

A Study on the Influence of Family Occupation on the Entrepreneurial Intentions of Management Students

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Abstract: *The study was conducted amongst a sample of management students selected from a leading B School in Mumbai. A convenience sample of 130 students was selected at random and data was collected through a self-administered questionnaire. The study evaluated the influence of family business background and the influence of salaried parents on the entrepreneurial intentions of students. The study found that there was no difference in entrepreneurial intentions of management students hailing from family business background or from salaried class background. The findings of the study have implications for the policy maker and the educator while formulating policies and pedagogical interventions.*

Keywords: *entrepreneurial intention, family business background, management students*

I. Introduction

Traditionally India has been an entrepreneurial country as delineated in the history of India with the country being known for entrepreneurship as evidenced in the civilizations of yore. The same is visible in a number of business communities engaged in entrepreneurship and trading. These communities successfully use the ecosystem for their benefit.

A study of entrepreneurial intentions has acquired prominence in the present scenario in India where the question of gainfully employing the millions of graduates and postgraduates passing out of the academic precincts every year continues to baffle the government. It is the endeavor of every successive government to find answer to this dilemma. Job creation and employment are continuously being delved upon at the highest level and this will be an issue to tackle for many years to come.

II. Literature Review

It is indicated in literature that individuals raised in entrepreneurial family impacts the intention for entrepreneurship thereby considerably raising the desire of starting their own business (Crant, 1996; Matthews & Moser, 1995). It is also suggested that such role models provide the vital impetus to the desire of starting a business (Scheinberg & MacMillan, 1988; Birley & Westhead, 1994). Such role models may act as mentors and guides to the children in the family for starting a business (Matthews & Moser, 1995; Scherer et al., 1989). Exogenous factors like demographics, traits, prior exposure to entrepreneurship through family business and culture influence attitude for entrepreneurship (Shapiro, 1975)

III. Methodology

The present study attempted to analyze the influence of parents' occupational background on the entrepreneurial intentions of management students. A questionnaire was constructed to explore the influence of family's employment background on intention for entrepreneurship amongst management students. The data was collected in January 2016 from 130 final year management students from a leading b- school in Mumbai. The independent variable was measured on nominal scale whereas the dependent variable entrepreneurial intention was measured on a 7 point Likert scale. The data was processed with SPSS 20.0.

The entrepreneurial intention questionnaire (EIQ) was designed solely for the constructs in theory of planned behavior and it was applied in the entrepreneurship domain (Linan & Chen, 2006, 2009; Linan, 2008; Linan et al., 2011). The EIQ was initially tested on Spanish and Taiwanese samples. The scale was derived from entrepreneurial intention questionnaire (EIQ) developed by Linan & Chen (2011).

IV. Findings

The sample for the present study comprises of 130 management students in the final semester of post graduation in management. The sample consists of 95(73 percent) males and 35 (27 percent) females (Refer table-3).The descriptive statistics for business background indicated that the percentage of the students with family business background was 26 percent whereas, those with job/service background was 74 percent. (Refer table-4) The scale reliability was established by computing Cronbach's alpha coefficient (Refer table- 2).

Cronbach's alpha (Cronbach, 1951) value indicates internal consistency or the extent to which all the items in the questionnaire measured the construct average correlation of items in a questionnaire to gauge its reliability. The value of the coefficient ranges from 0 to 1. A high value of the coefficient indicates high internal consistency. The assumption is that the unique variance within variables should be small in comparison with the covariance between scale items in order to have an internally consistent measure (Cortina, 1993). Nunally (1978) has indicated 0.7 to be an acceptable reliability coefficient but evidence of lower thresholds being used in literature exists. The value of the coefficient computed for the present study was 0.87 which is robust and therefore acceptable.

The relationship between family business background and entrepreneurial intention was tested by applying one-way ANOVA. The pre-requisite for conducting one-way ANOVA is that the dependent variable should be quantitative and the independent variable should be categorical. The analysis looked at differences between groups. The question to be answered was if the means of the quantitative variable i.e entrepreneurial intention depended on which group within the significant categorical variable i.e family business background ?

The generalized hypotheses in ANOVA tests is as follows:

$H_0: \mu_1 = \mu_2 = \mu_3 = \mu_4$

H_A : Not all means are equal

The finding of the analysis is reported in table-5.

The investigation revealed that there is no difference in entrepreneurial intention of students hailing from family business background and those who are not from family business background ($F=2.124, p>0.05$).

V. Discussion and Conclusions

The present study investigated whether there is a significant difference in entrepreneurial intention of students whose parents own and run a business and those students whose parents do not own and run a business. No significant difference in the entrepreneurial intention of management students with family business background and those with not such a background was found. The findings of the study are according to the study of Fatoki (2010) where statistically significant was not found between students whose parents own and run a business and those whose parents do not own and run a business.

The findings of several other studies indicate that family business background is an important factor impacting the entrepreneurial behavior of the students. The presence of self-employed father was found to be related to positive attitude towards entrepreneurship (Basu & Virick, 2008). However, in the present study no relation between family business background and the entrepreneurial intention of management students was found. The study of Drennan, Kennedy, and Renfrow (2005) found that positive view of family business experience in respondents enhanced perception of desirability and feasibility of starting a business.

It is the general view in the Indian society that students with business background have better chances of doing business and therefore entrepreneurial intentions of such students should be higher. The present study has refuted this notion.

The present study has limitation with respect to sample and the single contextual factor considered for analysis. There are many other contextual factors that may need to be considered for analysis in subsequent studies. The sample for the present study comprised of management students on the verge of career decision making and has ignored other categories of students. Therefore such studies need to be conducted with wider samples for better generalisability. This also gives directions for future research studies.

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Table- 1 Elaboration of items in entrepreneurial intention scale

EL_1	I am ready to do anything to be an entrepreneur.
EL_2	I will make every effort to start and run my own business
EL_3	(REV) I have serious doubts about ever starting my own business
EL_4	I am determined to create a business venture in the future
EL_5	My professional goal is to be an entrepreneur
EL_6	(REV) I have a very low intention of ever starting a business

Table-2 Reliability of entrepreneurial intention scale

Cronbach's Alpha	No. of items
0.87	6

Table-3 Gender profile of respondents

Gender	Frequency	Percent
Male	95	73
Female	35	27

Table-4 Family occupation profile of respondents

Occupation	Frequency	Percent
Family business	34	26
Job/ service	96	74

Table- 5 Findings of one-way ANOVA analysis

	F- value	Significance
Between groups	2.124	0.147