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## Willingness to take risk and entrepreneurial intention of university students: An empirical study comparing private and state universities

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### Abstract

Besides its benefits for many organizations, entrepreneurship is regarded as an important phenomenon for many studies. As a result of these studies, it is argued that entrepreneurial personality factors are insufficient to have reliable and generalizable outcomes, thus attention is reverted to intentional processes. Also risk taking willingness is believed to be distinguishing factor for entrepreneurial features. In line with literature the purpose of this study is to measure the effect of willingness to take risk on entrepreneurial intentions and compare state and private university students. 207 state and 214 private university students are analyzed and results revealed some differences between two groups and partial effect of willingness to take risk on entrepreneurial intension

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### 1. Introduction

In Turkey SMEs composed more than 95% of all businesses. Additionally, approximately %97 of those businesses are owned by individuals and families. Thus entrepreneurship has a strategic effect on Turkish economy. In recent years, fostering entrepreneurial spirit, meaning motivation to pursue entrepreneurial activities, has become a topic of highest priority in business life due to turbulent and dramatic change in external organizational environments (Brazeal and

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Herbert, 1999; Lüthje and Franke, 2003). Opportunity identification in this process is intentional and accordingly, individual entrepreneurial intention merits attention in entrepreneurship research (Gartner, Shaver, Gatewood and Katz, 1994; Kritiansen and Indarti, 2004). Although behavior can result from unconscious and unintended antecedents, what is of interest here is a conscious and intended act (Bird, 1988). According to Crant entrepreneurial intentions are central to the entrepreneurial process because entrepreneurship occurs over time, thus entrepreneurial intentions might be viewed as the first step in an evolving, long term process (Crant, 1996). However, there is an implicit assumption in much of the research that entrepreneurial intentions, the desires of the individual entrepreneur, lead to entrepreneurial outcomes so the entrepreneurial process can also be viewed as the interaction between entrepreneurial intentions and entrepreneurial outcomes over time. The deterministic view considers entrepreneurial outcomes to be a function of the relationship between the organization and the environment. In this case individual intentions are incidental rather than fundamental to organizational outcomes. In contrast, the voluntaristic perspective places primacy on entrepreneurial intentions in which the capabilities and motivation of the individual deliver entrepreneurial outcomes. (Jenkins and Johnson, 1997).

Until now, several empirical studies have examined the entrepreneurial intention among some of which consider university students as a source of future entrepreneurs. Their attitude and knowledge of entrepreneurship are likely to shape their inclination to start their own businesses in the future (Wang and Wong, 2004). Based upon this rationale, our main concern is to analyze the internal factors determining entrepreneurial intentions of individuals. In the literature family background, gender, age, education and past entrepreneurial experiences have been found to be related to entrepreneurial intentions (Crant, 1996; Kolvereid, 1996). However we are concerned with university students' willingness to take risks in this entrepreneurial process. More specifically, the present study attempts to examine risk taking propensity among students of state universities as compared with students of privately held universities. This work substantially expands our understanding of what drives the entrepreneurial intention. Moreover, "why" of entrepreneurship rather than the "when" is investigated by looking at the internal motivations of individuals rather than only focusing on the external inducements of the economic environment (Douglas and Shepherd, 2002). Because entrepreneurial orientations incline more to face uncertainty thus there is often some amount of risk involved in entrepreneurship process; hence, the higher the tendency to calculate risks, higher the entrepreneurial intentions should be (Sagie and Elizur, 1999). Thus, the present survey investigates the antecedents that may explain why differences of entrepreneurial intentions evolve across student populations (Lüthje and Franke, 2003). In this context, our main focus is on the impact of personality traits and attitudes on students' intention towards entrepreneurship, while attention is also be paid to demographic factors, individual background and contextual elements. This study evolves around several following research questions: "Do students' intentions differ because of difference in their risk propensity? Does a person's attitudes towards risk affect his/her entrepreneurial intentions? (Douglas and Shepherd, 2002); How to cultivate entrepreneurial intention among university students? ; Is there any direct or indirect relationship between personality factors and entrepreneurial intentions?" Hence, our main objective is to identify whether there is a significant relationship between students' willingness to take risks and their entrepreneurial intentions and then reasons for different entrepreneurial intentions and risk taking propensity between the groups of students from private and state universities (Kritiansen and Indarti, 2004).

Nowadays, universities are close to the business life especially university-industry collaboration has moved too many platforms. Therefore, it is very important to examine the risk and intension level of students who are future entrepreneurs and to reveal how entrepreneurship education contribute to their future carrier. So these topics are the main objective of this research. In the study, at first, we will discuss the concepts of intension and willingness to take risk and second define some basic concepts related with our theoretical framework; finally, our analyses and findings will be discussed

## **2. Literature Review And Hypotheses**

Entrepreneurship refers to the process starting from the idea generation to the product or the service realization to the risk management (Bamber, Owens, Davies and Suleman, 2002). Although the literature lacks a precise definition of entrepreneurship, there has been a consensus on some aspects of it; namely the process of uncovering and developing an opportunity to create value through innovation and the seizing of that opportunity without regards to either the resources or position of the entrepreneur in a new or existing company (Antoncic and Hisrich, 2001; 2003). In defining entrepreneurship, Schumpeter takes a more specific view on it. He believes that the essence of

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