

Entrepreneurial Intention and Motives: A Study among the Educated Youth of Tamil Nadu

Abstract

Entrepreneurship as a career option has gained a lot of traction due to the growing unemployment rate. The state of mind in which an entrepreneur directs his or her attention, experiences, and behaviours toward a specific goal or action is entrepreneurial intention; and motives for choosing entrepreneurship as career/profession could have a significant impact on the intention and actual entrepreneurial activities. The study aimed to analyse the level of entrepreneurial intention and motives of entrepreneurial entry among the educated youth of Tamil Nadu. The data was collected randomly from a sample consisting of 385 educated youth from five districts of Tamil Nadu i.e. Coimbatore, Namakkal, Salem, Erode and Tiruppur. Entrepreneurial intention was measured on a 5-point Likert-type scale and motives of entrepreneurial entry were ranked based on the mean scores. Highest level of intention to become entrepreneur was found in the sample aged between 21 – 25 years, and in female respondents. Majority of the sample respondents from the district of Dharmapuri had high level of entrepreneurial intentions, followed by Coimbatore, Erode, Namakkal and Salem. The sample respondents reported that their major motive to become entrepreneurs was personal independence, followed by dissatisfaction in salaried employment, and to create something of their own. The findings of this study may be of interest to policymakers and can aid in the development of existing entrepreneurial ecosystems as well as in the formulation of new policy measures to encourage entrepreneurial culture.

Key words: *Youth Entrepreneurship, Intention, Motives, Barriers*

INTRODUCTION

Entrepreneurship as a career option has gained a lot of traction due to the growing unemployment rate. Government and local communities have realised that promoting entrepreneurship, particularly among the youth, was critical in developing an economy. A number of recent initiatives appeared to have transformed the national perspective and the mind-set of young population towards entrepreneurship (*Levenburg & Schwarz, 2008*). A state of mind in which an individual directs his or her attention, experiences, and behaviours toward a specific goal or action is entrepreneurial intention. It is strategic thinking and decision-making guided by their entrepreneurial aim that demonstrated their cognitive

process of analysing and employing resources (Bird, 1992). Research suggested that entrepreneurial motives would have a significant impact on the intention and actual entrepreneurial activities (Birley & Westhead, 1994). While most entrepreneurs attributed their major goal of starting their business to their initial drive, research showed that the long-term survival and well-being required much more than that. While the debate on entrepreneurial survival had dominated research in the past, it was critical that attention be directed to the motives that led to entrepreneurial entry. Success and survival of a business was now intricately tied to factors such as status and the need for independence (Ijeom et al., 2020). Research in the past had identified various reasons explaining why people initiated new businesses. Need for approval, perceived wealth, social commitment, personal development, and independence were some of the motives for an individual to become an entrepreneur (Scheinberg & MacMillan, 1988). Another study, identified reasons like achievement, philanthropy, status, materialism, and role models (Dubini, 1989). Shane et al., (1991) identified four major motives to initiate business that included independence, recognition, learning, and roles. An entrepreneur's motive and emotional disposition toward their firm were indeed the primary sources of success and development. The key to understanding an entrepreneur's behaviour, choices and actions was to understand his or her motive. Motives were significant as they were the underlying elements that influenced an individual's risk-taking behaviour and the lengths to which he or she was willing to take up entrepreneurship as career (Chukwuemeka, 2006). It was stated that there were differences in motives with respect to age, gender, country and many other contexts.

Thus, this necessitated the investigation of motives of the educated youth in Tamil Nadu, which made them incline towards taking up entrepreneurship as their career/profession.

OBJECTIVES OF THE STUDY

The study aimed to analyse entrepreneurial intention and motives of the educated youth of Tamil Nadu.

1. To explore the levels of entrepreneurial intention of the educated youth of Tamil Nadu.
2. To identify entrepreneurial motives of the educated youth of Tamil Nadu.

METHODOLOGY

The data was collected randomly from a sample consisting of 385 educated youth from five districts of Tamil Nadu i.e. Coimbatore, Namakkal, Salem, Erode and Tiruppur.

The study area was the educational hub of the state and hence it was selected for the study. Entrepreneurial intention construct was measured using five items culled out from the work of Linan & Chen (2006), on a 5-point Likert-type scale (1-Strongly Disagree to 5-Strongly Agree). In this study, the value for Cronbach's alpha (α) for the scale was 0.984. Descriptive analysis i.e. frequency, percentages and mean was used to study the general/ socio economic characteristics of the sample educated youth i.e., age, gender, education, occupation, annual income, family type and entrepreneurial exposure through friends and family; and entrepreneurial intention of the educated youth. In order to explore entrepreneurial motives of the educated youth, multiple questions were used to assess the sample respondent's motive to become an entrepreneur. The respondents were asked to rank their motives to become entrepreneur. Mean scores were calculated for the data collected on entrepreneurial motives and ranks were assigned based on the respective mean score for each factor.

RESULTS AND DISCUSSION

The data collected was analysed and the results are presented in the following section.

Socio-economic Characteristics of the sample Educated Youth

It could be observed from Table 1. that, 50.13 per cent of the sample educated youth belonged to the age group of 21 - 25 years, followed by 32.99 per cent in the age group of below 20 years. The study area had the lowest proportion of sample respondents in the age category of above 25 years. Majority (56.36%) of the sample respondents were female, and around 68.31 per cent of the sample youth were undergraduates, followed by postgraduates (24.16%) and youth who pursued doctoral studies (4.42%). The sample consisted of 67.01 per cent of students, and 32.99 per cent of salaried employees. Majority (72.99%) of respondents belonged to nuclear type of family and about 66.75 per cent of the sample educated youth belonged to annual income category Rs. 2,00,000 - 5,00,000, followed by 19.48 per cent in the category Rs. 90,000 - 2,00,000. It could be observed that, around 33.51 per cent of the sample respondents had family members who were entrepreneurs and about 84.42 per cent of the sample respondents had friends who were entrepreneurs.

Table 1. Socio-economic Characteristics of the sample Educated Youth

(*n*=385)

S. No.	Characteristics	Category	No. of Educated Youth	Percentage
1.	Age (in years)	Below 20	127	32.99
		21 – 25	193	50.13

		Above 25	65	16.88
2.	Gender	Male	168	43.64
		Female	217	56.36
3.	Education	Higher Secondary	12	3.12
		Undergraduate	263	68.31
		Postgraduate	93	24.16
		Doctoral Studies	17	4.42
4.	Occupation	Salaried Employee	127	32.99
		Student	258	67.01
5.	Family Type	Nuclear	281	72.99
		Joint	104	27.01
6.	Annual Income (in rupees)	Less than 90,000	11	2.86
		90,000 - 2,00,000	75	19.48
		2,00,000 - 5,00,000	257	66.75
		More than 5,00,000	42	10.91
7.	Entrepreneurs in Family	Yes	129	33.51
		No	256	66.49
8.	Friends as entrepreneurs	Yes	325	84.42
		No	60	15.58

Entrepreneurial Intention

It could be observed from Table 2. that, highest intention (70.98%) to become entrepreneur was found among the sample who were aged between 21 – 25 years, followed by respondents aged above 25 years (66.15%). The results also revealed that female respondents (70.51%) had higher entrepreneurial intention than their male counterparts (64.88%). With respect to stream of education, majority of the sample respondents who pursued education in sciences (68.66%) had higher entrepreneurial intentions, followed by arts (68.10%) and then management (66.18%). Majority of the sample respondents from Dharmapuri district (83.12%) had high level of entrepreneurial intentions, followed by Coimbatore (70.13%), Erode (67.53%), Namakkal (66.23%) and Salem (53.25%).

Table 2. Entrepreneurial Intention of the sample Educated Youth

S. No.	Characteristics	Category	Level of Entrepreneurial Intention		
			Low	Medium	High
1.	Age (in years)	Below 20	14 (11.02)	31 (24.41)	82 (64.57)
		21 - 25	15 (7.77)	41 (21.24)	137 (70.98)
		Above 25	12 (18.46)	10 (15.38)	43 (66.15)
2.	Gender	Male	22 (13.10)	37 (22.02)	109 (64.88)

		Female	19 (8.76)	45 (20.74)	153 (70.51)
3.	Stream of Education	Arts	11 (9.48)	26 (22.41)	79 (68.10)
		Management	9 (13.24)	14 (20.59)	45 (66.18)
		Science	21 (10.45)	42 (20.90)	138 (68.66)
4.	District	Coimbatore	6 (7.79)	17 (22.08)	54 (70.13)
		Namakkal	14 (18.18)	12 (15.58)	51 (66.23)
		Salem	16 (20.78)	20 (25.97)	41 (53.25)
		Erode	5 (6.49)	20 (25.97)	52 (67.53)
		Dharmapuri	0 (0.00)	13 (16.88)	64 (83.12)
5.	Occupation	Salaried Employee	14 (11.02)	21 (16.54)	92 (72.44)
		Student	27 (10.47)	61 (23.64)	170 (65.89)
6.	Family Type	Nuclear	31 (11.03)	56 (19.93)	194 (69.04)
		Joint	10 (9.62)	26 (25.00)	68 (65.38)
7.	Income (in rupees)	Less than 90,000	7 (63.64)	3 (27.27)	1 (9.09)
		90,000 - 2,00,000	10 (13.33)	17 (22.67)	48 (64.00)
		2,00,000 - 5,00,000	25 (9.73)	55 (21.40)	177 (68.87)
		More than 5,00,000	7 (16.67)	10 (23.81)	25 (59.52)
8.	Entrepreneurs in Family	Yes	7 (5.43)	31 (24.03)	91 (70.54)
		No	40 (15.63)	51 (19.92)	165 (64.45)
9.	Friends as entrepreneurs	Yes	21 (6.46)	70 (21.54)	234 (72.00)
		No	20 (33.33)	12 (20.00)	28 (46.67)

(Figure in the parenthesis indicate percentage to total)

The study also revealed that the salaried employees (72.44%) had higher levels of entrepreneurial intentions than students (65.89%). Majority of the sample respondents from nuclear type of family (69.04%) had high intention than those from joint type of family. About 63.64 per cent of the sample respondents who had an annual income of less than Rs.

90,000 had very low intentions to become entrepreneurs. Sample respondents with an annual income between Rs. 2,00,000 – 5,00,000 had higher entrepreneurial intentions among the category. About 70.54 per cent of the sample respondents who had entrepreneurs in their family and 72 per cent of the respondents who had friends who were entrepreneurs had high intentions to become entrepreneurs.

Entrepreneurial Motives

The data collected on entrepreneurial motives from the sample educated youth were analysed and the results are furnished in Table 3.

Table 3. Entrepreneurial Motives of the sample Educated Youth

S. No.	Entrepreneurial Motives	Mean	Rank
1.	Personal independence	4.21	1
2.	Dissatisfaction in salaried employment	4.13	2
3.	Create something of my own	3.90	3
4.	Look forward to challenges in work than routine activities	3.67	4
5.	Able to implement my own ideas	3.51	5
6.	Build personal wealth	3.29	6
7.	Difficult to find the right job	3.15	7
8.	Opportunity to be financially independent	3.10	8
9.	Create employment	3.07	9
10.	Work for myself than for others	3.02	10
11.	Be the head of an organization	2.96	11
12.	Gain social status	2.94	12
13.	Receiving fair compensation	2.77	13
14.	Manage people	2.44	14
15.	Improve quality of life	2.04	15
16.	Follow a family tradition	1.98	16

The sample respondents reported that their major motive to become entrepreneurs was personal independence (4.21), followed by dissatisfaction in salaried employment (4.13), creating something of their own (3.90), looking forward to challenges in work than work routine work (3.67), able to implement their own ideas (3.51), build personal wealth (3.29), difficult to find right job (3.15), and opportunity to be financially independent (3.10). The motive to become entrepreneurs to follow a family tradition (1.98), improving quality of life (2.04), manage people (2.44), and gaining social status (2.94) were assigned least scores.

CONCLUSION

Entrepreneurial intention among the educated youth of Tamil Nadu was high and intention among female respondents, among salaried employees and also for those who pursued education in sciences. Major motives for entrepreneurial entry of the educated youth

were personal independence, dissatisfaction in salaried employment and the desire to create something on their own. The findings of this study may be of interest to policymakers and can aid in the development of existing entrepreneurial ecosystems as well as in the formulation of new policy measures to encourage entrepreneurial culture. This study aimed to analyze the level of entrepreneurial intention among the educated youth and not the factors that affected the formation of intent. It is thus important to explore the influence of demographic and other personality traits on the entrepreneurial intention of individuals. Also, it is important to focus on the constraints or barriers for not choosing entrepreneurship as a career. In the current study, only family and friends were considered in the context of prior entrepreneurial exposure. Future studies could focus on the effect of mentoring and support of professional people on intention.

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