

Impact of Entrepreneurial Education, Self-Efficacy, and Government Policy on Entrepreneurial Intention of Higher Education Students

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ABSTRACT:

The purpose of this paper is to identify impact of economic development and favourable policy changes in emerging economies on internal motivation of youth to become entrepreneurs. Motivational theories interpreted that in presence of favourable external environment and internal skill and competencies resulted into innovation and new business ideas . Confirmatory factor analysis is used to understand the motivation among youth to become entrepreneur in the emerging economies. This is important to channelise human resources for the growth of an economy.

Design/methodology/approach

Growing number of entrepreneurs are not only important for the economy but also solution to the problem of unemployment. Economic growth and development along with government policy structure influence the college students to start their own venture. They assume that entrepreneurial education and Self-efficacy will develop their skills and abilities. Studying the factors influencing their willingness to start the business is important for growth of entrepreneurship. From the perspective of theory of planned behaviour, this paper analyses effect of entrepreneurial education, self-efficacy, and government policy on entrepreneurial intention of higher education students. Using 327 students studying entrepreneurship as subject or course we test the hypothesis

Findings

The results of the proposed model confirmed the hypothesized latent structures. Conclusions drawn from this study might be useful to better utilization of young dynamic resources for the development of economy.

Originality/value

Researcher have brought attention to the impact of motivational factors on youth who are either started their venture or inclined to start their business. As youth is the major part of population in these economies its important to understand which factors motivate them more.

Key Words: Entrepreneurial Education, Self-efficacy, Government policy, Entrepreneurial Intention, Students

Introduction

Entrepreneurship plays an important role in socio-economic development of country. New ventures coming up with new knowledge, innovations to do business which reshape the market structure. These wealth creation activities not only generated employment and increase circulation of money for economic growth (Shrivastava, 2015) but also brings societal development.(Reuel Johnmark et al., 2016). Economic growth and development help to improve standard of living in the society and increase in demand of new and advance product and services in the market. Entrepreneurial ecosystem which includes institutions, government policy, social network, and cultural values, exert a considerable influence on entrepreneurial activities. (Chan, Wen Li & Mustafa, Michael. ,2021)

Government structure and policy plays an important role in encouraging entrepreneurship along with entrepreneurial education and Self-efficacy. These are the three pillars of entrepreneurial ecosystem of the country. In case of emerging economy like India, government has taken various initiatives, such as ease of doing business which allowed free mobility of people and ideas, free or affordable training program, schemes like start-up India, make in India to encourage people to start their own business. Government encourages established players of the market to mentor and guide new ideas, handhold them and solve the problems during initial stage. Also develop financial support system, IT and other infrastructure, formulate laws and rules to safeguard and support small entrepreneurs (Vargas-Hernández (2009). Online, transparent, easy processes for documentations with guidance from mentor helped many small entrepreneurs (Vargas- Hernández (2009).

Economic need also realised by the educational institutes and added entrepreneurship as a subject in all levels of curriculum to develop interest among the students. Entrepreneurial education is a primary source of skills and knowledge for the quality improvement and success of entrepreneurs. (Galloway and Brown, 2002), Along with the education, entrepreneur's self-efficacy, that is self-confidence and ability to start business is equally important to become an entrepreneur.

Entrepreneurial intention is the reflection of entrepreneur's behaviour (Lüthje, C, 2003). There are various factors as mentioned in various studies such as education, age, gender, entrepreneurial knowledge, personality traits, risk taking ability , desire for achievement, , and ability to do business influenced entrepreneurial intention. (Popescu, 2016, Vodă,2019). Along

with these demographic factors family, friends and relatives, entrepreneurial orientation from the government related incentive policies and training services, market accessibility also creating impact on entrepreneurial intention. (Bruno and Tyebjee, 1982; Gartner, 1985). There are many psychological models of entrepreneurship which explained the factors that impact on entrepreneurial intention. Out of all these models Theory of Planned Behavior is the most influential (Bird, 1988) and used in study to examine effect of entrepreneurial intention on Entrepreneurial Education, Self-efficacy, and Government policy.

Recently India is growing in start-up ecosystem and on the path to become entrepreneurial powerhouse. Due to developing economy importance of entrepreneurship is significant. It helps to address the huge employment gaps due to increasing population (Amofah et al., 2020). Unemployment in India is also due to the education system where students graduated with the expectation of job opportunity in public or private sector. Although entrepreneurship is added in the curriculum in recent past but not for all. Practically it is impossible for any government to provide government or private sector jobs. This means that there is the need for a change in the mindset of graduates from job seeker to job creator to actualize their educational aspirations (Amofah et al., 2020). Due to advancement of technology job market already shrink. Indian economy, 15 million workforces under the age of 35 yrs enters every year in the Indian job market and the only way through which enough jobs can be created is by creating an environment for entrepreneurship and innovation. (Government of India, n.d.). Thus it is important to understand effect of all above three factors which are the backbone of entrepreneurial intention of Indian higher education students who are entering into job market.

Effect of entrepreneurial education on the students' entrepreneurial intention

Skills, abilities, and personality traits can be learnt by training (Kuratko, 2014). "Learning by doing" in the process of becoming an entrepreneur is hypothesized and add entrepreneurial courses in the curriculum. These courses were developed to enhance the quality and ability of the students for adventurous journey. Various universities and colleges started entrepreneurship programs and courses which gain the attention in past decades. Generally aspiring participants are enrolled in such courses. Fresh students as well as the entrepreneurs, who perceive that they lack the certain skills after starting a business also joined these courses (Roomi, M. A., 2008)

Entrepreneurial intention is a prerequisite to start a new business. It shows an individual's conviction to achieve his goal (Krueger, 2000). The goal of entrepreneurial education is to foster the intention by stimulating ideas and behaviour necessary for education (Botha, 2006) and strengthen the intention to become entrepreneur (Barbosa, 2008). Education helps to provide a structured understanding and planned behaviour to start business which is the key to success (McMullan, 2002). It means that entrepreneurial knowledge and skills can be developed with entrepreneurial education. Based on this analysis it is hypothesized that

H1: Entrepreneurial education has significant positive effect on their Entrepreneurial intention

Effect of entrepreneurial self-efficacy on the students' entrepreneurial intention

Entrepreneur is an individual with innate talent and potential to do the work efficiently. He is creative with decision making and problem-solving ability and wants to use these skills in their career. This type of person wants to prove themselves by achieving something different than that of others (Vijaya & Kamalanabhan, 1998) Self-efficacy is one of the most important parameters observed in the studies of Entrepreneurial Intention and Success (Yangailo, 2022). It is defined as analysis of one's ability to accomplish series of activities to achieve desired objective. It reflects individual's self-confidence to start business. Efficacy helps in regulating cognitive, affective, motivational, and decisional processes to achieve goal. (Darmanto, 2018). Parameters which are considered as significant measures to evaluate entrepreneurial ability are propensity to take risk and deal it with confidentially and effectively. He wants to provide good products and services at an affordable price to solve the problem of consumers. He wants to be a financially independent and interested in generating employment. He must be competent to utilise the financial grants and use of government loan and bank. (Antoncic, Jasna 2018).

Generally, performance goals are difficult to achieve and required specific abilities and skills. To perform better than others, or best of all, he organises resources independently, overcome challenges, attain a high standard of excellence (Brunstein & Heckhausen, 2018). Efficacy is considered as ability to dealing with money and material resources to achieve goals and these achievements are reflected by their social status. (Vijaya & Kamalanabhan, 1998). From above explanation we understood that self-efficacy as entrepreneur is self-confidence on the abilities to start business. Along with appropriate knowledge and skill, conviction in the ability also need to use them. Self-efficacy is the key factor to face challenges in the journey of entrepreneurship. Entrepreneurial intention is determined by self-efficacy (Kolvereid, L. (1996).

H2: Entrepreneurial self-efficacy has significant positive effect on their Entrepreneurial intention

Effect of Government Policy on the students' entrepreneurial intention:

Business environment shape by the government policy in which entrepreneurial decisions are made. Hence favourable government policy plays an important role in entrepreneurial intention to do business (Minniti, M. (2008). Entrepreneurial intention is discussed in the context of the emerging economy helps not only to improve the quality of work and life but also

promotes the personal growth of young entrepreneurs. The entry of these young entrepreneurs is the backbone of the social and economic development of the country. Thus, for a better entrepreneurial environment and to bring young aspiring entrepreneurs to the mainstream of business, many countries has bought new schemes and policies (Shi & Wang, 2021). (<https://okcredit.in/blog/government-policies-for-small-businesses/>). Countries bought policy support in many different forms such as financial, infrastructural, fiscal benefits to develop entrepreneurial ecosystem. As government support and policy is important factor to create impact on entrepreneurial intention (Obaji, Nkem. (2014).

H3: Government policy has significant positive effect on their Entrepreneurial intention

In the theory of planned behaviour, behavioural attitudes affect the entrepreneurial intention. Attitude of a person towards government policy support will result into entrepreneurial intention Self efficacy is the confidence and ability to achieve desired goal using planned behaviour in the entrepreneurial journey and education and training reflect the learning behaviour of an individual.

Research Design Measures

Exiting literature studies are based on individual parameter of education, self-efficacy, and government policy. In this study, all the three pillars of entrepreneurial intention considered together. Entrepreneurial education means entrepreneurial courses/ certifications added in syllabus by the universities and colleges. Four questions were used to measure the effect of education on intention. Entrepreneurial self-efficacy and intention is also measured by asking 4 question items from the scale developed by Cooper and Lucas (2006) and Thompson (2009). All these items are modified to make it suitable to Indian context. Likert Scale with 5 point as “strongly agree” and 1 as “strongly disagree” was used.

Demographic variables, such as level of education, age, gender also affect entrepreneurial intention in separate study. These are considered as control variable for the purpose of study.

Sample Distribution

Questionnaires was the main tool of data collection. A structured questionnaires were distributed using google form to more than 500 students who are pursuing higher studies with entrepreneurial courses in their curriculum using mails and WhatsApp. Out of 412 return copies 327 valid samples are selected by omitting the incomplete responses or similar answer in all responses.

Table 1: Descriptive properties of sample

Gender	Age	Level of education
Male 68%	20- 25 years- 72%	Engineers doing management courses- 55%
Female 32%	25 years and above- 28%	Non-Engineers doing management courses- 45%

Reliability and validity

Consistency reliability and composite reliability used to test reliability of data. All values of composite reliability are grater than 0.80 and Cronbach’s alpha greater than 0.90.

Table 2: Average variance extracted (AVE) and composite reliability (CR) analysis

	Latent Variables:	Standardis e Loadings (Lamada)	Lamada Square	1- lamada square			
		Std.all			AVE	CR	Alpha
Entrepreneur	I have received entrepreneurial education and training	0.641	0.41088	0.589119	0.507551	0.876753	0.94
	I put an effort in studying latest development in business and management	0.797	0.63521	0.364791			
	I have knowledge about business management	0.619	0.38316	0.616839			

ial education	I have experience to run a business	0.767	0.58829	0.411711			
Entrepreneurial Self Efficacy	I can develop a business plan	0.694	0.48164	0.518364	0.5037	0.834945	0.93
	I can innovate business ideas	0.724	0.52418	0.475824			
	I can make plan for fututre directions for the company	0.698	0.4872	0.512796			
	I can choose suitable employees for my business	0.653	0.42641	0.573591			
Governm ent Policy	I will consider assistance Government organizations for starting their own businesses	0.719	0.51696	0.483039	0.521816	0.844832	0.95
	I will consider Local and national government support for individuals starting a new business	0.705	0.49703	0.502975			
	Govement subsidy is an important parameter to start a business	0.764	0.5837	0.416304			
	IT and other infrastucture created market opportunity will be the reason for starting a business	0.67	0.4489	0.5511			

Entrepreneurial Intention	I am ready to do anything to be an entrepreneur	0.649	0.4212	0.578799	0.53464	0.819286	0.94
	My professional goal is to become an entrepreneur	0.783	0.61309	0.386911			
	I will make every effort to start and run my own firm	0.638	0.40704	0.592956			
	I am determined to create a firm in the future	0.835	0.69723	0.302775			

In this study, we used confirmatory factor analysis (CFA) tools for data analysis and testing relationships between variables. This method is used to verify the factor structure of a set of observed variables (Hair, J. F, 2012). Majority of items selected for the study were taken from the literature and modified according to the relevance of context. Exploratory factor analysis conducted using R to test the validity of the construct. The Kaiser-Meyer-Olkin value of 16 item is .906 and chi square value of Bartley specificity is 3121.829 which shows the statistical significance. Common factors correlation matrices are identified by using principal component matrix with varimax rotation .After analysis, four factors : Entrepreneurial intention, Entrepreneurial education, self-efficacy, government policy support been provided with total variance experienced was 68.051% and that is reasonable percentage of variance and factor loading all exceed .067. Correlation analysis reveals that all the factors are significantly correlated. The AVE greater than 0.50 shows adequate validity and reliability (Table 2). Thus, scale is good fit for four factor model. Discriminate validity was tested by using confirmatory factor analysis (Table 3).

Table 3 : Model fit indices for the measurement model

Index	Perfect Fit	Accepted Value	Model Result
χ^2_{df}, p	$P > 0.05$	$P > 0.05$	0.428
χ^2_{df}	$\chi^2_{df} < 3$	$\chi^2_{df} < 3$	9.102
CFI	$0.95 < CFI < 1$	$CFI > 0.95$	1.000
GFI	$0.95 < GFI < 1$	$GFI > 0.95$	0.976
RMSEA	$0 < RMSEA < 0.05$	$RMSEA < 0.05$	0.010
TLI	$0.95 < AGFI < 1$	$AGFI > 0.95$	0.999
srmr			0.027

Analysis of result on effects of entrepreneurial education, Government policy and entrepreneurial self-efficacy on entrepreneurial intention has shown that more intensive the entrepreneurial educational stronger the entrepreneurial intention ($\beta = 0.328, p < 0.001$) It stimulate the college students. Hypothesis 1 is accepted. Self-efficacy is also strongly correlated with the entrepreneurial intention. Students who have skills and abilities and self-confidence shown more inclination to become entrepreneurs ($\beta = 0.304, p < 0.001$) Self efficacy not only direct but also indirect impact on intention. Hypothesis 2 is accepted. Similarly favourable government policy also stimulates students thought to become entrepreneurs. ($\beta = 0.354, p < 0.001$).Hypothesis 3 accepted.

Discussion and Findings:

The study investigated the impact of entrepreneurial education, self-efficacy, and government policy on entrepreneurial intention among higher education students in emerging economies. The findings revealed significant relationships between these factors, highlighting their collective influence on students' attitudes and motivations towards entrepreneurship.

Entrepreneurial education emerged as a crucial determinant of entrepreneurial intention, with students exposed to entrepreneurial courses and practical training demonstrating a higher inclination towards starting their own businesses. As noted by Amofah et al. (2020), "Entrepreneurial education plays a vital role in shaping students' perceptions and aspirations towards entrepreneurship, providing them with the necessary knowledge and skills to navigate the complexities of the business world."

Self-efficacy was identified as a key driver of entrepreneurial intention, with students exhibiting higher levels of confidence in their abilities more likely to pursue entrepreneurial opportunities. This aligns with the findings of Antoncic et al. (2018), who emphasized the importance of self- efficacy in inspiring individuals to take risks and make decisions in entrepreneurial contexts.

Government policies were found to significantly influence students' entrepreneurial intentions, with supportive measures

such as financial incentives, infrastructure development, and regulatory frameworks creating a conducive environment for entrepreneurial activities. As highlighted by Barbosa et al. (2008), "Favorable government policies play a crucial role in stimulating entrepreneurial thinking and fostering a culture of innovation and risk-taking among aspiring entrepreneurs."

The mediating variables of attitudes towards entrepreneurship and perceived behavioral control were found to play a significant role in shaping students' entrepreneurial intentions. Positive attitudes towards entrepreneurship, influenced by entrepreneurial education and self-efficacy, were associated with a greater willingness to engage in entrepreneurial activities. Similarly, perceived behavioral control, influenced by government policies and self-efficacy, empowered students to overcome obstacles and exert control over their entrepreneurial aspirations.

Overall, the study underscores the interconnected nature of entrepreneurial education, self-efficacy, and government policy in shaping students' entrepreneurial intentions. By recognizing the synergistic effects of these factors, policymakers and educators can design targeted interventions that foster an entrepreneurial ecosystem conducive to innovation, growth, and economic development in emerging economies.

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