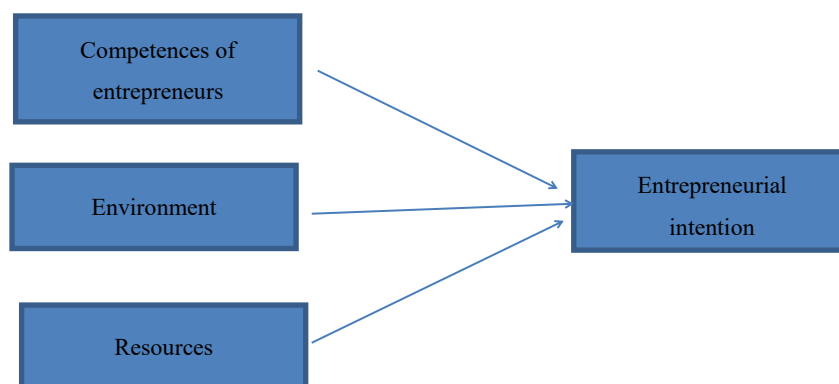
Temporal resources (R1) involve the planning and evolution of the idea of success. It is always true your time is precious, so precious that “time is money”. This is fair enough, because if it appears disturbances in a technological process, they would have repercussions on profit in the end.

Physical resources (R2) represent resources that materialize a business idea. So, for a technology business idea to be successful, you need resources such as machinery, equipment, and others.

Information resources (R3) are very precious, especially if they contribute and lead to a successful business idea.

Financial resources (R4) are those that often make the difference between an idea and a successful idea.

Human resources (R5) are as important as other factors in category of resources. These resources are irreplaceable and the most unpredictable and risky.



3. Methodology

This research was conducted in order to analyze entrepreneurial intention. It used a sample of 107 university students of University of Finance and Marketing, from three different faculties which are Marketing, International business, and Business Administration. Their age ranges from 18 to 23. According to the findings, 20.6% of the respondents were male while 79.4% of the respondents were female. 49.6% of the students revealed that their parents have been in business, while 51.4% said that their parents have not been in business.

The final purpose is to investigate how Competences of a young potential entrepreneur (A), Environment (M), and Resources (R) affect entrepreneurial intention of the students.

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Table 4 Descriptive Statistics

Categories of factors	Factors	Number of grade 1	Number of grade 2	Number of grade 3	Number of grade 4	Number of grade 5	Average	Std. Deviation
A	A1	2	2	10	56	37	4.16	0.81
	A2	2	7	24	48	26	3.83	0.94
	A3	0	3	15	51	37	4.15	0.77
	A4	2	0	16	50	38	4.18	0.86
	A5	0	0	19	48	40	4.20	0.72
	A6	0	5	35	42	25	3.81	0.85
	A7	0	9	26	42	30	3.87	0.92
	A8	4	22	41	29	10	3.18	0.99
	A9	0	1	12	52	42	4.26	0.69
M	M1	2	20	46	32	7	3.21	0.89
	M2	1	10	35	48	13	3.58	0.86
	M3	0	0	24	55	28	4.04	0.70
	M4	1	11	45	42	8	3.42	0.81
	M5	3	4	44	45	11	3.53	0.84
R	R1	3	12	28	42	22	3.64	1.02
	R2	0	8	27	52	20	3.79	0.84
	R3	0	2	38	50	17	3.77	0.73
	R4	2	5	16	44	40	4.07	0.94
	R5	1	7	27	43	29	3.86	0.93
I	I1	7	22	35	28	15	3.21	1.12
	I2	3	11	32	38	23	3.63	1.02
	I3	1	3	27	49	27	3.93	0.85
	I4	2	20	41	27	17	3.35	1.01
	I5	1	11	42	33	20	3.56	0.94

Table 5 Demographic Characteristics of Respondents

Variable	Dimension	Frequency	Percentage
Gender	Male	22	20.6
	Female	58	79.4
Age	< 20	98	91.6
	20-21	7	6.5
	> 22	2	1.9
Business background of Parents	Parent(s) have been in business	52	49.6
	Parent(s) have not been in business	55	51.4

Regression Analysis

A multiple regression analysis was carried out using the statistical package SPSS version 21. This was to assess the relationship between other variables (independent) and the entrepreneurial intention (dependent).

Table 6 Model Summary

Model	R	R Square	Adjusted R square	Std. error of the estimate
1	.866 ^a	.750	.742	.22395

a. Predictors: (constant), R, A, M

Coefficient of determination clarify the degree to which variation in the dependent variable can further be explained by the percentage change in the dependent variable (Entrepreneurial Intentions) that is explained by the independent variables (Competences, Environment, and Resources). The three independent variables that were analyzed explained that only 0.75% of the aspect influencing entrepreneurial intentions.

Table 7 Anova

Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	15.471	3	5.157	102.824	.000 ^b
	Residual	5.166	103	.050		
	Total	20.636	106			

a. Dependent variable: I

b. Predictors: (constant), R, A, M

The significance value is 0.000 which is less than 0.05. As a result, the model is statistically important in predicting how Competences, Environment, and Resources have an effect on the entrepreneurial intentions. The F critical at 5% level of significance was 1.32. Since F calculated is greater than the F critical (value = 102.824), this indicates that the overall model was significant.

Table 8 Coefficients^a

Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. error	Beta		
1	Constant	.073	.226		.322	.748
	A	.554	.050	.564	11.019	.000
	M	.271	.042	.357	6.482	.000
	R	.197	.040	.267	4.960	.000

a. Dependent variable: I

The equation for the three variables

$$I = 0.073 + 0.554A + 0.271M + 0.197R + u$$

From the regression equation, taking all other aspects into account (Competences, Environment, and Resources) constant at zero, entrepreneurial intentions will be 0.073. The data analysis revealed that taking all other independent variables at zero, a part increase in competences will lead to 0.054 increase in entrepreneurial intentions; a unit increase in Environment will lead to a 0.271 increase in entrepreneurial intentions, a unit increase in Resources will lead to a 0.197 increase in entrepreneurial intentions. These deduce that competences contribute more to entrepreneurial intentions.

4. Conclusion

The research focuses on determining factors affecting the entrepreneurial intentions of students studying at the University of Finance and Marketing. The results shows that there are 3 factors, which are that Competences, Environment, and Resources, affecting Entrepreneurial Intention of Students. It is suggested that universities in general should enhance developing students' entrepreneurial intention. Besides, business curriculum should include Entrepreneurship and Innovation as a compulsory subject. Finally, methods of teaching should be practice-oriented, giving more chances for students to get practical experience before they start their own business.

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