Factors Impacting Entrepreneurial Intention: A Literature Review

Abir S. Al-Harrasi, Eyad B. Al-Zadjali, Zahran S. Al-Salti

Abstract—Entrepreneurship has captured the attention of policy-makers, educators and researchers in the last few decades. It has been regarded as a main driver for economic growth, development and employment generation in many countries worldwide. However, scholars have not agreed on the key factors that impact entrepreneurial intention. This study attempts, through an extensive literature review, to provide a holistic view and a more comprehensive understanding of the key factors that lead university undergraduate students to become entrepreneurs. A systematic literature review is conducted and several scientific articles and reports have been examined. The results of this study indicate that there are four main sets of factors: the personality-traits factors, contextual factors, motivational factors, and personal background factors. This research will serve as a base for future studies and will have valuable implications for policy makers and educators.

Keywords—Entrepreneurship, Entrepreneurial Intention.

I. INTRODUCTION

Recent developments in the field of economy have led to a renewed interest in entrepreneurship. Many governments and policy-makers around the world consider the entrepreneurship and entrepreneurial drives as primary drivers for economic growth and development [1], [2]. Entrepreneurship is defined as the process of identifying opportunities in the market place, committing actions and necessary resources to exploit the opportunities for long term personal gain [2]. According to Asamani and Mensah, entrepreneurship is “the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risk, and receiving the resulting rewards”[3]. An entrepreneur is a person who undertakes and operates a new venture and assumes some accountability for the inherent risk [2].

Opoku-Antwi et al. found that entrepreneurship is critical to the development and well-being of society since it creates jobs, drives and shapes innovativeness, and speeds up structural changes in the economy. Besides that, entrepreneurship creates new markets, new industries, new technologies, new jobs, and net increase in real productivity [2]. Therefore, the paradigm shift among graduates is needed to stimulate the country's economic growth and development [4].

Concerns have been raised by several relevant bodies about the importance of influencing the entrepreneurial intention which refers to the desire and commitment to start-up a business [1], [2]. It has been clearly stated by Zeffane that individuals with high entrepreneurial intention are more likely to start a business than are those with lower entrepreneurial intention. In fact, the intention is the best predictor of actual behavior [5].

Most studies have been carried out to investigate the importance of entrepreneurship when the concern is about future generation as they will be the key business leaders and the drivers of the development [2]. Despite the increased research on entrepreneurship, this study focuses on the key factors which directly affect the entrepreneurial intention among people. The aim of this study is to determine and investigate factors influencing the entrepreneurial intention, in order to present the most contemporary future generation of entrepreneurs that can shape the future of the economy and the country. The research question has been defined according to the research aim as “What are the factors influencing the students’ perception towards entrepreneurship?” The reminder of this paper is organized as follow. The following section describes the process of data collection and analysis. Section III presents the key findings and discussion. The last section concludes the study.

II. DATA COLLECTION AND ANALYSIS

To study the factors influencing entrepreneurial intention of people, a systematic literature review was conducted. The search was limited to the entrepreneurial intention using web-based search engines. Topic search was used to identify publications that refer to entrepreneurial intention in title, abstract, and author keywords. The search was further narrowed down to English language articles and reviews that were published in the last ten years (2003-2013). The search included only journal articles whereas books and press papers were excluded. Major online databases, such as Science Direct, Academic Search Complete, Wiley Online Library, Business Source Complete, and Emerald, were used.

Given the aim to gain a depth understanding of various factors already identified by other researchers, thirty-one articles [shown in Table I] were found to contain discussion about some of the factors influencing the entrepreneurial intention.

III. FINDINGS AND DISCUSSION

The reviewed articles suggested that there are four main sets of factors influencing entrepreneurial intention. These sets are: personality traits-related factors, contextual-related factors, motivational-related factors, and personal background-
related factors. Table I illustrates the key studies that have discussed some of the factors influencing the entrepreneurial intention. It is worth noting that some of these factors are labeled differently in the literature.

### Table I

<table>
<thead>
<tr>
<th>Study</th>
<th>Personality traits-related Factors</th>
<th>Contextual-related Factors</th>
<th>Motivational-related Factors</th>
<th>Personal Background-related Factors</th>
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### A. Personality Traits-Related Factors

According to the literature, personality traits is the highest determinant in business start-up intentions [16]. The student's personality does, in fact, matter in people's career choices [5]. There are some personality traits that affect a person's entrepreneurial intention, such as self-confidence, need for achievement, risk-taking ability, internal locus of control, innovativeness, and autonomy [7]. Self-confidence is considered as a valuable individual asset and a key personal success because it makes people happier, it makes it easier to convince others (rightly or wrongly), and it improves the individual's motivation to undertake projects and persevere in the pursuit of his goals [22]. Risk-taking is defined as the propensity of an individual to reveal risk taking or risk avoidance when confronted with risk situations [26]. Students with entrepreneurial intention have significantly higher scores in risk-taking than students without entrepreneurial intention [3]. Needs for achievements is another key factor influences individuals' intention towards entrepreneurship. Students who have a high need to achieve will reveal entrepreneurial behavior [9]. Locus of control is "an individual's perception of his/her ability to influence events in life" [16]. Students who have high internal locus of control are expected to become entrepreneurs than those with external locus of control [9]. Innovativeness is defined as creating new products or new quality, creating new methods of production, getting into a
Entrepreneurship is an important source to improve the economy. Identifying the factors impacting individuals' entrepreneurial intention has a high level of significance in specifying the extent to which individuals are interested in starting-up a business. This paper set out to determine the factors impacting the entrepreneurial intention. It focused on four sets of factors: personality traits, contextual, motivational, and personal background. The most obvious finding emerge from this study is that the personality traits factors (self-confidence, risk-taking propensity, needs for achievements, and desire for a higher social and professional status) are the most examined factors in the literature. This research will serve as a base for future studies and will help researchers to consider these factors when examining the intention of individuals toward entrepreneurship.

REFERENCES


