

# The Impact of Subjective Norm on Entrepreneurial Intention of University Students in Uttarakhand State

Manjib Bhuyan, Research Scholar, School of Management, Doon University, Mothrowala, Dehradun, Uttarakhand, India. manjibbhuyan@gmail.com

Dr. Prachi Pathak, Assistant Professor, School of Management, Doon University, Mothrowala, Dehradun, Uttarakhand India

**Abstract - Understanding Entrepreneurial Behaviour is one of the key elements in entrepreneurship research. Different psychological traits are proven by empirical research through which one can understand the entrepreneurial intentions. Out of which Subjective Norms i.e. support from the family and friends are one of the critical traits to understand. Studies from around the world have contradicted evaluations and results in terms of influence of Subjective Norms among university students. The purpose of this paper is to examine the influence of subjective norms among university students residing in rural and urban geographical area of Uttarakhand state and to examine the level of differences that affects entrepreneurial intention creation. A total of 250 questionnaires were collected from the university students of the state and the result shows a positive and significant influence of subjective norms that affects the entrepreneurial intention. The result also shows that there is significant difference of entrepreneurial intention formation among rural and urban students of the state.**

**Keywords:** intention, behaviour, entrepreneurship, subjective norm, entrepreneurial intentions.

**JEL classification:** M1, M13

## I. INTRODUCTION

A person becomes an entrepreneur through his ability to create a sustainable business and for this he should have the support of both external and internal factors. External factor consists of the friendly political policies, good environment of business whereas internal factors consists the psychology of the individual to motivate him to become an entrepreneur (Shook & Bratianu, 2010). The Theory of Planned Behaviour model introduced by Icek Ajzen in the year 1991 scientifically helps to extract out the internal factors by which an individual becomes motivated to pursue their career towards entrepreneurship. The three constructs of the model consists Attitude, Subjective Norm and Perceived Behavioural control. Erikson (1999) states that result of subjective norm for entrepreneurial intention from various studies vary from each other i.e. the support of family and friends. It has been found that Attitude and Perceived behavioural control has more roles on building entrepreneurial intention than Subjective Norm. But it is not evident to say that the same result will be applied in Indian context. The economic difference among the populace of India makes it difficult to find out the same result in terms of Subjective norm. Even geographical differences also play a major role for an individual to go for entrepreneurial

career (Kolevereid & Isaksen, 2006). This paper tries to find out the impact of subjective norm among university students of Uttarakhand state of India towards their entrepreneurial intention formation. With addition to this, the present study will also find out the differences of university student's entrepreneurial intention formation residing in rural hill regions with urban areas of Uttarakhand state.

## II. LITERATURE REVIEW

Entrepreneurship as a profession is helping individuals to strengthen the positive impact by offering psychological, managerial and financial independence to entrepreneurs (Bhuyan & Pathak, 2017). Research on creation of venture and on what drives the decision to become an entrepreneur is an eclectic line of work that covers a broad range of subjects (Linan & Heuer, 2013). The demand for understanding the psychological aspects through scientific study to find out the traits that affects entrepreneurial intention is in rise since 90s (Rotefoss & Kolvereid, 2005). There are different behavioural models introduced to understand the intention of individuals, The Theory of Planned Behaviour model by Icek Ajzen and The Entrepreneurial Event Theory model by Shepero and

Sokol and Bandura's Self Efficacy theory are some of the prominent ones.

## 2.1. Theoretical Background

Ajzen (1991) describes in his theory that the three traits: attitude, subjective norms and perceived behavioural control can measure the psychology of an individual for his outcome to do a particular task successfully. According to him the first trait, Attitude towards the behaviour signifies people where generally holds different behavioural beliefs in relation to any behaviour given. Whereas Subjective Norms signifies the support of family and friends in terms of carrying out a work where the given individual shows positive responses and The Perceived Behavioural Control defined by Ajzen is the extent to which individual/budding entrepreneurs believe that they can perform a given behaviour.

Shapero's (1982) Entrepreneurial Event Model, SEE is dedicated to entrepreneurial intention. The three traits in this model are Perceived Desirability, Perceived Feasibility and Propensity to Act. Perceived desirability here means the personal desire or attraction to start a new business. When the individual feels that he is capable of starting a new firm, here Shapero termed this as Perceived Feasibility whereas Propensity to Act refers to the confidence of an individual to go for the desired business creation.

On the other hand (Bandura, 1994) envisaged a theory known a Self-Efficacy theory where he emphasized on perceived self-efficacy of people's beliefs in terms of their capabilities to exercise control over their self-functioning and the other events that affect their personal lives. Each individual have their own way of managing things and has different beliefs for life. Such belief affects one's intention to become an Entrepreneur (Utami, 2017). Rahmi, Yusuf & Priyatama (2014) comprises that Self efficacy encourages an individual's ability to achieve their motives. A person with high Self efficacy has high confidence level that fosters their intention for Entrepreneurship.

All the three mentioned psychological trait models sustains the impact of family and the closed ones that affects the individuals' intention to start a new firm or not (Carr & Sequeira, 2007). But it has been found on majority of empirical researches that the intensity of subjective norm is less or somewhat to nil which contradicts the Indian set-up (Lerner & Malach-Pines, 2010). The focus of this study is to find out the intensity of subjective norms and difference (on intensity) of university students residing in urban and rural areas of Uttarakhand state. A person who has the confidence to start up a firm has the support of different contextual and internal factors, families where parents are entrepreneurs they automatically becomes the role model for their children and hence they have the positive entrepreneurial intention (Nelson, 1989). Bohmer & Sitton

(1993) argues that successful entrepreneurial parents can lay the foundations for their children to choose entrepreneurship as their career. Whereas parents having jobs has different perceptions towards entrepreneurial career (Ahmed & Juhdi, 2010). In India, entrepreneurship as a career is not a welcoming phenomenon. The average individuals have the mind sets to go for company jobs rather than to start their own business. Each individual considered successful by the society when he sustains private or public sector jobs with regular income and future stability or continuity (Widawati, 2014). After independence, the emergence of industrialization environment is not in pace with countries like China and other Asian countries. The emergences of middle class population of India are salaried holders in majority (Allport, 1995). Where government job holders were prevalent from the last two decades in the country, private salaried individuals are also increasing rapidly due to globalization and privatization. It is interesting to note that the young generation or the university students has the peer pressure from their parents to pursue courses that helps them to find jobs, specially government jobs rather than entrepreneurial career. The job pursuing element creates an environment that makes it rigid for the populace to think out of the box, entrepreneurial career is the element in this scenario. The state Uttarakhand having diverse geographical remote hill and urban populace like Dehradun, it is important to find out the influential factors that affects the Subjective Norms of university students. Also, after separation from Uttar Pradesh the state has seen some growth in employability in governmental sectors but with the phase of time, number of unemployed youth increases. This impacts the youth to seek jobs through different professional graduate courses which only caters few candidates in this competitive situation (Kim & Hunter, 1993). Bohemer & Sitton (1993) in their study sates that family plays a significant role in career choice of the individual. Closest friends and family can reinforce the individual's likelihood to become self-employed (Krueger, Reilly & Carsurd, 2000). Thus the impact of family and friends plays a pivotal role to the candidate to pursue his career in business creation (Bhuyan & Pathak, 2017).

## III. STUDY OBJECTIVE

1. The study aims to investigate the influential psychological aspect that has been included in subjective norms and its role in formation of entrepreneurial intention among university students studying professional courses MBA/PGDBM, B.Tech and B.Pharm in Uttarakhand.
2. To investigate the difference of subjective norms that affects entrepreneurial intention of university students residing in rural and urban areas of the state.

#### IV. HYPOTHESIS DEVELOPMENT

Based on the above said objectives for the study, to test the effects of subjective norms on university students of Uttarakhand and to understand the entrepreneurial intention, following set of hypothesis are suitable to extract out the results:

$H_{01}$ : Subjective Norms have no influential role on Entrepreneurial Intention formation among University students of Uttarakhand.

$H_1$ : Subjective Norms would have an influential role on Entrepreneurial Intention formation among University students of Uttarakhand.

$H_{02}$ : There is no influential difference of Subjective norm among rural and urban university students of Uttarakhand.

$H_2$ : There is an influential difference of Subjective norm among rural and urban university students of Uttarakhand.

#### V. METHODOLOGY

##### 5.1 Participants

The sample size for this study is 250 university students pursuing their degree in MBA/PGDBM, B.Tech and B.Pharm from both public and private universities and institutes situated in Uttarakhand. The average ages of respondents are 23.4 years out of which nearly half of the respondents are females (48%). The data collection process contains two phases, first from the urban area and then from rural parts of the state.

##### 5.2 Measures

Simple Random Sampling technique has been applied for this study for collection of data. Out of 250 data collected from respondents, 200 samples are valid for the study. To understand the entrepreneurial intention, structured questionnaire was formulated with specific personal questions about family and friends. All the questions of the questionnaire are of seven-item scale which is best for understanding the psychological behaviour of respondents (Autio, Keeley, Klofsten, Parker & Hay, 2001). For analysis of data Chi-square test and Cross-tabulation method has been applied with the help of SPSS 21 software.

#### VI. RESEARCH RESULT

**Table 1: Cross Tabulation data on influential role of Subjective Norm.**

			To become an entrepreneur is my first preference.						Total	
			Strongly Disagree	Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Agree		Strongly Agree
My immediate family will always support me to start a new business.	Strongly Disagree	Count	14	12	11	4	1	1	4	47
		% of Total	7.0%	6.0%	5.5%	2.0%	0.5%	0.5%	2.0%	23.5%
	Disagree	Count	8	19	4	4	8	3	6	52
		% of Total	4.0%	9.5%	2.0%	2.0%	4.0%	1.5%	3.0%	26.0%
	Somewhat Disagree	Count	7	12	4	4	2	1	3	33
		% of Total	3.5%	6.0%	2.0%	2.0%	1.0%	0.5%	1.5%	16.5%
	Undecided	Count	5	3	1	2	0	1	1	13
		% of Total	2.5%	1.5%	0.5%	1.0%	0.0%	0.5%	0.5%	6.5%
	Somewhat Agree	Count	8	4	5	2	4	2	0	25
		% of Total	4.0%	2.0%	2.5%	1.0%	2.0%	0.5%	0.0%	12.5%
	Agree	Count	2	6	4	2	0	3	0	17
		% of Total	1.0%	3.0%	2.0%	1.0%	0.0%	1.5%	0.0%	8.5%
	Strongly Agree	Count	3	6	3	0	1	0	0	13
		% of Total	1.5%	3.0%	1.5%	0.0%	0.5%	0.0%	0.0%	6.5%
Total		Count	47	62	32	18	16	11	14	200
		% of Total	23.5%	31.0%	16.0%	9.0%	8.0%	5.5%	7.0%	100.0%

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	57.412 <sup>a</sup>	36	.013
Likelihood Ratio	56.045	36	.295
Linear-by-Linear Association	.686	1	.408
N of Valid Cases	200		

The calculated value of Pearson chi-square is = 57.412<sup>a</sup> which is more than the critical value at 5 % level of significance with degree of freedom 36. Also the p value is much lower than .05. This shows that the null hypothesis is rejected. It means that subjective norms would have an influential role on Entrepreneurial Intention formation among university students of Uttarakhand state.

**Table 2: Cross tabulation data on influential difference among rural and urban students.**

			My parents and friends encourage entrepreneurship.						Total	
			Strongly Disagree	Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Agree		Strongly Agree
I would like to become an entrepreneur because my family supports me for the same.	Strongly Disagree	Count	7	7	9	0	2	0	0	25
		% of Total	3.5%	3.5%	4.5%	0.0%	1.0%	0.0%	0.0%	12.5%
	Disagree	Count	3	3	11	2	0	5	2	26
		% of Total	1.5%	1.5%	5.5%	1.0%	0.0%	2.5%	1.0%	13.0%
	Somewhat Disagree	Count	3	0	7	4	4	0	0	18
		% of Total	1.5%	0.0%	3.5%	2.0%	2.0%	0.0%	0.0%	9.0%
	Undecided	Count	2	7	5	5	2	0	9	30
		% of Total	1.0%	3.5%	2.5%	2.5%	1.0%	0.0%	4.5%	15.0%
	Somewhat Agree	Count	4	2	0	6	2	8	2	24
		% of Total	2.0%	1.0%	0.0%	3.0%	1.0%	4.0%	1.0%	12.0%
	Agree	Count	20	6	11	6	11	2	0	56
		% of Total	10.0%	3.0%	5.5%	3.5%	5.5%	1.0%	0.0%	28.0%
	Strongly Agree	Count	7	7	0	4	3	0	0	21
		% of Total	3.5%	3.5%	0.0%	2.0%	1.5%	0.0%	0.0%	10.5%
Total		Count	46	32	43	27	24	15	13	200
		% of Total	23.0%	16.0%	21.5%	13.5%	12.0%	7.5%	6.5%	100.0%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	60.512 <sup>a</sup>	36	.006
Likelihood Ratio	58.859	36	.000
Linear-by-Linear Association	.451	1	.502
N of Valid Cases	200		

The calculated value of Pearson chi-square is = 60.512<sup>a</sup> which is less than the critical value at 5 % level of significance with degree of freedom 36. Also the p value

is much lower than .05. This shows that the null hypothesis is rejected. It means that there is an influential difference of Subjective norm among rural and

urban university students residing in the state.

## VII. DISCUSSION

The study attempts to find out the impact of subject norms which includes the immediate family and friends support for entrepreneurial intention to lay a foundation for successful entrepreneurial career. Though different international empirical studies embodies that impact of family and friends has less or nil effects on entrepreneurial behaviour formation (Sait Dinc & Budic, 2016), the present result of the study proves that subjective norms has a positive influential impact on entrepreneurial intention especially in Indian context. The influence of parents having entrepreneurial background is an added advantage for the candidate to become entrepreneur which was found in the study. Whereas out of necessity there is also evidence of successful entrepreneurship creation, the increasing unemployment situation encourages the students towards firm creation. The study also finds the active participation of female university students towards entrepreneurship and this result supports the **GEM Report on Women (2015)**.

Krueger (1993) argues that with the help of existing behavioural models, there should be deeper scientific research and new models to be introduced to understand the behaviour of individuals. The present study supports the above said context and tries to find out the differences of subjective norms among rural and urban students of Uttarakhand state. The empirical evidence of the study shows clearly that there are differences of views and support of families and friends towards entrepreneurship as a career for the candidate. The respondents residing in urban geographical area has higher entrepreneurial intention than rural respondents. The reason for this are sound economic background of families i.e. parents, feasibility of starting a new business due to better transportation, warehousing and supplier viability, entrepreneurial background of parents and exposure level of business environment. Whereas when it comes to rural respondents i.e. university students, the entrepreneurial intention level is low if compared with urban area respondents due to majority of parents having jobs in government and private sectors and have no interest for entrepreneurship as a career for their children, lack of entrepreneurial education, less exposure to entrepreneurial environment and lack of leadership to promote entrepreneurship in rural regions of the state.

## VIII. LIMITATIONS AND FUTURE RESEARCH

The present study has further future scope of cross-cultural investigation between students residing in different states of India. More participants with higher

sample sizes will cater out the output of psychological traits that generates entrepreneurial intentions among students. Further, cross-cultural research to understand subjective norms and its influence on students will give concrete data to policymakers to develop the entrepreneurial culture.

## REFERENCES

- [1] Ahmad, S. N. B., & Juhdi, N. (2010). Organic food: A study on demographic characteristics and factors influencing purchase intentions among consumers in Klang valley, Malaysia. *International Journal of Business & Management*, 5, 105–118.
- [2] Ajzen, I. (1987). Attitudes, Traits, and Actions—dispositional prediction of behaviour in personality and social-psychology. *Advances in Experimental Social Psychology*, 20, 1–63. [http://dx.doi.org/10.1016/S0065-2601\(08\)60411-6](http://dx.doi.org/10.1016/S0065-2601(08)60411-6)
- [3] Ajzen, I. (1991). The theory of planned behaviour. *Organizational Behaviour and Human Decision Processes*, 50(2), 179-211. [http://dx.doi.org/10.1016/0749-5978\(91\)90020-T](http://dx.doi.org/10.1016/0749-5978(91)90020-T)
- [4] Ajzen, I. (2005). Attitudes, personality and behaviour. New York: Open University Press
- [5] Allport, G. W. (1935). Attitudes. In Murchison (Eds.). *Handbook of Social Psychology*, 2, 798–844. Worcester: Clark University Press.
- [6] Autio, E., Keeley, R.H., Klofsten, M., Parker, G.G.C. & Hay, M. (2001). Entrepreneurial intent among students in Scandinavia and in the USA. *Enterprise and Innovation Management Studies*, 2(2), 145–160.
- [7] Bandura, A. (1994). Self-efficacy. In V. S. Ramachandran (Ed.), *Encyclopedia of Human*
- [8] *Behaviour*, 4, 71-81. New York: Academic Press. (Reprinted in H. Friedman [Ed.], *Encyclopedia of Mental Health*. San Diego: Academic Press, 1998).
- [9] Bhuyan, M. & Pathak, P. (2017). Understanding entrepreneurial intention of university students in Uttarakhand: An empirical study. *Indian Journal of Commerce & Management Studies*, 8 (2), 93-100, 2249-0310, doi: 10.18843/ijcms/v8i2/13.
- [10] Bohmer, P. & Sitton, S. (1993). The influence of birth order and family size on notable American women's selection of career. *Psychological Record*, 375 – 38.
- [11] Carr, J.C. & Sequeira, J.M. (2007). Prior family business exposure as intergenerational influence and entrepreneurial intent: A theory of planned behaviour approach. *Journal of Business Research*, 60(10), 1090-1098. <http://dx.doi.org/10.1016/j.jbusres.2006.12.016>
- [12] Erikson, T. (1999). A study of entrepreneurial career choices among MBAs—The extended Bird model. *Journal of Enterprising Culture*, 7(1), 1–17. <http://dx.doi.org/10.1142/S0218495899000029>  
<http://dx.doi.org/10.1177/1470595811399190>

- [13] European Commission (2006). Entrepreneurship education in Europe: Fostering entrepreneurial mind-sets through education and learning. Final Proceedings of the Conference on Entrepreneurship Education in Oslo.
- [14] Fayolle, A. & Linan, F. (2014). The future of research on entrepreneurial intentions. *Journal of Business Research*, 67, 663–666.
- [15] Kelley, D., Brush, C., Greene, P., Herrington, M., Ali, A. & Kew, P. (2015). *Global Entrepreneurship Monitor Special Report Women's Entrepreneurship*. Wellesley, MA: Babson College and GERA.
- [16] Kim, M. S., & Hunter, J. E. (1993). Relationships among attitudes, behavioural intentions, and behaviour - A meta-analysis of past research, Part 2. *Communication Research*, 20, 331–364.
- [17] Kolvereid, L. & Isaksen, E. (2006). New business start-up and subsequent entry into self-employment. *Journal of Business Venturing*, 21(6), 866–885. <http://dx.doi.org/10.1016/j.jbusvent.2005.06.008>
- [18] Krueger, N. F. (1993). The impact of prior entrepreneurial exposure on perceptions of new venture feasibility and desirability. *Entrepreneurship Theory and Practice*, 18(1), 5–21.
- [19] Krueger, N. F., Jr, Reilly, M. D., & Carsrud, A. L. (2000). Competing models of entrepreneurial intentions. *Journal of Business Venturing*, 15, 411–432.
- [20] Lerner, M. & Malach-pines, A. (2010). Gender and culture in family business: A ten-nation study. *International Journal of Cross Cultural Management*, 11(2): 113-131.
- [21] Markman, G. D., Balkin, D. B., & Baron, R. A. (2002). Inventors and new venture formation: The effects of general self-efficacy and regretful thinking. *Entrepreneurship Theory and Practice*, 27(2), 149-165 .
- [22] Nelson G.W. (1989). Factors of friendship: Relevance of significant other to family business owners. *Entrepreneurship Theory and Practice*, 7 – 8 .
- [23] Nga, J. K., & Shamuganathan, G. (2010). The influence of personality traits and demographic factors on social entrepreneurship start up intentions. *Journal of Business Ethics*, 95(2), 259-282.
- [24] Rahmi, E.R., Yusuf, M. & Priyatama, A.N. (2014). Relationship between intrinsic motivation and self-efficacy with employment engagement in employees convection section. *Scientific Journal of Candrajiwa Psychology*, 2(5).
- [25] Rauch, A.J. & Hulsink, W. (2015). Putting entrepreneurship education where the intention to act lies. An investigation into the impact of entrepreneurship education on entrepreneurial behaviour. *Academy of Management Learning & Education*. <http://dx.doi.org/10.5465/amle.2012.0293>
- [26] Rotefoss, B. & Kolvereid, L. (2005). Aspiring, nascent and fledgling entrepreneurs: An investigation of the business start-up process. *Entrepreneurship & Regional Development*, 17, 109-127.
- [27] Sait Dinc, M. & Budic, S. (2016). The impact of personal attitude, subjective Norm, and perceived behavioural control on GEM Report. (2014). Retrieved on May 10, 2016, from Global Entrepreneurship Monitor 2014 Global Report website: <http://www.babson.edu/Academics/centers/blank-center/global-research/gem/Documents/GEM%202014%20Global%20Report.pdf>
- [28] Shaw, D. & Shiu, E. (2003) Ethics in consumer choice: A multivariate modelling approach. *European Journal of Marketing*, 37 (10), 1485–1518 .
- [29] Shook, C., & Bratianu, C. (2010). Entrepreneurial intent in a transitional economy: An application of the theory of planned behaviour to Romanian Students. *International Entrepreneurship and Management Journal*, 6, 231- 247. <http://dx.doi.org/10.1007/s11365-008-0091-2>
- [30] Utami, C.W. (2017). Attitude, subjective norms, perceived behavior, entrepreneurship education and self-efficacy towards entrepreneurial intention university students in Indonesia. *European Research Studies Journal*, 20(2A), 475-495
- [31] Van Stel, A., Carree, M. & Thurik, R. (2005). The effect of entrepreneurial activity on national economic growth. *Journal Small Business Economics*, 24 (3), 311-321 .
- [32] Widawati, A.S. (2012). Factors affecting student intent to entrepreneurship: Theory of planned behaviour application. *Synergy: Business and Management Review*, 13(1), 92-100 .
- [33] Wood, R. E., & Bandura, A. (1989). Social cognitive theory of organizational management. *Academy of Management Review*, 14, 361-384.