

The Factors Affecting Entrepreneurial Intention: Why Do Perceived Entrepreneurial Capacity, Perceived Social Norm, and Attitude towards Entrepreneurship Matter?

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ABSTRACT

The aim of this study is to assess the relationships between each of three factors (perceived entrepreneurial capacity, perceived social norm, and attitude towards entrepreneurship) and entrepreneurial intention. Based on a conceptual model out of theory of planned behavior, this study was designed to examine how the model works in the case of Korean students. This study used Partial Least Square-Structural Equation Modeling (PLS-SEM). The result shows that each of three factors positively affects entrepreneurial intention. According to our findings, students' entrepreneurial intention can be stimulated by perceived entrepreneurial capacity, perceived social norms, and attitude towards entrepreneurship. It gives theoretical implication to the literature of entrepreneurship by analyzing predictors of entrepreneurial intention. This study provides a valuable information of how each factor influences entrepreneurial intention in the Korean setting.

Keywords: Entrepreneurial Intention; Perceived Entrepreneurial Capacity; Perceived Social Norm; Attitude towards Entrepreneurship.

1. INTRODUCTION

There is increasing awareness that entrepreneurship has the potential for economic growth (Carree & Thurik, 2010). Not only have companies put focus on its potential, but also government has promoted entrepreneurial idea in a way of boosting national economy (Carree & Thurik, 2010; Robbins & Coulter, 2020). Entrepreneurial idea facilitates changing, revolutionizing, transforming, or introducing novel things (Robbins & Coulter, 2020). Through these processes, agents of entrepreneurship lead to innovation in diverse fields. The potential that entrepreneurship features benefits all spheres of our society (Robbins & Coulter, 2020). In this sense, it is worth identifying what factor affects building entrepreneurial intention. According to theory of planned behavior, attitudes towards the behavior, subjective norms, and perceived behavioral control allow of prediction of intention to perform the behavior (Ajzen, 1991; 2020; Kautonen et al., 2013). Intention is the readiness for a given behavior (Ajzen, 1991; 2020; Kautonen et al., 2013; Boubker et al., 2021, 2022). Positive attitude and perception towards a given behavior motivate a person to try it (Ajzen, 1991; 2020; Vermeir & Verbeke, 2006). With a favorable mental state, supportive situational factors play an important role (Ajzen, 1985).

Our study contributes to the theory of planned behavior concerning the effects of subjective norms, individual attitudes, and perceived behavioral control on students' entrepreneurial intention (Boubker et al., 2021, 2022). The perceived entrepreneurial

capacity, perceived social norm, and attitude towards entrepreneurship play important role in promoting entrepreneurial intentions among students of Mirae High School of Science and Technology in South Korea. The aim of this study is to examine how three factors are linked to entrepreneurial intention based on theory of planned behavior. In doing so, this study would provide a useful information to policymaker in promoting entrepreneurship. This study is organized as follows. The first section provides background of the study. The second section checks literature and develops hypotheses. The third section clarifies methodology. The fourth section presents the findings of the analysis. The fifth section concludes this study by discussing limitations and making recommendations for a future study.

2. LITERATURE REVIEW

2.1 Entrepreneurial Intention

Intention is the consequence of a cognitive process that channels belief, perception, and other external elements into the intent to act (Krueger & Carsrud, 1993). Based on theory of planned behavior, entrepreneurial intention is determined by three factors: attitude towards entrepreneurship, perceived social norm, and perceived entrepreneurial capacity (Ajzen, 1985; 2020). Krueger et al. (2000) noted that entrepreneurial intention can't be explained enough by either of three factors.

2.2 Perceived Entrepreneurial Capacity

Perceived entrepreneurial capacity indicates belief of which a person is able to control entrepreneurship (Krueger et al., 2000). Perceived entrepreneurial capacity involves feasibility of entrepreneurship and judgement of situational competence (self-efficacy) (Krueger et al., 2000). Self-efficacy is a key factor in deciding whether to build one's entrepreneurial intention (Boyd & Vozikis, 1994). The higher the level of entrepreneurial self-efficacy, the higher the sense of entrepreneurial intention (Boyd & Vozikis, 1994; Boubker et al., 2021).

H₁: Perceived entrepreneurial capacity is positively linked to entrepreneurial intention.

2.3 Perceived Social Norm

Social norm acts as a primary factor affecting intention (Vermeir & Verbeke, 2006). Emami and Khajeheian (2018) found that social norms are key driving factors or supportive elements for ways of performing economic activities. A variety normative forms of economic activities mirror social norms (Emami & Khajeheian, 2018). And particular norms shown in economic activities affects building entrepreneurial intention by enabling entrepreneurs to guess potential of entrepreneurship in the economic mechanism (Emami & Khajeheian, 2018).

H₂: Perceived social norm is positively linked to entrepreneurial intention.

2.4 Attitude towards Entrepreneurship

Jena (2020) and Boubker et al., (2021, 2022) found that there is a strong association between attitude and intention. Attitude in favor of entrepreneurship promotes entrepreneurial intention (Gasse & Tremblay, 2011; Mawardi & Baihaqi, 2020). The willingness to start up business is founded on positive attitude and perception towards entrepreneurship (Gasse & Tremblay, 2011; Mawardi & Baihaqi, 2020). Fulfilment in entrepreneurship needs some elements: perceived opportunity, confidence in one's ability, fearlessness and so on (Gasse & Tremblay, 2011). When it comes to the willingness to start up, a positive attitude towards the business acts on it the most (Gasse & Tremblay, 2011). Without the positive attitude, inclination to

start up would be hard to form in one's mind, even though entrepreneurial opportunity and surrounding supportive resources are equipped well (Gasse & Tremblay, 2011). According to Niljinda et al. (2019), students' development of entrepreneurial intention should begin in the early stages of their education in order to make them more aware of entrepreneurship as a career alternative.

H₃: Attitude towards entrepreneurship is positively linked to entrepreneurial intention.

3. METHODOLOGY

This study was carried out with data from Mirae High School of Science and Technology in South Korea. The school has been focusing on a creative education since 2010 with unique educational invention contents such as Research Science from product (RSp). Mirae High School of Science and Technology is a fourth-industrial-revolution-leading Creativity-based Artificial Intelligence (AI) School. This school has been supported by the Seoul Metropolitan Office of Education and the Korean Intellectual Property Office. The school educates students in the fields of invention and artificial intelligence.

Purposive sampling was used to collect the sample. The sample size was selected based on the sample size required for the Partial Least Squares-Structural Equation Model (PLS-SEM) (Hair et al., 2017). There are 100 students in the study population. The minimum sample size for statistical power of 80% (R-squared value at least 0.5 and 0.25% probability of error) with three pointing arrows is 53 (Cohen, 1992). We close up with 89 samples because some answers were missing and deemed invalid. Thus, the 89 samples were analyzed. Since we had 89 samples, a bootstrapping technique was needed (Hayes, 2013). To test the study model and hypotheses, we used the SmartPLS 3 software (Ringle, Wende, & Becker, 2015). We proposed a study framework in Figure 1 to highlight interrelationships between latent variables.

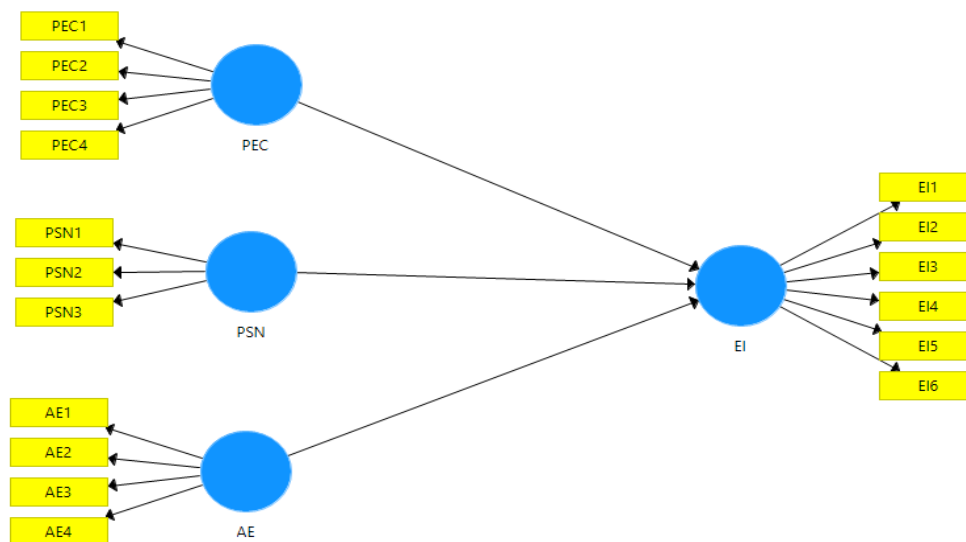


Figure 1: Study Framework

Figure 1 shows four indicators from perceived entrepreneurial capacity, three indicators from perceived social norm, four indicators from attitude towards entrepreneurship, and six indicators from entrepreneurial intention.

4. RESULTS AND DISCUSSION

The respondents are sixty males and twenty-nine females from four departments of Mirae High School of Science and Technology. The reflective measurement model is most often used in PLS-SEM. Reflective measurement model evaluates internal consistency reliability, convergent validity, and discriminant validity.

Table 1. Reflective Measurement model

Latent Variable	Reflective Model	Outer Loadings	Rho _A	Composite Ratio	AVE	Cronbach's alpha
PEC	PEC1 <- PEC	0.879	0.882	0.918	0.738	0.880
	PEC2 <- PEC	0.882				
	PEC3 <- PEC	0.773				
	PEC4 <- PEC	0.899				
PSN	PSN1 <- PSN	0.839	0.829	0.896	0.742	0.826
	PSN2 <- PSN	0.884				
	PSN3 <- PSN	0.861				
AE	AE1 <- AE	0.905	0.932	0.950	0.828	0.930
	AE2 <- AE	0.925				
	AE3 <- AE	0.928				
	AE4 <- AE	0.880				
EI	EI1 <- EI	0.813	0.918	0.935	0.708	0.916
	EI2 <- EI	0.719				
	EI3 <- EI	0.874				
	EI4 <- EI	0.883				
	EI5 <- EI	0.916				
	EI6 <- EI	0.830				

Source: Authors' calculation

Now that a construct's outer loadings are greater than 0.6, the convergent validity is supported (Hair et al., 2017). Convergent validity is shown in AVE which is larger than 0.5 (Fornell & Larcker, 1981). Also, the internal consistency is obtained when the rho A (Dijkstra & Henseler, 2015), Cronbach's alpha (Cronbach, 1951), and composite reliability (Werts, Linn, & Jöreskog, 1974) are all larger than 0.7.

Table 2. Heterotrait-Monotrait Ratio (HTMT)

Relationship	Correlation	2.5%	97.5%
EI -> AE	0.703	0.569	0.809
PEC -> AE	0.493	0.196	0.768
PEC -> EI	0.779	0.545	0.940
PSN -> AE	0.666	0.413	0.877
PSN -> EI	0.666	0.484	0.813
PSN -> PEC	0.499	0.210	0.767

Source: Authors' calculation

The HTMT correlation ratio ranges between 0.493 and 0.779. The results of the HTMT show that all constructs are less than 0.9. As a result, the discriminant validity is achieved (Hu & Bentler, 1999).

Table 3. Goodness-of-Fit

Latent Variables	AVE	R ²	Sqrt (AVE*R ²)
Perceived Entrepreneurial Capacity (PEC)	0.738	-	-
Perceived Social Norm (PSN)	0.742	-	-
Attitude towards Entrepreneurship (AE)	0.828	-	-
Entrepreneurial Intention (EI)	0.708	0.659	-
Average	0.754	0.659	0.705

Source: Authors' calculation

The Goodness of Fit score (0.705) suggests that the model is well-fitting and has a high of predictive power (Henseler & Sarstedt, 2013). Bootstrapping technique generated 5,000 bootstrap subsamples to test hypotheses. The results are shown in Figure 2 as well as Table 4.

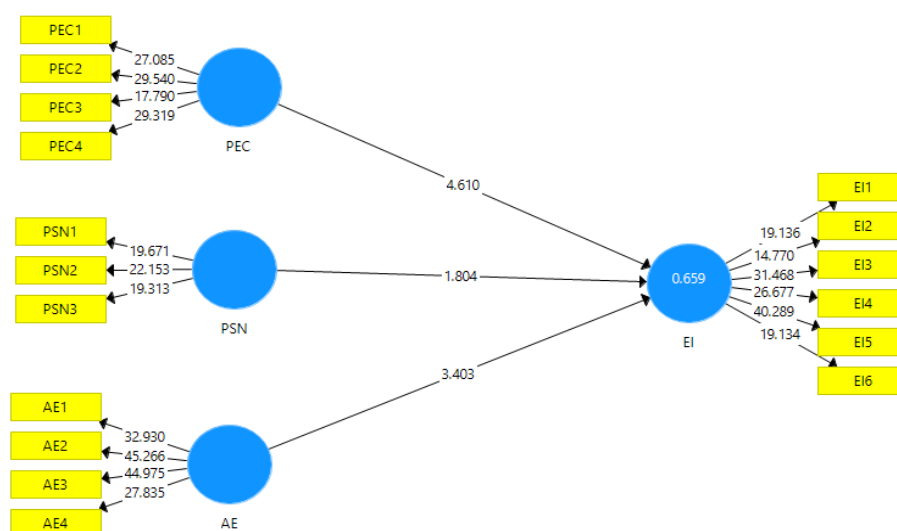


Figure 2: PLS-SEM Output Diagram

Source: Authors' calculation

Table 4. Main Hypothesis Testing of the PLS-SEM

Hypothesis	β	STDEV	($ \beta/STDEV $)	<i>p</i>
PEC -> EI	0.467	0.101	4.610	0.000
PSN -> EI	0.184	0.102	1.804	0.071
AE -> EI	0.341	0.100	3.403	0.001

Source: Authors' calculation

With the absolute value of 4.610, the probability of getting a significant inference is less than 0.001 (0.1%). The regression weight of perceived entrepreneurial capacity ($\beta_1 = 0.467$) in the prediction of entrepreneurial intention is significantly different from zero at the 0.001 level. With the absolute value of 1.804, the probability is less than 0.1 (10%). The regression weight of perceived social norm ($\beta_2 = 0.184$) in the prediction of entrepreneurial Intention is significantly different from zero at the 0.1 level. With the absolute value of 3.403, the probability is less than 0.01 (1%). the regression weight of attitude towards entrepreneurship ($\beta_3 = 0.341$) in the prediction of Entrepreneurial Intention is significantly different from zero at the 0.01 level. To sum up, all of our hypothesis is accepted based on the empirical analysis.

This study examined how each of three factors (perceived entrepreneurial capacity, perceived social norm, and attitude towards entrepreneurship) affects entrepreneurial intention by using PLS-SEM. Hypothesis 1 suggested that perceived entrepreneurial capacity is positively linked to entrepreneurial intention. The result supports hypothesis 1. It shows that the larger one's sense of entrepreneurial self-efficacy, the stronger one's sense of entrepreneurial intention (Boyd & Vozikis, 1994; Boubker et al., 2021).

Hypothesis 2 suggested that perceived social norm is positively linked to entrepreneurial intention. Hypothesis 2 is supported by the result. Social norm is a significant factor influencing intention (Vermeir & Verbeke, 2006). It proves that social standards demonstrated in economic activities influence entrepreneurial intention by allowing entrepreneurs to estimate the possibility of entrepreneurship in the economic mechanism (Emami & Khajeheian, 2018).

Hypothesis 3 suggested that attitude towards entrepreneurship is positively linked to entrepreneurial intention. The result supports hypothesis 3. The results support previous findings. It shows that the desire to establish a business is based on a good attitude and the view of entrepreneurship (Gasse & Tremblay, 2011; Mawardi & Baihaqi, 2020; Boubker et al., 2021, 2022). In addition, encouraging students to be engaged in internship programs or new startup ventures could shape their attitudes towards entrepreneurship (Chau, 2018).

5. CONCLUSIONS

This study found that each of three factors (perceived entrepreneurial capacity, perceived social norm, and attitude towards entrepreneurship) positively affects entrepreneurial intention in the context of South Korea. The conceptual structure of the study was mapped out based on the theory of planned behavior. The use of the bootstrapping approach in PLS-SEM is a methodological implication of this study. Bootstrapping techniques were used to make up for the fault of small sample size. Although the sample size is adequate to test the structural model, a larger sample is needed to increase the model's reliability. To improve applicability, the predictors of students' entrepreneurial intentions should be tested in other areas. The investigation of various predictors of entrepreneurial intention model may provide more comprehensive view of entrepreneurial behavior. The model's explanatory power was evaluated. The model constructs of perceived entrepreneurial capacity, perceived social norm, and attitude towards entrepreneurship contributed to an R^2 for entrepreneurial intention of 0.659 indicating that those constructs explain 65.9% of the variance in entrepreneurial intention. Although the variance of entrepreneurial intention is relatively high as it is explained in the proposed model, the literature shows that another variable could potentially affect entrepreneurial intention such as entrepreneurship education (Boubker et al., 2021, 2022). The present study was limited in scope, further studies on the role of the educational environment in mediating students' entrepreneurial intentions are needed for making the conceptual model generalized.

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