



## RESEARCH PAPER

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## Role of empathy, prior experience and self-efficacy on entrepreneurship intention

Suchana Akhter\*

*Department of Management, Rangamati Science and Technology University, Bangladesh*

**Key words:** Empathy, Entrepreneurship intention, Prior experience, Self-efficacy

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### Abstract

The intend of the article is checking the magnitude of entrepreneurship intention. It examines the impact empathy, prior experience and self-efficacy on the intention of entrepreneur and whether relationship among the forecasted variable and the intention differ from other. Data were collected from 50 MBA students of Rangamati Science and Technology University (RMSTU) through a questionnaire-based survey. There were developed 4 research questions and 3 Hypothesis for the study. Data Analysis is done by applying Cronbach's Alpha, Multiple Regression Analysis, Correlation Analysis and Correlation Analysis is used to test the hypothesis. Total three independent variables- empathy, prior experience; self-efficacy was tested to measure their effect on entrepreneurial intention. Result proved that among all the independent variables are positively associated with entrepreneurial intention, but prior experience and self-efficacy impacts significantly on entrepreneurial intention. Present study mainly examines whether the three independent variable impact on the intention of entrepreneur and to what extent the variable significantly influence the intention their relationship.

\* **Corresponding Author:** Suchana Akhter ✉ [papri.mgt2050@gmail.com](mailto:papri.mgt2050@gmail.com)

## Introduction

Entrepreneurship has become an emerging issue worldwide. The main objectives of being an entrepreneur is to increase social value and bring new and innovative solution to the society. The question about why some students become entrepreneur and why some are not? It is a concerning issue among scholars about the intention of students to be entrepreneurs. The answer may be the behavior of students and their mental processes. The present study analyzes the impact of independent variables such as prior experience, empathy and self-efficacy that positively influence to start a business and run it successfully.

Practically, creating a new business is a big issue not only in the sense of a new venture formation but also it is related to career decision of an individual. Rather there also various types of problems that an individual faces when he or she see the dreams of being an entrepreneur. The previous scholars work with various independent variable like self -efficacy, culture, social support, prior experience, family, empathy impact on the intention of entrepreneur but the study was not clearly implied how empathy, prior experience & self-efficacy on the intention of entrepreneur. This study deals with the three independent variables and their effect on the intention of entrepreneurs.

A questionnaire-based survey is done on 50 students who are studying at BBA and MBA in Rangamati Science and Technology University. The factors that impact student's intent to take entrepreneurship as a career and the interrelationship between the factors that help us to know the conditions of those students.

### *Purposes of the research*

Broader purpose of this research is to test what factors influence on the intention of new entrepreneurial and how the factors related to each other. The possible challenges faced by entrepreneurial intention is another purpose of the research. Researcher sated 4 research questions:

RQ1. What factors generate entrepreneurial intention among students?

RQ2. To what extent does prior experience impact on entrepreneurial intention?

RQ3. To what level does self-efficacy affect entrepreneurial intention?

RQ4. To what degree does social support influence on entrepreneurial intention?

This report will help both researchers & entrepreneurs to get new & innovative the ideas related to entrepreneur. It also helps researchers to analysis about entrepreneurship development that will help people to get sufficient knowledge & ideas about entrepreneur. The upcoming entrepreneur may be more beneficial for this report as this report related to various things related to entrepreneurship and the factors that may affect entrepreneur intention.

### *Relevant literature review and hypothesis development*

Entrepreneurship is the process of starting new and innovative task to create social value. The overt point of entrepreneurship development and the difference from other forms of capacity building is creating social value and to verify social issues with innovative solutions.

Previous researchers analyzed on entrepreneurship and entrepreneurial intentions. Among the studies Mair and Noboa (2003); Nga and Shamugathan (2011); Ernst (2012); Linan and Fayolle (2015) are significant for the current study. From the previous studies it is noticed that the idea of entrepreneurial intention is formed by perceived intention of forming social enterprise. They imply perceived feasibility has influenced by self-efficacy with social support. The studies identified the relationship between Big Five theory of personality traits (agreeableness, conscientiousness, extraversion, neuroticism and openness) with entrepreneurial intention. In classical entrepreneurship development model, it is believed that three variables such as attitude towards

behavior, subjunctive norms and perceived control level played significant role for creating an entrepreneur. This study deals with the three independent variables and their effect on the intention of entrepreneurs.

Empathy is the competence to value and to reveal the intuition of others. It means the capacity to capture the feeling of others and be able to share it same way. Thus, empathy trigger someone to become an entrepreneur when they stay inside with him. Mari and Noboa (2003) said that 'it acts as an agent for being successful entrepreneur'. Gupta (2008) said that entrepreneurs have a higher level of empathy that is influenced by various levels of social issues. Several studies show that a positive relation with entrepreneurial intention (EI) and when a person has higher level of empathy, he or she get higher level of success in carrying out specific goal.

*Hypotheses 1. Empathy has a positive relation with entrepreneurial intention*

Prior experience gives people information on the issues required to perform a task carefully and the result of experience gives the clarity about that task in a definite way to attain and utilize the resources. Entrepreneurship experience expands the desire to start a business more successfully than a new person. Several researchers agree that prior experience has a positive relation with EI. Prior experience helps to predict the outcome towards any activity, and it helps to be aware of the things that might create barriers to reach a desired goal. Experience helps to run a business more carefully than an inexperienced person does.

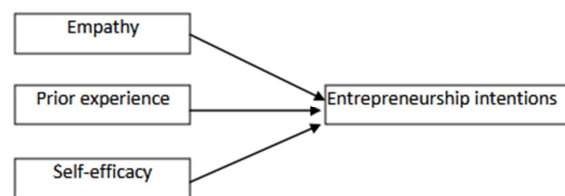
*Hypotheses 2. Prior experience has a positive relationship with entrepreneurial intention*

According to psychologist, self-efficacy is the determinant of whether an individual will be able to perform and how long a person's efforts will be able to perform a task in face of obstacles. Several researchers show that people having higher level of self-efficacy having higher level of EI. It is positively related with EI as it is directly related with the intention and belief of an individual.

*Hypotheses 3. Self-efficacy has a positive relation with entrepreneurial intention*

*Conceptual framework*

The framework highlights three key components: Self-efficacy, Prior experience, and Empathy, each of which is connected to entrepreneurship intentions. These elements represent the individual factors that shape one's intention to pursue entrepreneurial activities, suggesting that confidence in abilities (self-efficacy), previous exposure or experience in the field (prior experience), and a sense of understanding or compassion (empathy) all play significant roles in shaping entrepreneurial goals (Fig. 1).



**Fig. 1.** Entrepreneurship intentions: Conceptual framework

## Materials and methods

### Sample

The sample consists of the student of Rangamati Science and Technology University, Rangamati-4500. All the students from whom the data were collected are the BBA and MBA students as they are the future career chooser. 50 questionnaires were collected from the students when they were in the class session to ensure more response rate. Both male and female students composed of business studies, because the researcher is interested to know whether their major choice is correlated to their entrepreneurship intention. It is expected that those who want to be real entrepreneur they already have taken decision to start a social venture and helping the society.

### Variables

There are two types of variables considered for the current study.

#### Dependent variable

Entrepreneurial intention (EI) is measured by six items. Reliability statistics scores .822 on Cronbach's Alpha Coefficient showed acceptable limit (Table 1).

**Table 1.** Reliability test of SEI

Reliability analysis	
Cronbach's alpha	No. of item
.822	6

*Independent variable*

Empathy based on 5 items was asked the respondents to what extent they were satisfied with their effort. Reliability level was .749 showed acceptable (Table 2).

**Table 2.** Reliability test of empathy

Reliability analysis	
Cronbach's alpha	No. of item
.749	5

Prior experience was measured by 4 items was asked to Prior experience was measured by 4 items was asked to what extent the respondents get help for prior experience when a task is performed. The scale reliability was .563 found to be acceptable (Table 3).

**Table 3.** Reliability test of prior experience

Reliability analysis	
Cronbach's Alpha	No. of Item
.563	4

Self-efficacy was measured by 7 items was asked to what level they get support due to self-efficacy when a task is performed. The scale reliability was .648 found to be acceptable (Table 4).

**Table 4.** Reliability test of self-efficacy

Reliability analysis	
Cronbach's alpha	No. of item
.648	7

Data were analyzed by using correlation analysis, regression analysis and analysis of variance. The correlation was taken to test the relationship among the variables. Regression analysis is taken to test the effect of high predictor variables on the dependent variable and analysis of variance was done to examine the performance variation due to age difference, educational level and gender variance.

**Results***Profile of the respondents*

The Table 5 summarizes key demographic information of a study involving 50 students from

RMSTU, Rangamati. It includes the age ranges for BBA (21-23 years) and MBA (23-26 years) students, with a gender distribution of 36 males and 14 females. Additionally, it highlights that 21 students graduated with a BBA and 29 students graduated with an MBA.

**Table 5.** Profile of the respondents

Serial number	Title
Total students	50
Age	For BBA students 21-23 & for MBA 23-26
Gender	Male 36 & female 14
Sources of data collection	RMSTU, Rangamati-4500.
BBA graduated	21
MBA graduated	29

*Correlations among entrepreneurial intention and predictors variables*

Correlation analysis finds significant relationship among two predicted variables and entrepreneurial intention. The strongest correlation was observed between entrepreneurial intention and prior experience ( $r=.225$ ), followed by the correlation between entrepreneurial intention and self-efficacy ( $r=.198$ ). But predictor variable empathy with entrepreneurial intention was not found significantly related ( $r=.092$ ) shown in (Table 6).

**Table 6.** Correlation analysis

Empathy average	1	2	3
Pearson correlation			
Prior experience average	.225**	.425**	
Pearson correlation			
Self-efficacy average	.198**		
Pearson correlation			
Entrepreneurial intention average	.092**	.405**	.377**
Pearson correlation			

*Regression analysis*

Regression analysis is done for testing the impact of independent variables on the dependent variable considering for the current research. Three independent variables empathy, prior experience, and self-efficacy and the dependent variable is entrepreneurial intention (Table 7&8). The result of model indicated that among four variables SEI (.003,  $p<.05$ ) and followed by Prior experience (.044,  $p<.05$ ) are significant predictor of entrepreneurial intention. The other two variables are not satisfactorily significant on the entrepreneurial intention.

**Table 7.** Regression statistics

Model summary							
R square	Adjusted R square	Std. error of the estimate	Change statistics				
			R square change	F change	df1	df2	Sig. F change
.216	.165	.36045	.216	4.217	3	46	.010

a. Predictors: (Constant), SE average, E average, PE average

**Table 8.** Coefficient analysis

Model	Coefficients					
	Unstandardized coefficients		Standardized coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	2.187	.700		3.123	.003
	E average	-.019	.096	-.026	-.194	.847
	PE average	.267	.129	.303	2.073	.044
	SE average	.285	.164	.253	1.744	.088

a. Dependent Variable: EI average

*KMO and Bartlett's test and reliability test results*

The Table 9-15 show explanatory power of data and the measurement of sufficient data sample size where KMO and size of sampling is sufficient and Bartlett's test where Kaiser (1974) suggested for accepting the value which is greater than 0.5.

**Table 9.** KMO & Bartlett's for empathy (E)

KMO and Bartlett's test		
Kaiser-Meyer-Olkin measure of sampling adequacy		.702
Bartlett's test of sphericity	Approx. total Chi-Square	64.821
	df	10
	Sig.	.000

**Table 10.** KMO Bartlett's for prior experience

Component Matrix <sup>a</sup>	
	Component
	1
E1	.461
E2	.787
E3	.669
E4	.857
E5	.741

**Table 11.** KMO Bartlett's for prior experience (PE)

KMO and Bartlett's test		
Kaiser-Meyer-Olkin measure of sampling adequacy		.593
Bartlett's test of sphericity	Approx. Chi-Square	19.620
	df	6
	Sig.	.003

The factorability of data and sampling adequacy of data was conformed since the Bartlett's test was significant ( $p < 0.05$ ) and KMO measure for empathy was .702, for prior experience .593.

**Table 12.** Component matrix

Component Matrix <sup>a</sup>	
	Component
	1
PE1	.568
PE2	.635
PE3	.713
PE4	.719

**Table 13.** KMO and Bartlett's test for self-efficacy (SE)

KMO and Bartlett's test		
Kaiser-Meyer-Olkin measure of sampling adequacy		.548
Bartlett's test of sphericity	Approx. Chi-Square	63.704
	df	21
	Sig.	.000

**Table 14.** KMO & Bartlett's tests for entrepreneurial intention (EI)

KMO and Bartlett's test		
Kaiser-Meyer-Olkin measure of sampling adequacy		.606
Bartlett's test of sphericity	Approx. Chi-Square	82.659
	df	15
	Sig.	.000

**Table 15.** Component matrix

Component Matrix <sup>a</sup>	
	Component
	1
EI1	.123
EI2	.624
EI3	.850
EI4	.865
EI5	.809
EI6	-.214

For social entrepreneur .584 and for SEI .606. the value over .05 are good. The KMO measure of every sample is acceptable for further computation. For these data Bartlett's test is highly significant & therefore further discussion is suitable for the study.

### Discussion

Research examines the impact of three independent variables- empathy, prior experience and self-efficacy for starting a new business. The hypothesis was tested by using Cronbach's Alpha, Regression analysis, Correlation analysis and Factor analysis.

According to H1 there is a positive relationship between empathy and entrepreneurial intention, the result also support that, but the relationship is not very much significant. Individual who has empathy for others can feel for the betterment of society by employment creation through entrepreneurship, but only that thinking cannot provide him the required assistance to create a new business/venture. It requires financial support, experienced guidelines, supportive environment, easy and availability of training and most importantly the self-motivation to start a new employment scope.

H2 predicted that prior experience has a strong influence on entrepreneurial decision, research findings support the hypothesis. A fresh graduate cannot articulate the uncertainty of business environment unless there have any expert guidance in related area. But if he/she gets some experience from family, friends and relatives about his/her idea to do something independently it may assist him/her in the right track. So, surroundings are very much influential for the newcomer in business.

H3 predicted that self-efficacy impacts significantly on entrepreneurial intention. Finding is strongly related with the intention of entrepreneurship. The finding proved that higher level of intention provides higher level of confidence to start a new business. Self-efficacy itself very much active

personality to do something new and challenging rather than the existing regular job. The person with self-efficacy thinks to do something at his/her own capacity and risk. It is an inertia of doing task in a challenging and competitive environment.

### Limitations

The respondents are not so careful about their given opinions related to their intentions that are closely related to entrepreneur. Most of the respondents are students and same level of graduation and they haven't sufficient experience related to business ideas & knowledge.

### Conclusion

Entrepreneurship is the decision to take risk for doing something new. It is not just a new venture creation but to think about the income generation of many people at a time. It is obviously a very significant decision to be an entrepreneur rather just to join in a job. It is wider job opportunity creating sector for any country, which helps to develop the economic condition of a country because it helps to reduce unemployment rate for the country. Our expectation from the graduates to join a job and take family responsibility is much narrower thinking of the society. Rather by starting a new business he or she can take the responsibility of many people. So, we should encourage them who want to be an entrepreneur, and our ideas must change about entrepreneur so that new entrepreneur can be motivated to implement their knowledge and ideas. Government should be pro-active in the activities which will bust up entrepreneurship like- providing lower interest rate loan facilities for new entrepreneur and easy term conditions for the new venture creation to attract the business graduates for investing their knowledge and skill for the society. Empathy, Prior experience and Self-efficacy acts as major driver for the decision to be an entrepreneur, the study found out the prove. But social support is also very much significant driver in this matter. All the factors are individual's interpersonal skills but can impacts significantly to change a society and an economy.

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