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## The entrepreneurial propensity model's important role in studying university graduates' entrepreneurial choice

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### ABSTRACT

This research has systematically concluded the results of applying the entrepreneurial model to the study of university graduates' entrepreneurial choice by analyzing and systemizing the relative references home and abroad. The study have shown us that in the new century, the traditional three models for researching the entrepreneurial propensity have gradually been replaced by more complicated ones. Firstly, this paper introduces you the relative concepts of the entrepreneurial propensity; secondly, it refers to three traditional models applied in the entrepreneurial propensity study, including the Event Model, used to study one's entrepreneurial desire, the theoretical model, used to study one's entrepreneurial activity, and the entrepreneurial situation model. The finding of our exploration has reflected that we should, based on the traditional and classic models, put forward a new research framework, which can be used more widely in the study of the entrepreneurial propensity, and then constantly integrate it into the relative study. To learn about a macro effect of the framework on a certain object, we should chose certain individuals and continuously increase the number of informants, so that to make study results more comprehensive.

### KEYWORDS

University Graduates' Entrepreneurial Propensity; Situation Model; Research Framework.



## INTRODUCTION

Previously there were some studies of such an issue that why individuals chose to be self-employed but not employed by others. The study results point out that the main factor leading to such a choice is the individual entrepreneurial propensity. Since the 1980s people have focused on the entrepreneurial propensity study, accelerating its development and creating a series of classic analyzing models. On the whole, almost all these models describe the individual entrepreneurial propensity as the result of the interaction between individuals and the entrepreneurial situation, and point out that some factors of the latter have an active effect on the individual entrepreneurial choice. With times past there still are many experts constantly making a deeper individual entrepreneurial propensity study and pushing some new factors into the classic research models, making the research field wider than ever before. But because the main research direction has been being neglected, the study priority still has not been unified.

The entrepreneurial propensity study has long been focused by experts home and abroad. The Chinese experts are following: Linsong (2014), who has studied the improvement of the entrepreneurial propensity model in the 21<sup>st</sup> century based on the traditional entrepreneurial propensity study, and also made an evaluation and expectation for the entrepreneurial propensity model; Jiang Haiyan (2012), who has analyzed the factors influencing the university graduates' entrepreneurial propensity. This paper, based on the previous study, studies the results of using the entrepreneurial propensity model to analyzing university graduates' entrepreneurial choice, to put forward an universal framework model.

## THE RELATIVE CONCEPTS OF THE ENTREPRENEURIAL PROPENSITY

Propensity, as an important notion in cognitive psychology, mainly reflects the degree of one's faith to a certain activity. The entrepreneurial propensity is a more specific tendency—individual belief to being self-employed. The entrepreneurial propensity can provide people a goal, the way of achieving such a goal, and lead to the following activities. Besides, it can also be used to analyze one's motivation to do something. So by studying the individual propensity we can predict one's activity, and that is also the main aim to study the propensity.

The entrepreneurial propensity is an individual propensity to set up a new business, or to accelerate an enterprise's growth by putting forward or developing a new operating idea or measure, which plays a very important role in starting and running a business. And the entrepreneurial propensity also plays a guiding role in one's entrepreneurial activity, attitude and experience, further making people do well in setting entrepreneurial goal, organizing work and communicating with others.

## THE CLASSIC MODELS APPLIED IN THE ENTREPRENEURIAL PROPENSITY STUDY

Since being introduced, "the entrepreneurial propensity" have been done a large number of researches by experts, who finally have built the representative theoretical models based on the effects of different factors on the entrepreneurial propensity.

### The entrepreneurial event model

It is Shapero&Sokol who firstly put forward the entrepreneurial event model, which is the earliest theoretical model for researching the entrepreneurial propensity and takes into account the influence of factors such as society, system and culture on the entrepreneurial activity. It also points out that the focus of the entrepreneurial propensity study is not the entrepreneur himself, but the entrepreneurial event itself. As a result in this model the confusion that entrepreneur must be the performer is eliminated. Based on this basic idea, Shapero&Sokol created the entrepreneurial even model, involving in many factors influencing the entrepreneurial activity, wick is shown in Figure1.

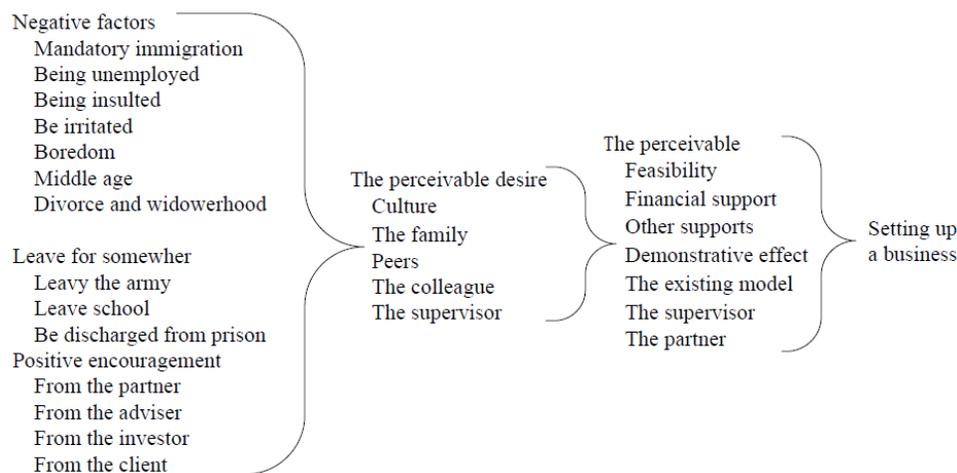
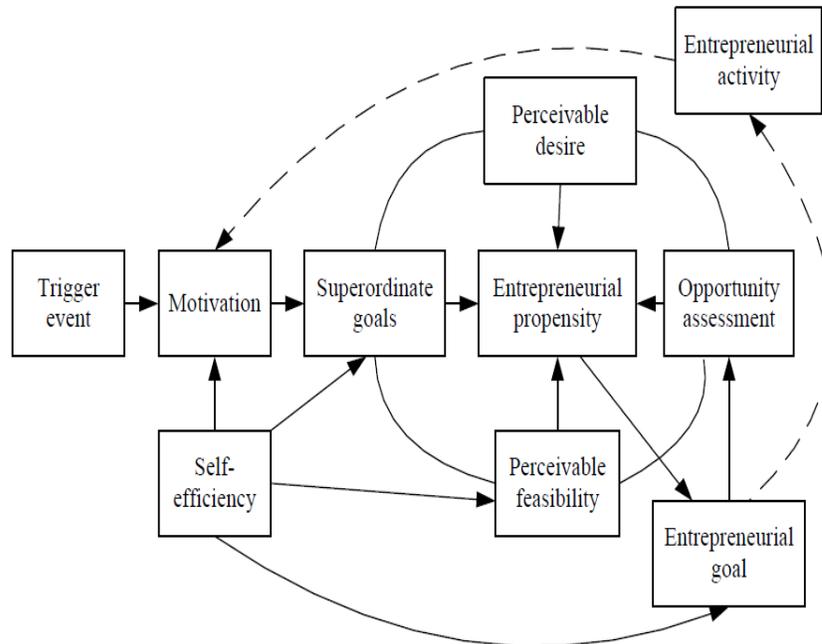


Figure 1: The entrepreneurial event model

In this model, entrepreneurial activities are greatly influenced by one’s life experience : some positive or negative experience and leaving to somewhere. These three factors, by greatly impacting one’s gratitude and hope to an enterprise, influence people’s decision to conduct entrepreneurial activities. Besides, this model orders the perceivable desire and the perceivable feasibility and points out their interactive and interdependent relationship: the decreasing of one’s influence must make a negative effect on the other one.

In the following study, this model is simple to show the linear relation between the perceivable feasibility, the perceivable desire and the entrepreneurial propensity. The overseas experts such as Krueger and Guerrero have proven this model by analyzing the relative datum achieved by surveying the university students. And in the process of researching the linear relation, the experts introduced some preconditions to deepen the linear relation study. For example, Krueger treated the influence of one’s family and other people on the process of starting a business as the precondition of the linear relation’s formation.



**Figure 2: The specific situation model**

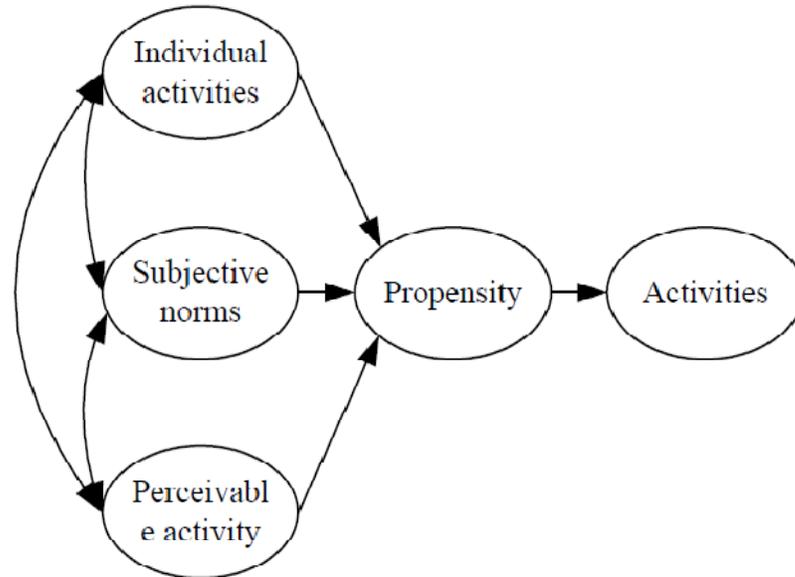
In Lee’s following study, there are more substitution variables being applied to the original event model. And the variables above not only include individual innovative orientation, self-efficiency and job satisfaction but also involves incentive measures and innovation atmosphere. By surveying the informants, we can find that some individual and organizational substitution variables have a great influence on one’s job satisfaction and even the following entrepreneurial activities. It shows us that there is a connection between one’s job satisfaction and his entrepreneurial propensity.

**The activity theoretical model**

The theoretical model for researching the entrepreneurial propensity was developed by Ajzen. As a main source of analyzing the theoretical model, this model is characterized with the idea that the entrepreneurial propensity is goal-oriented, which enables us to study the people’s propensity toward their future career and to predict their following activities. So in this model the influence of some important factors such as individual attitude, personality, belief and some demographic datum declines. And those factors have changed from the factors directly influencing one’s activity propensity to ones influencing the propensity by impacting the relative activities. The Ajzen’s model has put forward three main factors influencing greatly the entrepreneurial propensity, mainly including individual attitude toward the relative targets, for or against ; the individual control of reaching the goal, in other words, meaning the perception of the ease and complexity of reaching the goal; and the individual perception of the social pressure on practicing one’s norms. The relativeness between the three factors and the entrepreneurial propensity and activity is shown in Figure 3 below.

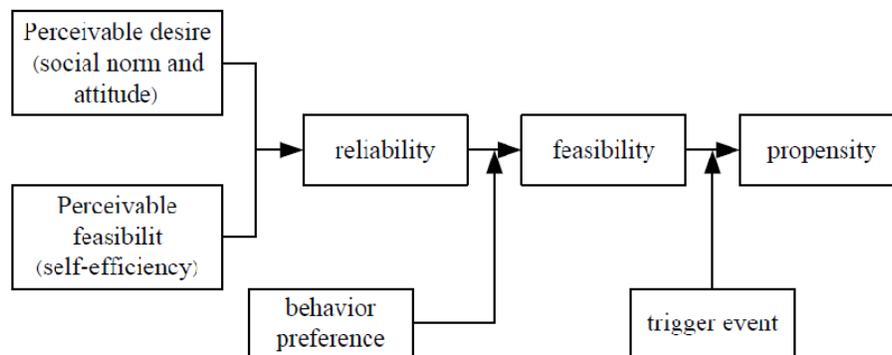
Later there are a large number of experts studding this model and also some scientists put forward many new exogenous variables for the different groups of people to explore their propensity’s motivation. For example, Souitaris and other people have taken into account the influence of the training on setting up a business and brought into a new variable based on the activity theory, which have been proven by the relative university students’ datum. The new variable has shown us that the perceptual activity has an important effect on the entrepreneurial propensity and that the encouragement one

receives in the training can become a kind of entrepreneurial propensity in the subjective norms. Exogenous variables influencing individual attitude, the perceptual activity and the subjective norms such as the social evaluation and the entrepreneurial skills are all influence one's entrepreneurial propensity by impacting the relative direct variables and that has been proven by surveying the university students.



**Figure 3: The activity theoretical model**

Some experts think that the theoretical model not only does not contract with the event model but also enjoys many similarities with the latter. And some of them have done relative work to integrate the two theories. Krueger&Brazeal created and developed the entrepreneurial potential model, shown in Figure 4. In their theory, the individual attitude and the subjective norm put forward in the activity theoretical model share the same meaning with the perpetual desire in the entrepreneurial event model. By contracting and researching the results of applying the two models to the same participants, experts have found that there are many connections between two model, and that the results achieved by using two models to analyze the different entrepreneurial propensity are reasonable.

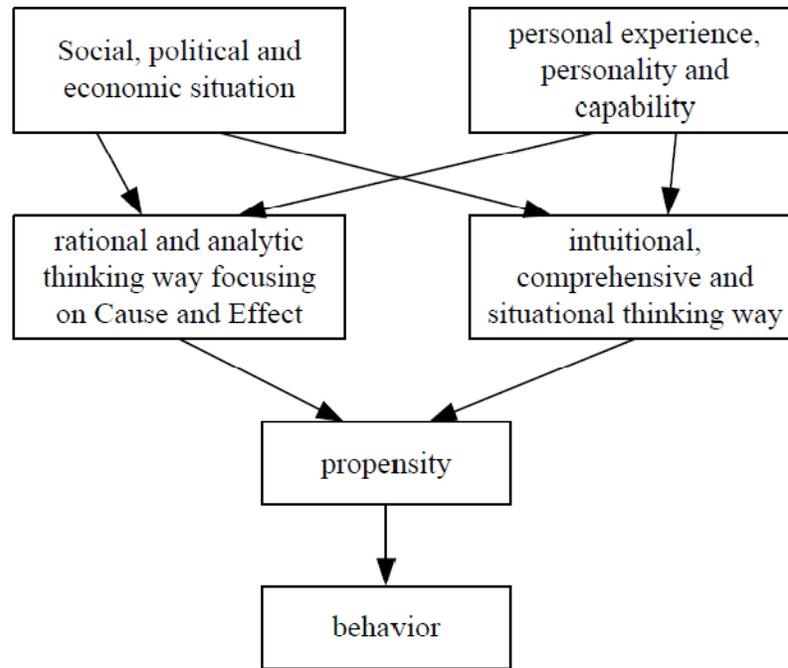


**Figure 4: The entrepreneurial potential model**

### The entrepreneurial propensity situation model

Bird's entrepreneurial propensity situation model emphasizes the influence of a certain situation on individuals. Bird thinks that the existing references narrow the scope of goal of an entrepreneurial activity and fail to catch the characteristics of starting, leading and organizing a new business—the entrepreneurial propensity is a wider framework, not only including the setting of the entrepreneurial activities' goal but also more freedom and creativity. In this model, the individual thinking model is divided into two dimensions: one is the rational dimension, which emphasizes the important role of the rational thinking in the entrepreneurial activities, and in which the forming of individual entrepreneurial propensity and the following activity is based on the rational cause and effect analysis. Specifically, many goal-oriented activities such as the business proposal, the opportunity analysis, the achieving of sources and setting a goal all depend on the rational analysis. The intuition dimension emphasizes the un rational thinking's role in the entrepreneurial activities. In this situation the individual

propensity and behavior depends on the intuitional, comprehensive and situation tinking, which has a certain relationship with individual perspective, projection, knowledge of the undeveloped sources, the future of starting a new business and the persistence. Besides, Bird treat the individual situation and the social situation as the common exogenous variables influencing both the rational thinking and the intuition thinking. The individual situation includes one’s entrepreneurial experience, needs for being successful, control of relative needs and entrepreneurial capability; the social situation involves in the variables relative to society, politics, economy, such as the changes in the market and abandoning a policy. The model is shown in Figure 5 below.



**Figure 5: The entrepreneurial propensity situation model**

In the following study Body improves the former entrepreneurial propensity situation model. The advanced one focuses on the influence of the self-efficiency on the entrepreneurial propensity. In this model, the relative social and personal situation information has an effect on one’s decision of his entrepreneurial propensity. Same with the former one, there is a significant influence of the social and individual situation on one’s entrepreneurial propensity. The two thinking ways refereed above would impact the entrepreneurial propensity by influencing the entrepreneurial attitude, the self-recognition and the self-efficiency. For the self-efficiency, the two ways can adjust the relations between the entrepreneurial activity and the entrepreneurial propensity. This model points out that only if the individual entrepreneurial efficiency touches a certain level the entrepreneurial could transform to the entrepreneurial activity, so that creating the radical entrepreneurial activity. This model is shown in Figure 6 below.

**THE DEVELOPMENT OF THE ENTREPRENEURIAL PROPENSITY STUDY**

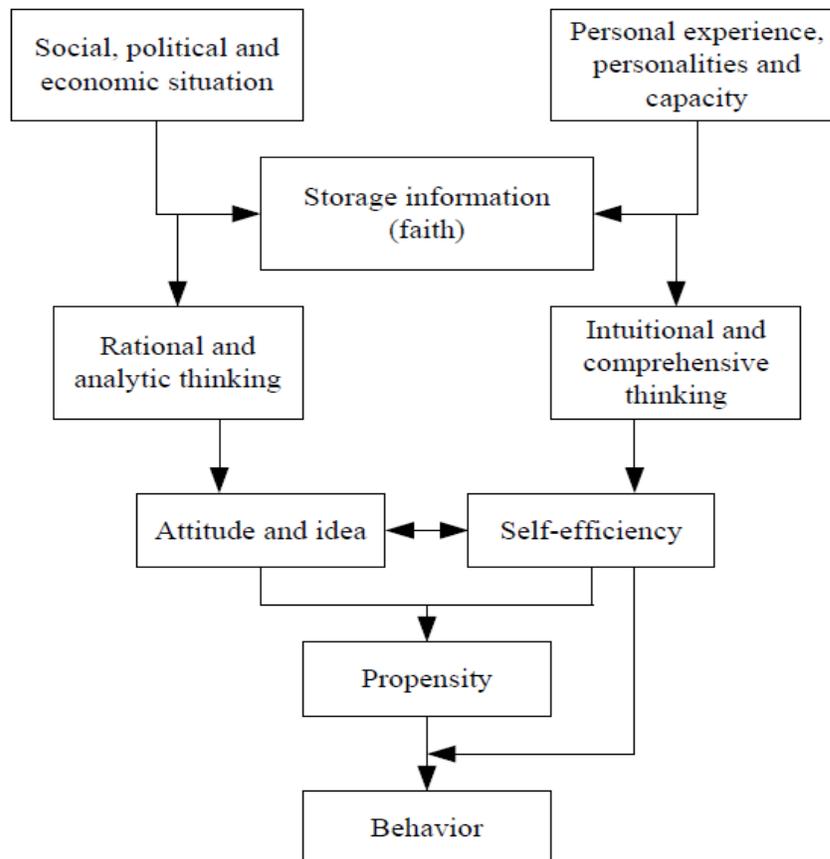
**The development of the relative theories**

Entering in the new period, the entrepreneurial propensity research has become a hot issue. Although the traditional activity theoretical model and the event theoretical model have been widely applied for a long time, in the process of applying this model has made many changes, including many factors different from the traditional models. The structural relation between different factors and the differences in these models are very distinct. The relative theories about the entrepreneurial propensity are shown in TABLE 1.

We can see that the studies above just date back to the theoretical resource such as the activity theoretical model or the activity event model and share no obvious inherited relation. We should notice that the study of Sequeira, Prodan&Drnovsek, Obschnka focuses on a certain group of people, so the relative variables is chosen according to the characteristics of different people. However, their study still focuses more on individual personalities, but less on one’s individual situation, so does the traditional activity theoretical model or the activity event model. Their study also does much research on self-efficiency in the individual characteristics study, which accord to the entrepreneurial propensity study described by Boyd&Vozikis.

**TABLE 1: The existing entrepreneurial propensity theories**

writer	factors influencing one's entrepreneurial propensity	conclusion
Douglas&Shepherd	The attitude toward work, risk and independency	Higher the intoleration to the risk is, more positive the attitude toward the self-decision is and stronger the entrepreneurial propensity.
Kristiansen	One's background, personalities and the situation factors	The desire to be succeeded, the self-efficiency and the situation factors have a significant influence in the entrepreneurial propensity.
Zhao&Seibert	The self-efficiency, the formal perceptual study, the entrepreneurial experience, the preference to risk and the gander	Self-efficiency can be shown in the process of both perceivable study and the preference of risk influencing the entrepreneurial propensity.
Sequeira	The self-efficiency, the weak connection, the strong connection, gander, age and immigration	One's strong capability for communicating with others and the self-efficiency has a positive influence on the entrepreneurial propensity
Prodan&Drnovsek	The self-efficiency, one's interpersonal net, the communication with other academic entrepreneurs, years of working in an academic organization, one's major, the category of one's researching and the communication with the outside	Beside the factor of communicating with the relative field, other factors' influence has also been proven
Obschonka	One's characteristics, one's nocent entrepreneurial capability, one's ability to control the entrepreneurial belief.	The nocent entrepreneurial capability has a positive influence on the entrepreneurial propensity. And it has proven that there is a introduction effect of the entrepreneurial control ability on the nocent entrepreneurial capability and propensity.



**Figure 6: The improved entrepreneurial situation model**

### The major existing problems

In terms of the entrepreneurial study, the research about the entrepreneurial propensity remains relatively advanced. The existing theories about the entrepreneurial propensity have been developed and turning to be mutual, but there still is some problems waiting us to conquer, including:

(1) The way of researching the entrepreneurial propensity is still not unified. Although today's studies are all based on both the activity model and the event model, the application of many substantial variables has constantly expanded the range of researching, so does the nucleus content, contributing to the variety in means people use to do research. The traditional classic analyzing model cannot make a comprehensive and detail description of the motivation for the entrepreneurial propensity. The whole analyzing model is not a comprehensive one. So based on such a in-completive study framework, the results would be influenced greatly, to even be wrong, though they are achieved by analyzing the relative datum. And of course these results cannot give a complete description of the entrepreneurial propensity. So in the future study we should create a study model with a complete framework, which not only includes both the theoretical key points and the building idea of the activity model and the event model but also takes into account the variables and major elements in the relative marginal theoretical models, providing a main clue for experts to study and finally pushing the entrepreneurial propensity study to a bright future.

(2) Today's study of factors influencing the entrepreneurial propensity remains treating the individual factor as the key one, without researching other factors and ways in a wider range. Although the entrepreneurial activity is a kind of individual activity, greatly inflected by individual factors, in another view it's also a comprehensive social activity, in which the relationship between organizations, participants and social relations is very complicated, so it also is impacted by other factors greatly. Whether the influence is positive or negative, they all have a deep effect on the entrepreneurial propensity. Besides, the issues about strategy, activity and financing are all the nucleus of the entrepreneurial activity, so they should be the key points in our entrepreneurial propensity study. It's necessary for us to research the entrepreneurial propensity from the situation perspective such as society, economy and culture.

(3) In terms of proving the entrepreneurial propensity datum, because the informants are limited to the university graduate, the results' applicability is damaged. Although these students have different background, ages, majors or also are from different countries, regions, they still are different from those who have entered the society. And choosing university graduates, who have little social experience, as the informants can not get a comprehensive survey result, because they can just share little experience. Of course they have qualified professional knowledge and skill, but compared with people having social experience, the survey result achieved by choosing them as the informants still is not universal. So only taking into account the university graduates as the source of relative datum can make the study result one-sided. We should do some research on other groups of people.

### The solutions

Firstly, deepening the relative theoretical study, on which the theoretical model is based and systemizing the existing entrepreneurial propensity models and the improved classic ones. Besides, integrating the research results into the former study, thus forming a more reasonable study direction.

Secondly, it's necessary for us to study the key elements in the macro social situation, such as proving these elements and analyzing the process and cause of their influence on the entrepreneurial propensity. And we also should get a more comprehensive collection of the relative factors by studying the relations between the macro social factors, so that to make a more deeper and comprehensive study to the entrepreneurial propensity.

Finally, we should make sure that the datum we choose are more applicable and universal and the informants should have social experience. And to focus on the entrepreneurial propensity of different people to analyze the relative causes.

## CONCLUSION

After a long period of development, the entrepreneurial propensity study has become more and more mature and also gained a brighter future. With the entrepreneurial propensity being the nucleus of the study, the increasingly deepening research, based on a rational and comprehensive research framework, of the influence of its activity characteristics and its entrepreneurial situation enjoy a great practical and theoretical value. In a word, in the entrepreneurial propensity study all important factors are not dependent and need to be analyzed and studied together, in that sense, so the survey results we get would be more legitim.

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