FACTORS INFLUENCING ENTREPRENEURIAL INTENTIONS AMONG KUWAITIS

1WAJEEH ELALI, 2BADRIAH AL-YACCOb
1Wajeeh Elali, PhD., Ahlia University (Bahrain).
2Badriah Al-Yaccob, MBA, Business Consultant, Al-Yacoub Law Firm, Kuwait
E-mail: wajeehelali@hotmail.com

Abstract- An empirical study was conducted to examine the key influential factors affecting entrepreneurial intentions among Kuwaitis. Data were collected via questionnaires from 244 Kuwaiti nationals. The obtained data were analyzed using correlation and regression statistics. The findings showed that only social network, risk tolerance, need for achievement, and self-efficacy have a significant influence on the entrepreneurial intentions of Kuwaiti nationals. The study also found that need for achievement is the most important factor that affects the entrepreneurial intention of Kuwaitis. The results of this study may have insightful implications for policymakers, researchers and university educators.

Keywords- entrepreneurial intention, personality characteristics, Opportunity Recognition, Social Network, Accessibility to Resources, SMEs, Kuwait

I. INTRODUCTION

Historically, Kuwait was a land of entrepreneurs who used to work as traders and owners of small businesses, but with the discovery of oil the life style has changed and the country became one of the wealthiest nations around the globe. Moreover, Kuwait has a fast growing population because of the increasing numbers of expatriates who were attracted to work in a highly paid and tax free economy. The lucrative marketplace in Kuwait has attracted several working professionals with different cultures and competencies which enabled the national Kuwaitis to get closer exposure to different work experiences. This exposure to multi-cultured environment generated a spirit of creation, innovation, and competitiveness among national Kuwaitis which can foster their entrepreneurial intentions (Ali and Al-Kazemi, 2007). The Kuwaiti government has made considerable efforts to boost and support entrepreneurship to diversify the economy and create sufficient job opportunities through encouraging national Kuwaitis to establish small and medium enterprises (SMEs). The importance of entrepreneurship comes from its direct consequences on the economy growth, creation of jobs, and on the development and prosperity of nations worldwide (e.g. Carree and Thurik, 2010; van Stel et al., 2005; Auadtetch and Keilbach, 2004; Wennekers and Thurik, 1999). As aptly put by George Mason University Professor Zoltan Acs “Entrepreneurs create new businesses, new businesses in turn create jobs, intensify competition, and may even increase productivity through technological change” (Acs, 2006, p.97).

Empirical studies investigating factors influencing the entrepreneurial intentions among people of Middle East and GCC countries are notably scares, despite the efforts of MENA and the Global Entrepreneurship Monitor (GEM). The purpose of this study is to empirically examine and analyze factors that could influence the entrepreneurial intentions among Kuwaiti nationals using data from 244 nascent Kuwaiti entrepreneurs. The key questions that this paper tries to explore are: (1) What is the influence of social network on the entrepreneurial intentions among Kuwaitis? (2) What is the impact of recognizing business opportunities on the entrepreneurial intentions among Kuwaitis? (3) What is the influence of having access to different resources on the entrepreneurial intentions among Kuwaitis? and (4) What are the personality characteristics that can impact the entrepreneurial intentions among Kuwaitis?

This paper is structured in six sections. After this introduction, the second section briefly explores the entrepreneurship intention literature. Section three presents the conceptual model adopted and proposed hypotheses. The methodology is discussed in section four while section five describes the empirical analysis and discusses the findings obtained in the data analysis, and section six highlights the main conclusions and recommendations.

II. LITERATURE REVIEW

A sizable body of literature has addressed the concept of entrepreneurship opportunities and intentions. However, little agreement exists on which theory is the most comprehensive since each focuses on different areas and attributes (Sandhu et al. 2011). Among intention models, one of the most widely used and validated is the Theory of Planned Behavior (hereafter TPB), which conceptualizes strength of intention as an immediate antecedent of behavior (Ajzen, 1991, 2001). The predictive ability of TPB model has been tested and proven by number of studies such as Kolvereid (1996), Krueger et al. (2000), Iakovleva et al. (2011), Kautonen et al. (2012), and Engle et al. (2010), to mention only a
few. Unlike other models, TPB provides a general and coherent framework to understand and predict entrepreneurial intention of a person by focusing not only on personal but also social factors (Krueger et al. 2000). According to TPB model, the behavioral intentions are determined by three key antecedents: personal attitude (PA) towards the behavior, social norms (SNs), and perceived behavioral control (PBC). Personal attitude refers to the degree to which an individual has a positive or negative assessment about being an entrepreneur. They include not only affective (I like it, it is attractive) but also evaluative considerations (it has advantages) (Linan and Chen, 2009). Social norms refer to the individual’s family and friends’ expectations about the desirability of becoming entrepreneur and start a new business. The third antecedent of intention, PBC, or perceived self-efficacy refers to the perceived easiness or difficulty of becoming an entrepreneur. Another common model being used is the Shapero and Sokol’s 1982 model of the Entrepreneurial Event (hereafter EE) which is similar to Ajzen’s 1991 model. Conceptually, EE model argues that entrepreneurship intentions depend on perceptions of personal desirability, feasibility, and propensity to act upon opportunities. Perceived desirability refers to the attractiveness to start up a business and become an entrepreneur. Perceived feasibility, on the other hand, refers to the degree an individual feels that he/she is capable in starting a new venture (e.g. resources availability or entrepreneurs’ skills). The propensity to act refers to the individual’s willingness to act on decisions (i.e., to actually start up).

In conclusion, both TPB and EE have widely used in literature for understanding and analyzing entrepreneurship behaviors. In fact, several entrepreneurship researchers found a strong relationship between TPB and EE and they are both largely homologous to one another (Krueger et al., 2000). TPB model argues that intentions in general depend on perceptions of personal attractiveness, social norms, and self-efficacy whereas according to EE model entrepreneurial intentions depend on perceptions of personality desirability, feasibility, and propensity to act upon opportunities. Both models prove that intentions are the single best predictor of any planned behavior, including entrepreneurship.

Numerous other exogenous, situational, and personal factors related to the individual decision to be an entrepreneur have also been widely investigated and discussed in the entrepreneurship literature. Authors like Arenius and Minniti (2005), Levie (2007), Krueger (1993), Katundu et al (2014); Arenius and DeClercq (2005); Mahmoud and Muharam (2014); Wang and Wong (2004); and Linan et al (2011) proposed and evaluated the impact of socio-demographic characteristics and other environmental and economic variables that represent potential antecedents of entrepreneurial behavior. (Examples include: age, gender, marital status, parent’s occupation, household income, culture, opportunities recognition, fear of failure, social background, previous employment, education, entrepreneurial skills and ability, financial support, ethnicity, and religion). This study has followed the same mainstream in adapting and proposing the conceptual framework to investigate the factors that could influence the entrepreneurial intentions among Kuwaiti nationals.

III. CONCEPTUAL MODEL AND HYPOTHESES

The conceptual framework of the current study is illustrated in Figure 1 and shows the factors that are postulated to influence the entrepreneurial intentions among Kuwaitis. According to this model, it is theorized that the entrepreneurial intention will be affected by social network, opportunity recognition, accessibility to resources and personality characteristics which include: risk tolerance, perception of self-efficacy and need for achievement. Hence, the hypotheses that this study will address are defined as follows:

H1: There is a significant relationship between opportunity recognition and entrepreneurial intention.
H2: There is a significant relationship between social network and entrepreneurial intention.
H3: There is a significant relationship between accessibility to resources and entrepreneurial intention.
H4: There is a significant relationship between need for achievement and entrepreneurial intention.
H5: There is a significant relationship between risk tolerance and entrepreneurial intention.
H6: There is a significant relationship between need for achievement and entrepreneurial intention.

Figure 1: The Research Model and Hypotheses
IV. METHODOLOGY

This study was carried out through a survey method, using a questionnaire that targets all Kuwaiti nationals above 18 years old who are capable to become entrepreneurs and start up their own businesses. A softcopy of the questionnaire was created through an online survey website which is: www.freeonlinesurveys.com. The questionnaire was distributed through different methods to be able to reach the maximum possible number of Kuwaitis and to cover most of the segments and areas across the country. The questionnaire was reviewed by experts in the field and consists of two sections to measure the studied elements. Section one consists of seven items and aims to collect general information about Kuwaitis participating in the survey. Section two contains of 28 items and aims to collect information about the different factors that influence the entrepreneurial intentions among Kuwaitis. These items were adopted and modified from the works of Sundhu et al. (2011); Tang (2008); and Shaw (2004). A five-point Likert scale was used whereby ‘1’ denotes Strongly Disagree and scale ‘5’ Strongly Agree.

V. DATA ANALYSIS AND FINDINGS

After several reminders, a number of 258 questionnaires were returned, after the verification of the received questionnaires, however, 14 questionnaires were excluded (partially completed). Accordingly, the final research sample consists of 244 Kuwaiti nationals (i.e., N=244) or a total response rate of 95 percent. The gender composition of the sample was 77.05% male (N=188) and were between the ages of 30-39 years old. Approximately 85% of the respondents were currently employed and 42% have work experience between 5 and 9 years. Seventy-three percent were graduates and 30% have monthly income between KWD 500 and KWD 1000. The collected data was statistically analyzed using SPSS version 19. Entrepreneurial intention was employed as the dependent variable, while the 6 constructs were the independent or predictor variables.

5.1 Reliability Analysis

The reliability and internal consistencies of the variables were tested with the Cronbach’s Alpha Coefficients. According to Sekaran (2003), Cronbach’s Alpha is a measure of internal consistency that specifies the degree to which items are positively correlated as a group. The closer Cronbach Alpha is to one, the higher the internal consistency. Nunnaly (1978) has indicated 0.7 to be an acceptable reliability coefficient but lower thresholds are sometimes used in the literature. Table 1 provides an overview of the Cronbach Alpha coefficients and it can be seen that all variables are above 0.70 thus, indicating a good internal consistency.

5.2 Correlation Analysis

The Pearson correlation also used to examine the strength of the relationships between the variables in this study. Table 2 reports the correlation analysis which shows the strength and direction of the correlation between every pair of variables. From the table, it can be seen that all the 6 determinants of entrepreneurial intention are positively related such as the higher the values of the determinants the greater the entrepreneurial intention. Among these relations, Need for Achievement (r=0.791, p<.01) followed by Social Network (r=0.754, p<.01) and Self-efficacy (r=0.741, p<.01) have the highest correlation with entrepreneurship intention which reflects the importance of these three variables.

5.3 Regression Analysis

A multiple regression analysis was conducted to identify the significance and predictability of several independent variables on the outcome of the dependent variable. The regression analysis can also be used to identify the contribution of each independent variable to the outcome of a specific dependent variable. Table 3 shows the regression model which summarizes the independent variables with regard to their proposed influence on the dependent variable which is the entrepreneurship intention. The R-Square shows that the predictors or
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VI. DISCUSSION AND CONCLUSION

6.1 Discussion & Hypotheses Testing

This study targeted only Kuwaiti nationals to measure their readiness and intention to open their self-owned businesses. A sample of 244 national Kuwaitis was collected through conducting a survey about the variables that could affect the Kuwaitis’ entrepreneurial intentions. After collecting the data, a statistical analysis was done and the results indicated that all the three personality characteristics (risk tolerance, perception of self-efficacy, and need for achievement) along with the social network have significant influence on the Kuwaitis’ entrepreneurial intentions. These results confirm the findings of previous studies in terms of significant relationship between entrepreneurial intention and its antecedents. In this study, it was also found that both opportunity recognition and accessibility to resources do not have any significant influence on the entrepreneurial intention.

As per the results of the data analysis, social network was found to have significant and high positive correlation with the entrepreneurial intention. The results of the regression analysis confirm the significant influence of social network on entrepreneurial intention ($\beta=0.290; \ t=2.908; \ p=0.004$). This means that Kuwaiti individuals who have strong social network such as family, relatives, friends or other strong connections can have higher entrepreneurial intention, as they feel empowered to start their own business depending on the support they can get from accessible diversified and strong social networks, in which they can tap. Therefore, hypothesis (H1) is accepted.

Moreover, as it can be seen from Table 2, we found significant positive correlation between opportunity recognition and entrepreneurial intention. Such means that the higher the ability of Kuwaiti individuals to recognize business opportunities, the higher their entrepreneurial intentions. However, the results of the regression analysis showed that opportunity recognition does not have any significant influence on entrepreneurial intention ($\beta=-0.116; \ t=-1.693; \ p=0.092$). These findings show that while opportunity recognition has a positive correlation with entrepreneurial intention, however, it is not significant influence on the individuals’ intentions to become entrepreneurs. Hence, hypothesis (H2) is rejected.

Likewise, the results of the data analysis showed that accessibility to resources has a significant positive correlation with entrepreneurial intention. This means that the higher the individuals abilities to have access to a lot of resources, the higher their entrepreneurial intentions. However, the results of the regression analysis did not confirm a significant influence of

Table 3: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.889*</td>
<td>0.784</td>
<td>0.766</td>
<td>0.026</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Self Efficacy, Need for Achievement, Risk Tolerance, Accessibility to Resources, Opportunity Recognition, Social Network

Table 4 shows the regression Anova table. The reported sig. value = 0.000 which is less than 0.05 and that means that the independent variables can significantly predict the outcome of the dependent variable.

Table 4: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>181.212</td>
<td>6</td>
<td>30.202</td>
<td>135.615</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>53.015</td>
<td>237</td>
<td>0.224</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>234.227</td>
<td>243</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Self Efficacy, Need for Achievement, Risk Tolerance, Accessibility to Resources, Opportunity Recognition, Social Network
b. Dependent Variable: Entrepreneurial Intention

Table 5 shows the regression coefficients. From this table we can identify the significance of each independent variable to the outcome of the dependent variable. We can also examine the contribution of each independent variable to the outcome of the dependent variable. From this table, we find that only four independent variables were found to have significant influence on the entrepreneurship intention. These variables are: social network ($\text{sig.}=0.004$ which is less than 0.05), risk tolerance ($\text{sig.}=0.000$ which is less than 0.05), need for achievement ($\text{sig.}=0.000$ which is less than 0.05) and self-efficacy ($\text{sig.}=0.000$ which is less than 0.05). We also find that need for achievement reported the largest $\beta$ value ($\beta=0.431$) which means that Need for Achievement has the largest contribution to predict the outcome of the dependent variable (entrepreneurship intention). This finding shows that the need for achievement is the dominant factor among all the studied variables.

Table 5: Coefficient

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-272</td>
<td>148</td>
<td>-4.898</td>
<td>.025</td>
</tr>
<tr>
<td>Social Network</td>
<td>299</td>
<td>399</td>
<td>2.008</td>
<td>.04</td>
</tr>
<tr>
<td>Opportunity Recognition</td>
<td>-124</td>
<td>071</td>
<td>-1.176</td>
<td>.266</td>
</tr>
<tr>
<td>Accessibility to Resources</td>
<td>-134</td>
<td>101</td>
<td>-1.329</td>
<td>.185</td>
</tr>
<tr>
<td>Risk Tolerance</td>
<td>217</td>
<td>042</td>
<td>5.197</td>
<td>.00</td>
</tr>
<tr>
<td>Need for Achievement</td>
<td>472</td>
<td>048</td>
<td>9.864</td>
<td>.00</td>
</tr>
<tr>
<td>Self Efficacy</td>
<td>301</td>
<td>070</td>
<td>4.421</td>
<td>.00</td>
</tr>
</tbody>
</table>
accessibility to resources on the entrepreneurial intention ($\beta=-0.128$; $t=1.329$; $p=0.185$). These findings mean that accessibility to resources is positively correlated with the entrepreneurial intentions but does not have significant influence on the Kuwaitis’ entrepreneurial intention. Thus, hypothesis (H3) is rejected. Furthermore, the theoretical framework of this study presented three personality characteristics as possible factors that can affect the Kuwaitis’ entrepreneurial intentions. The three personality characteristics are: risk tolerance, need for achievement, and self-efficacy. The results of the data analysis showed that the three personality characteristics have significant positive correlation with the entrepreneurial intentions. The results of the regression analysis were similar to the results of the correlation analysis, as we found the three personality characteristics have significant influence on the entrepreneurial intentions ($\beta=0.232$; $t=5.197$; $p=0.000$); ($\beta=0.431$; $t=9.854$; $p=0.000$); ($\beta=0.296$; $t=4.421$; $p=0.000$). In fact, need for achievement was found to have the biggest effect ($\beta=0.431$) on the Kuwaitis’ entrepreneurial intentions. Such means that individuals who are motivated to achieve success in their life are more willing to become entrepreneurs. These findings confirm that all the personality characteristics (risk tolerance, need for achievement and self-efficacy) have significant influence on the Kuwaitis’ entrepreneurial intentions. Therefore, hypotheses (H4, H5, and H6) are accepted.

6.2 Limitations and Suggestions for Further Research

To the best of the researchers’ knowledge, this study is the first of its kind to investigate the entrepreneurial intentions among Kuwaiti nationals. Therefore, it is recommended that further research be conducted to investigate the entrepreneurship in Kuwait and to reveal all the factors that affect this phenomenon. Although this study uses a theoretical framework that is consistent with the previous research studies, this research neglected other factors which might also impact the entrepreneurial intentions among Kuwaiti nationals. Hence, a more comprehensive model is still needed to gain more insights into the motivational factors for self-employment of Kuwaiti entrepreneurs. These factors could be culture influences, education, government policies on venture creation, economic and environmental conditions, and demographic dimensions. Another limitation of this study is the sample size which restricted the validity of the results obtained. It is important to have a large number of prospective entrepreneurs to improve the robustness of findings. Moreover, our findings are based on quantitative methodology which limits obscures causal effects between variables. Therefore, more sophisticated analysis and qualitative approaches are needed to undertake further research on entrepreneurial intentions.

REFERENCES


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