Threat Perception towards Entrepreneurship Development

Dr Arfat Ahmad
Assistant Professor,
Govt. Degree College for Boys,
Baramulla, J & K.

Dr Mohd Abass Bhat
Dept. of Accounting and Finance
University of Ethiopia, Africa.

Abstract

The rising unemployment levels are indeed major obstacle for the economic growth in India, particularly in the Kashmir valley. Under such circumstance entrepreneurship is becoming a vital instrument to promote economic growth and development across all the regions of valley. Over the times, policymakers and academicians come up with different policies to initiate the spark of entrepreneurship particularly among the youth of Kashmir. Nevertheless, In spite of efforts, these policies have not been able to bring in the desired results. This is partly because threat perception towards entrepreneurships halt entrepreneurial propensity among the youth. In this background, a conceptual frame work is established, whereby various predictors contributing to the formation of threat perception were contemplated as explanatory factors in the formation of youth's attitude towards entrepreneurship.

Keywords: Perception, Entrepreneurship Development, Threat, J&K.

Introduction

The entrepreneur is the mainly responsible for economic development, as it is understood nowadays. Thus, higher start-up rates will contribute to increased economic prosperity. This is partly because, the consequence of the introduction by enterprises of mainly technical and organizational innovations that allow productivity increases. In fact, entrepreneurs are responsible for the promotion of enterprises and businesses; they infuse dynamism in economic activity within their territory; manage organizational and technical change; and also promote the innovation and learning culture on such environment. By virtue of essence of entrepreneurship in the economic prosperity, there is always need to investigate the factors which effect the formation of intentions to start entrepreneurship. Studies have often indicate a link between entrepreneurial intention and some personality factors, such as self-confidence, risk-taking ability, need to achievement, and locus of control. However, a person is surrounded by an extended range of cultural, social, economical, political, demographical, and technological factors. Therefore, personality traits cannot be isolated from these contextual factors. For instance, according to Hisrich (1990), people can be pushed or pulled by the situational factors, which are related with their personal backgrounds and present lives. From a broader point of view, the cultural and institutional frameworks also

affect entrepreneurship (Wennekers and Thurik, 1999). In order to address this research gap the present study includes range of factor to study simultaneously their impact on the youth's stance towards enterprenuership.

Literature review

The decision to become an entrepreneur may be plausibly considered as voluntary and conscious (Krueger et al., 2000), it seems reasonable to analyze how entrepreneurship intentions are formed. In this sense, the entrepreneurial intention would be a previous and determinant element towards performing entrepreneurial behaviors (Fayolle & Gailly, 2004;). In turn, the intention of carrying out a given behaviour will depend on the person's attitudes towards that behaviour (Ajzen, 1991).

There are two subsets found significant predictors of entrepreneurial intention. The first factor is educational support that indicates mainly a supportive university environment. According to the results, if a university provides adequate knowledge and inspiration for entrepreneurship, the possibility of choosing an entrepreneurial career might increase among young people. Development of creative ideas for being an entrepreneur", "provide the necessary knowledge about entrepreneurship", and "develop the entrepreneurial skills". It is believed that the ideal stage to acquire basic knowledge about entrepreneurship and to foster a positive attitude towards entrepreneurship is during childhood and adolescence years (Filion, 1994). Walstad (1998) argues that the impact of entrepreneurship education has been recognized as one of the crucial factors that help youths to understand and foster an entrepreneurial attitude.Since the education offered by a university mostly influences the career selection of students, universities can be seen as potential sources of future entrepreneurs. Today, most universities have spent significant amounts of money to design a viable entrepreneurship education for their students. It has been found that the probability of entrepreneurial recognizes opportunities to start up, have received specific information, and perceives that their education institutions are giving support to entrepreneurship (Galloway & Brown, 2002; Gorman & Hanlon, 1997).

Second factor is structural support might affect entrepreneurial intention of university students. According to Bird (1988) intentions models that focus on attitudes and their antecedents have been proposed to better explain the entrepreneurial process.

However, Wilson (2004) finds that prior exposure to entrepreneurship in practice, both direct and indirect through their family background in business, is significantly linked to their attitudes, norms, and perceived behavioural control regarding entrepreneurship.

Depending on the specific objective pursued, four categories of entrepreneurship education could be thought of. The study of Begley et al. (1997) compared the role of socio-cultural factors in a four-dimensional model. The study indicated that only social status of entrepreneurs might be predicted as a factor to start a business. The study conducted by Aldrich (2003) concludes that Family business background have a positive correlation to entrepreneurial intention. They further suggest that an entrepreneurship policy creating a suitable climate would help young people to change their attitudes and to form positive perceptions about entrepreneurship. It would also increase their self-confidence and the desirability of starting a new business. The reduction of barriers could perhaps help young people to bridge the gap between the intention and entrepreneurial behaviour and decide to take the bold step of starting a new business.

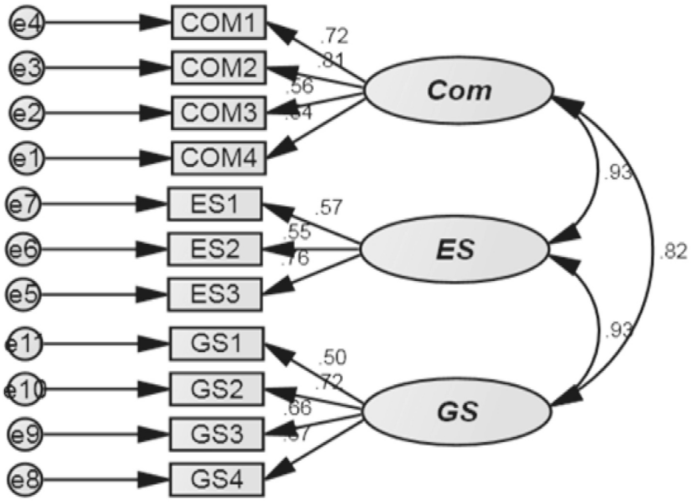
Objectives of the present study

The present study specifically assesses the role of some personal, social, economic and educational characteristics in the formation of threat perception. The objectives of the study were to investigate empirically various factors which act as barrier for the formation of entrepreneurship intentions among the youth. The study further aims at gaining better understanding of factors responsible for the formation of entrepreneurship attitudes among youth. It is anticipated that a better understanding of these variables and their relationship can aid further research, pinpoint better strategies for the growth and promotion of entrepreneurship, particularly in J&K and probably in other societies as well.

Research design, approach and method

A random sample design was used to collect data from a purposive sample of 251 students of university of Kashmir. Questionnaires used for the present study was adopted from the study conducted by linan and chen (2009). Apart from the conventional tools and techniques, Structural Equation Modelling (SEM) was used for testing the causal relationships among the independent and dependent understudy varibales. On the onset, Confirmatory Factor Analysis (CFA) is conducted to ensure valid reliable application of measurement theory

Figure 1: Measurement Model for Personal factors

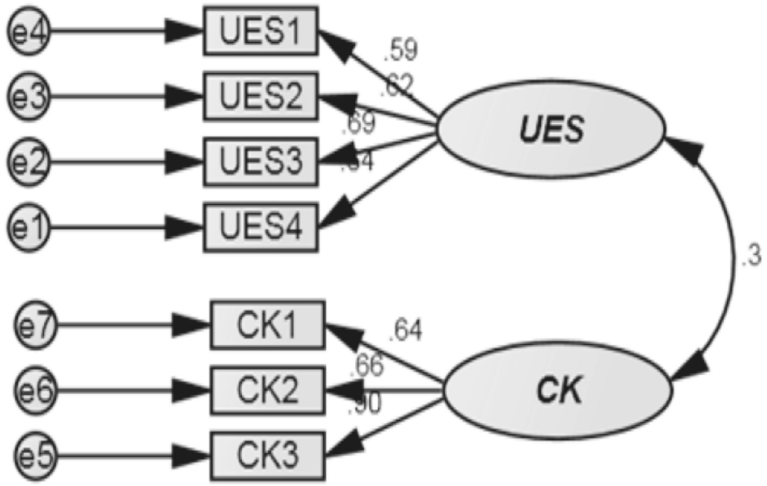


Key: COM1-COM4is the manifest variable of Competence; ES1-ES3arethe manifest variable of Entrepreneur skills; GS1-GS4 are the manifest variable of Goal setting; and e1-e11 are the error terms of manifest variable.

Model Summary I

Model Summary determines the degree to which the structural model fit sample data .AMOS output table yielded a chi-square value of 105.137 with 41 degree of freedom. The CMIN/DF (minimum discrepancy divided by degree of freedom) ratio was 2.56 which is within the recommended range of less than 5,which is indicative of the acceptable fit between the hypothetical model and sample data (Carmines &Mclver, 1981).The goodness of fit index(GFI) was .937 and comparative fit index (CFI) .944. CFI exceeds the minimum recommended level of .90, and the Root mean square error of approximation (RMSEA) was 0.056 which falls within the cut off limit of 0.08.

Figure 2: Measurement Model for Educational Factors

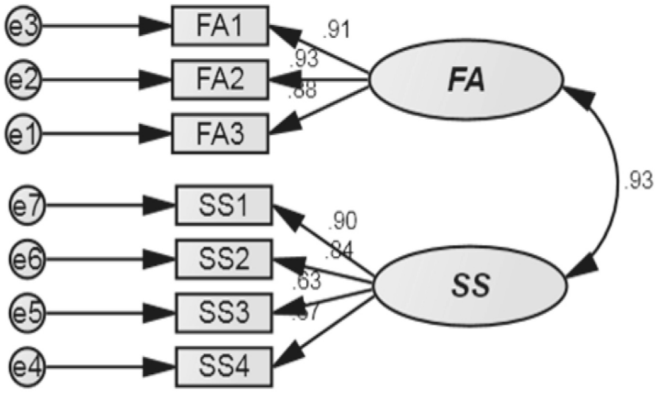


Key: UES1-USE4is the manifest variable of University education Support; CK1-CK3are the manifest variable of Congenital Knowledge; and e1-e7 are the error terms of manifest variable

Model Summary II

CFA analysis suggested that the model was acceptable without any modification. The chi-square value is 34.179 with 13 degrees of freedom. The CMIN/DF ratio is 2.62 is well within the recommended range of less than 5. CFI .971 and GFI .961 the most respected indices of model fit is Root mean Square error of approximation (RMSEA) index is 0.042.

Figure 3: Measurement Model for Economic factors

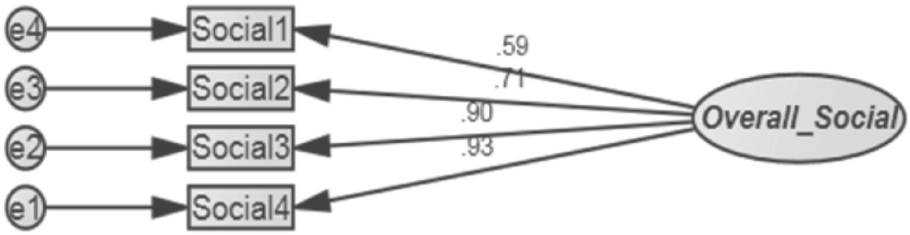


Key: FA1-FA3is the manifest variable of financial assesibilty; SS1-SS4are the manifest variable of Structural support; and e1-e7 are the error terms of manifest variable.

Model Summary III

AMOS output table shows chi-square value of 99.137 with 37 degree of freedom. The CMIN/DF (minimum discrepancy divided by degree of freedom) ratio was 2.67 which is within the recommended range of less than 5.CFI 94.09, GFI .97.6 and RMSEA 0.027 index was found which is within the recommended range.

Figure 4: Measurement Model for Social Support

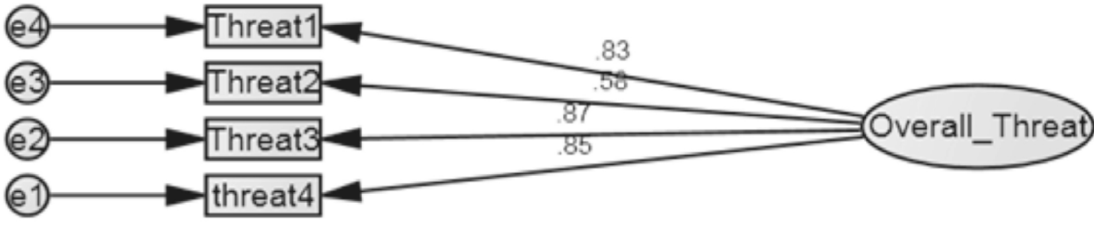


Key: Social1-Social4 is the manifest variable of Social; and e1-e4are the error terms of manifest variable

Model Summary IV

The Results from model fit were as,Value of chi Square 37.11;Df 14.The CMIN/DF (minimum discrepancy divided by degree of freedom) ratio was 2.65. GFI .978,CFI. 98 and RMSEA 0.057 which are within the recommended range.

Figure 5: Measurement Model for Threat Perception Towards Entrepreneurship



Key: Threat1-Threat4is the manifest variable of Perceived Threat Perception; and e1-e4are the error terms of manifest variable.

Model Summary V

The CFA results of the four items indicated that the model was a good fit to the data because the cut-off ranges of fit indices were acceptable as for as the recommendation level is concerned. The Value of chi Square 33.14; Df15,(CMIN/DF=2.20) and GFI .988, CFI .99.1 and RMSEA 0.034.

Average variance extracted and Composite Reliability

Average variance extracted is a measure of assessing convergent validity. Higher values of variance extracted indicate those indicators are truly representative of latent construct (Hair, et. al; 1998). Composite reliability is a measure of the internal construct indicators, which depicts the degree to which the items indicate the common latent (unobserved) construct (Hair,et. at; 2009). Highly reliable constructs are those in which the indicators are highly inter-correlated, indicating that they are all measuring the same latent construct (koufterous, 1999; lu, lai& Cheng, 2007).

Table 1: Showing Average Variance Extracted and Composite Reliability

Dimensions	Average Variance Extracted(AVE)	Composite Reliability (CR)
Personal factors		
COM	**0.69**	**0.78**
ES	**0.68**	**0.73**
GS	**0.63**	**0.72**
Educational Factors		
UES	**0.69**	**0.74**
CK	**0.72**	**0.79**
Economic factors		
FA	**0.75**	**0.81**
SS	**0.67**	**0.74**
Social		
Social	**0.73**	**0.82**
Threat Perception		
Threat	**0.69**	**0.78**

The results of AVE and composite reliability above the recommended level of 0.50and .70 respectively (Hair, et. at; 1998). Hence all constructs meet the minimum requirement of convergent validity.This establishes the reliability and convergent validity of the measurement scales.

Discriminant Validity

The discriminant validity of the measurement models was established by comparing the average variances extracted with the squared correlation between two constructs (Fornell&larcker, 1981) to test this it is achieved if the square root of average variance extracted is larger than the correlation coefficients. (Malhotra & Dash, 2011).

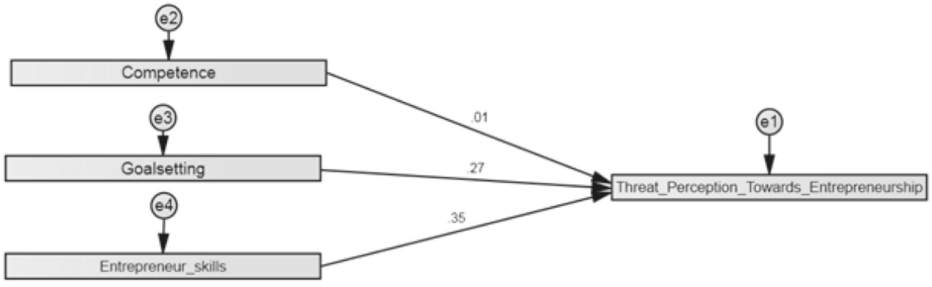
Item label	*PES*	*PSS*	*PEOS*	*PPS*	*Threat*
PES	**.67**				
PSS	.47	**.74**			
PEOS	.57	.59	**.64**		
PPS	.61	.67	.49	**.59**	
Threat	.54	.49	.48	.56	**.72**

From the (table .2) it can be seen that all AVEs for the construct are higher than squared inter-construct correlations .This result provides evidence of discriminant validity.

Structural equation modeling (SEM)

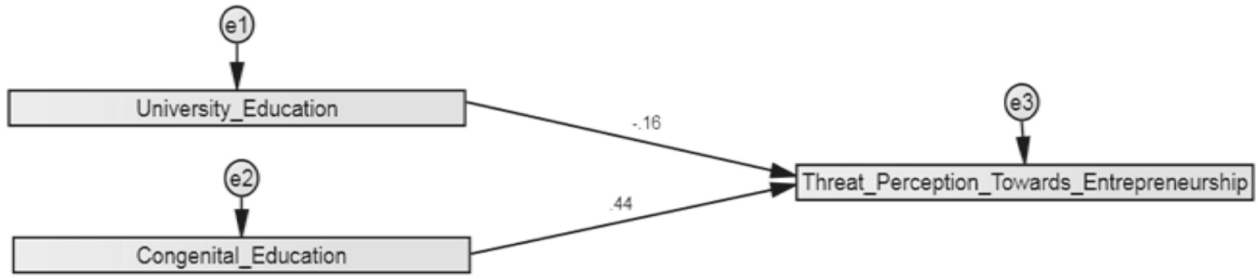
In view the objectives and hypotheses framed for the present study, structural equation models were machinated to assess the intricacy among the understudy variables. Primarily, the role of personal factors in the formation of threat perception towards starting entrepreneurship was assessed by the application of structured equation model delineated in figure.

RESEARCH MODEL I: Relationship between personal factors and perceived threat perception towards the entrepreneurship



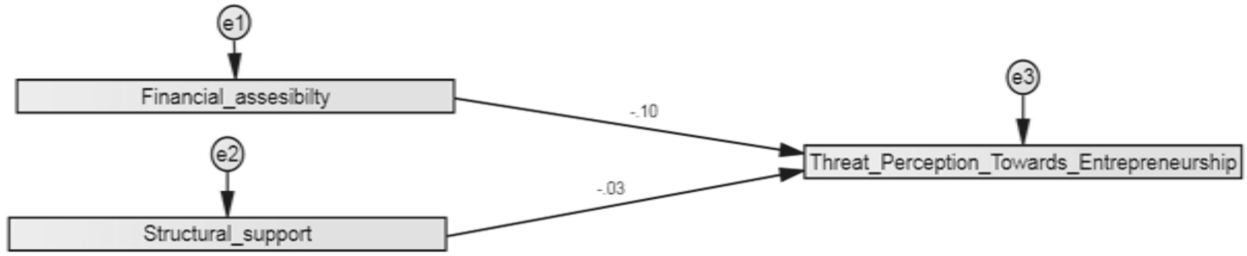
The model introduces the relationship between independent personal factors and dependent perceived threat towards entrepreneurship development. The results reveals, goal setting and entrepreneurship skills are significant predictors of youth's attitudes towards entrepreneurship. While as, as competence was found to have statistically insignificant explanation in determining entrepreneurship attitudes.

RESEARCH MODEL II: Relationship between educational support and perceived threat perception towards the entrepreneurship



In line to the postulation pertaining to the intricacy of educational support and entrepreneurship attitude and orientation the model delineates that youth's congenial knowledge pertaining to the business environment have significant impact in determining the perceptions of youth towards starting new business.

RESEARCH MODEL III: Relationship between Economical support and perceived threat perception towards the entrepreneurship



The results spur from the mechanized model for the assessment of relationship between economical support and perceived threat perception towards the entrepreneurship reveal the both financial and structural support does not possess strong predictive power in determining youth's perception towards entrepreneurship.

RESEARCH MODEL IV: Relationship between social support and perceived threat perception towards the entrepreneurship

Finally the impact of social support on youth entrepreneurship predilection was assessed by the diligence of model depicted in figure. As such the results reveal significant impact of social support in reducing the threat perception about starting new business unit across the valley.

TABLE 3: SHOWS MODEL FIT INDICES

Models	Chi Square	Degree of freedom.	CMIN/DF	GFI	CFI	RMSEA
Model I (Personal factors)	9.45	3	3.15	.921	.935	0.049
Model II (Educational support)	4.56	2	2.28	.967	.983	0.019
Model III (Economical support)	3.39	1	3.39	.921	.942	0.036
Model IV (Social support)	.000	.000	.000	.000	.000	0.014

Discussion

The results from the analysis reveal that youth across the Kashmir valley perceive considerable threat in starting entrepreneurship. The ontogeny of this entrepreneurship threat was assessed by four composite dimensions – economic, social, educational and personal. Among the select independent factor, personal factors were found considerably more influencing in determining the youth's attitude towards starting their own business unit. More precisely, the grained results reveal that goal setting and entrepreneur skill substantially abbreviate perceived entrepreneur threats among youth. In contrast to the expectation, economic factors – financial and structural support was found faint in dampening the entrepreneur threat among the youth of Kashmir. While as, support from the family and friends culminates in the social recognition were found encouraging factors in deciding about career as entrepreneur with substantial ease.

Moreover the imparted entrepreneurship knowledge in the universities was not found effective enough to suppress the perceived threat about the starting entrepreneurship across the Kashmir valley.

On the view of learned empirical results from the presented study, there is need of certain measure to orientate the positive entrepreneur attitude among the youth of Kashmir valley. The foremost need is steering of university education to impart the practical and pragmatic knowledge of entrepreneur scenario across the valley. As such focus should be made on developing the youth's innate entrepreneur skills and creative business ability. Complementary to the entrepreneur skills, there is need create a social climate to foster optimistic stance and form a positive perception about the entrepreneurship development. In fact it is imperative to provide a comprehensive support and collaboration from every corner of society in reducing the threat perception towards entrepreneurship development in the youth. Moreover, despite the weak exploratory power of financial and structural factors, the financial and structural barrier need to address which consequently would contract the gap between the entrepreneurship intentions and entrepreneurship behaviour.

The understudy youth of the valley was found to attach their threat entrepreneur threat perceptions to the knowledge they possess about the business environment. It is therefore grained that, if students understand the necessity and need of having entrepreneurship education, their intention to become an entrepreneur enhances. The basic skill necessary to meet this challenge is the ability to recognize a market needs and the ability to develop a product or service appropriate to satisfy these needs.

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