

**Factors Affecting Entrepreneurial Intention among
Undergraduates: A Case of University of Sri
Jayewardenepura, Sri Lanka**

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Declaration of Student

The work described in this thesis was carried out by me under the supervision of Mr. M.V.S.S Udayanaga and a report on this has not been submitted in whole or in part to any university or any other institute for another degree/ diploma.



M.P. Shanika Rangani Perera

Date: 24th June 2016.

Declaration of Supervisor

I certify that the above statement made by the candidate is true and that the thesis is suitable for submission to the university for the purpose of evaluation.

A handwritten signature in blue ink, followed by the date '24/06/2016' written below it.

Mr. M.V.S.S Udayanga

Date:

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LIST OF ABBREVIATIONS

AT	Attitudes
AVE	Average Variance Extracted
EI	Entrepreneurial Intention
GCE	General Certificate of Education
GDP	Gross Domestic Product
MGA	Multi Group Analysis
NCoE	National Colleges of Education
PBC	Perceived Behavioural Control
SEE	Shapero Sokol Theory of Entrepreneurial Event
SEM	Structural Equation Modelling
SMEs	Small and Medium Enterprises
SN	Social Norms
TPB	Theory of Planned Behaviour
TRA	Theory of Reasoned Action
UGC	University Grants Commission
UNESCO	United Nations Educational, Scientific and Cultural Organisation
VIF	Variance Inflation Factor

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ABSTRACT

Entrepreneurship has been identified as the engine of long-term economic growth of a nation and it is leading factor in achieving economic growth, high employment, strong job creation, and positive social development. It drives and shapes innovation, speeding up structural changes in the economy. Small and Medium Enterprises are the breeding ground for entrepreneurs to set up their ventures for many reasons. However, the recent statistics depict that the failure rate of SMEs are very high. As a result, a less number of successful entrepreneurs can be seen. Therefore, it is a timely need to promote entrepreneurship among individuals. Thus, entrepreneurial intention of individuals is of critical importance in this regard.

The main objective of this study is to find out the factors that affect entrepreneurial intention among the final year undergraduates of the University of Sri Jayewardenepura, Sri Lanka. The study involves three factors, that come under the Theory of Planned Behaviour i.e. attitudes, subjective norms and perceived behavioural control, which affect the entrepreneurial intention of individuals. Also, the study attempts to assess the effect of gender on the said factors.

A total of 344 students from all the four faculties of the University of Sri Jayewardenepura participated in this study by responding to the structured questionnaire. Structural Equation Modelling was used to analyse the data using Smart PLS.

Findings of the study revealed that attitudes and perceived behavioural control is positively related with entrepreneurial intention while subjective norms are negatively related with the same. The study also revealed that, only the relationship between subjective norms and entrepreneurial intention is moderated by gender. Further, it was found that, males are more responsive to the subjective norms than the female counterparts. This study reveals the important factors to be addressed in order to improve the entrepreneurial intention of undergraduates in the Sri Lankan context.

Key words: Entrepreneurial Intention, Theory of Planned Behaviour, Partial Least Squares, Structural Equation Model, Undergraduates

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Across all the periods of human history, entrepreneurship has served as an important function in the progress of the modern civilization (Shane and Venkataraman 2000). Over the last decades, entrepreneurship has established its position as the most potent economic force (Kuratko 2005). Thus, entrepreneurship has become more imperative than ever in recent years and it has received attention as a leading factor in achieving economic growth, high employment, strong job creation, and positive social development (Acs et al. 2005). Entrepreneurship drives and shape innovation, speeding up structural changes in the economy by introducing new competition; they contribute indirectly to productivity (Opoku-Antwi 2012). Therefore, entrepreneurial activities have been observed as an engine of long-term economic growth of a nation (Romer 1994). Most of the policymakers and academics agree that entrepreneurship is vital to the development and well-being of society. Entrepreneurship is thus a catalyst for economic growth and national competitiveness (GEM 2010). Entrepreneurship, touted by economists in the Schumpeterian tradition for over a century, has been rediscovered as a potential catalyst for technological progress (Schumpeter 1934 as in Opoku-Antwi 2012). As one of the basic impulsive forces of capitalism, entrepreneurship has long attracted the attention of economists (Sesen 2012).

In 1970s' the large scale companies were the most powerful and the essential factor of the development of a country. Those large scale companies contributed more to a country's real Gross Domestic Product (GDP). However, the scenario has been changed