A MULTI-LEVEL STUDY OF ENTREPRENEURSHIP EDUCATION AMONG

PAKISTANI UNIVERSITY STUDENTS

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Abstract

This study examines how a university’s support impacts students’ entrepreneurial intentions and finds that entrepreneurship education, concept-development support, and business-development support increase such intentions. The university role is critical to the growth of entrepreneurial intentions, and we argue that an individual’s decision in favor of or against becoming an entrepreneur depends on the multilevel context provided by the university. Our findings suggest that students perceive the education and concept-development support (educational and cognitive) from their universities as highly influential on their entrepreneurial intentions. We conclude that a multi-level perspective offers a meaningful understanding of entrepreneurship and offer suggestions for university management and policy-makers for enhancing entrepreneurship. A sample of 805 undergraduate students in universities in Pakistan took part in the study.
As the world becomes increasingly competitive and growth-oriented, entrepreneurship has become an efficient strategy with which to enhance a country’s economic development and achieve sustainable competitiveness (Schaper and Volery 2004; Venkatachalam and Waqif 2005). Through entrepreneurial activities, several countries have been able to generate wealth, improve the survival rate of firms, enhance the adoption of technological change, and create job opportunities (Gurol and Atsan 2006). In fact, entrepreneurship is the engine that drives many nations’ economic growth and competitiveness (Kuratko and Hodgetts 2007).

Consequently, entrepreneurship has emerged as one of the most popular topics among scholars, students and policy-makers and has become an important disciplinary field (Davidsson and Wiklund 2001). The highly competitive job environment has increased the interest of both undergraduate and graduate students in studying entrepreneurship (Dickson et al. 2008; Solomon 2002) because permanent employment in organizations is no longer guaranteed (Collins et al. 2004). The supposition that university graduates can acquire a job easily no longer reflects the realities of employment market (Seet and Seet 2006).

In explaining the differences between entrepreneurs and non-entrepreneurs, scholars have primarily focused on individual-level factors (Shane 2004), characterizing entrepreneurs as more achievement-orientated (Collins et al. 2004), more risk-tolerant (Stewart and Roth 2004), more independence-seeking (Douglas and Shepherd 2002), more willing to be introduced to new products and services and to create new firms or new material by destroying the existing economic order (Schumpeter 1934), more able to identify new opportunities (Thompson 1999), and more creative (Lee and Wong 2004) than non-entrepreneurs. Although the definitions of an entrepreneur vary, there is consensus that an entrepreneur has a unique character, mindset, motivation, and vision is committed to conceptualizing ideas and implementing them through a business plan and sees change as an opportunity to innovate (Cheng et al. 2009). This consensus implies that entrepreneurs are a function of their
personality traits, so they are “born” rather than “made” as a result of training and teaching. According to this argument, the entrepreneurial character depends on personal background, previous experience, and environmental influences, which are not teachable (transferable from one person to another).

On the other hand, at the organizational-level, scholars have focused on the factors of organizational culture and organizational norms (Louis et al. 1989), university quality (Di Gregoria and Shane 2003), and entrepreneurship education (Souitaris et al. 2007), among other factors, as the most important factors in influencing the development of students’ entrepreneurial intention. The role of entrepreneurial education and experience has been highlighted as critical to the ability to recognize entrepreneurial opportunities (Shane 2000; Davidsson and Honig, 2003) and to using these opportunities effectively (Robinson and Sexton 1994; Bates 1995). Previous research has recognized the impact of entrepreneurship education, training and support as critical factors in developing positive perceptions of competence for start-up firms (Zhao et al. 2005), favorable attitudes toward entrepreneurship (Krueger and Brazeal 1994), and related entrepreneurship preferences and intentions (Chen et al. 1998). Consequently, the number of entrepreneurship-related subjects at the university level around the world has grown rapidly (Klandt 2004). Still, the question remains concerning how such offerings can motivate and train students for entrepreneurial careers? Previous research is inconclusive about whether entrepreneurship can be taught and learned in universities (Aronsson 2004; Gendron 2004).

Drawn on a dataset from surveys completed by 805 undergraduate university students from Pakistan, our findings have important implications for entrepreneurship research and teaching. Our multi-level study extends the literature, as it acknowledges the important but neglected influence of organization-level factors on entrepreneurial behavior, thus helping to resolve some of the controversies in previous research (Gartner et al. 1992). Our main contribution is to extend the entrepreneurship literature by employing a multi-level perspective.
of individual- and organizational-level factors in order to understand the roots of university students’ entrepreneurial intentions. Following Kraaijenbrink et al. (2010), we measure organizational-level factors through entrepreneurship-related educational support, concept-development support, and business-development support. Our focus on the role of universities in promoting entrepreneurship is grounded in capabilities-based views of strategy, which suggest that universities are the primary resource underlying entrepreneurs’ ability to create value and competitive advantage. The view that universities’ entrepreneurial activities increase entrepreneurial knowledge is typically applied to the development and growth of existing firms, but if knowledge is the primary source of value-added and competitive advantage in existing firms, the question concerning how to access relevant knowledge should be important for anyone who is planning to set up a new enterprise. Hence, it is straightforward to assume that the prospect of having (or not having) access to superior sources of knowledge through university education is central to the decision in favor or against starting a new venture.

At the individual level, we use eight factors that differentiate individuals on the basis of how they discover, evaluate, and exploit entrepreneurial opportunities: the need for achievement (Collins et al. 2004), independence (Douglas and Shepherd 2002), financial success (Carter et al. 2003), and self-realization (Carter et al. 2003), as well as social norms (Elster 1989), entrepreneurial self-efficacy (Chen et al. 1998), risk-taking propensity (Stewart and Roth 2004), and social network support (Turker and Selcuk 2009). We selected the relevant variables using five selection criteria in a review of extant studies: (a) heterogeneity in their relationship with entrepreneurial intention, (b) a history of use in the literature, with well-defined structure and theories, (c) consistent use in student-specific populations, (d) high reliability and validity, and (e) independence from one another.

Our second contribution is to extend our understanding of entrepreneurial intention in the context of developing countries. We conducted a review of the literature published between
In testing our research propositions, we use hierarchical linear modeling (HLM) to avoid the estimation errors that are associated with traditional regression models (Bommer et al. 2007; Marrone et al. 2007; Martin 2007). Our findings will help university managers and national-level policy-makers to understand the effectiveness of initiatives undertaken to stimulate entrepreneurship.

The paper is organized as follows. First, we lay out the theoretical foundations and derive the hypotheses for the role of entrepreneurial education and entrepreneurial intention. Next, we describe our methodology and present the results. Finally, we discuss our findings, state the implications of our study, and identify directions for future research.

2. ENTREPRENEURSHIP EDUCATION AND ENTREPRENEURIAL INTENTION

Entrepreneurial universities are valued because of their economic output (such as patents, licenses, and start-up firms) and technology transfer mechanisms (Tijssen 2006). It is important for universities to position themselves as hubs of entrepreneurship by nurturing an entrepreneurial environment and providing substantial contributions to the economy and society (Gnyawali and Fogel 1994). The development of entrepreneurial universities is a widespread phenomenon that has attracted policy-makers’ attention. However, despite the increasing interest in academic entrepreneurship and new-venture creation by students, little empirical research has identified organization-level factors that can foster entrepreneurial intention among university students (Walter et al. 2006).

Extant literature has demonstrated significant relationships among education, training and entrepreneurship (Henry et al. 2005), and a significant amount of scholarship has seen universities as seedbeds for entrepreneurship-specific human capital (Becker 1964; Ucbasaran et al. 2008). Entrepreneurial universities can play an important role in identifying and
developing students’ entrepreneurial traits and ability to start their own ventures, thus
effectively contributing to economic prosperity and job creation (Debackere and Veugelers
2005; Mowery et al. 2001; O’Shea et al. 2005; Binks et al. 2006). Research shows that
university students who take entrepreneurship courses have more interest in becoming
entrepreneurs than do those who did not take such courses (Kolvereid and Moen 1997). Upton
et al. (1995) find that 40 percent of those who attend entrepreneurship courses start their own
businesses.

People tend to avoid careers and environments that do not fit with their competencies
and to select those that match them. An individual’s entrepreneurial self-efficacy, which refers
to the belief in one’s own abilities to perform the skills necessary to pursue a new venture
opportunity, plays an important role (Chen et al. 1998), as research has shown that
entrepreneurial self-efficacy has a significant impact on entrepreneurial intention and
entrepreneurial behavior (McGee et al. 2009; Townsend et al. 2010). This finding suggests that
entrepreneurial intention can be enacted through educational infrastructure and university
support (Segal et al. 2005). Along the same lines, Wang and Wong (2004: p. 170) point out
that the entrepreneurial dreams of many students are hindered by inadequate preparation: “their
business knowledge is insufficient, and more importantly, they are not prepared to take risk to
realize their dreams.” Therefore, it is likely that academic institutions play an important role in
fostering entrepreneurial behavior. However, while research has demonstrated the positive and
significant relationship between entrepreneurship education and entrepreneurial behavior
(Lüthje and Franke 2003; Galloway and Brown 2002) and the number of entrepreneurship
courses and curricula has grown, student entrepreneurship remains low (Kraaijenbrink et al.
2010).

According to Chen et al. (1998), an entrepreneurship education program should have a
support system to increase students’ entrepreneurial self-efficacy, including engaging students
in “real-life” business situations to encourage risk-taking and innovation, as opposed to general
management skills or more specific technical skills. Research has proposed that entrepreneurship-related support may give some people the confidence to initiate their own business ventures (Kraaijenbrink et al. 2010) and has attempted to explain students’ entrepreneurial intent as being the result of their education. For example, Hatten and Ruhland (1995) analyze the effect of an entrepreneurship course on students’ attitudes and conclude that entrepreneurship attitudes can be measured and changed. Similarly, other researchers suggest that the attitude model of entrepreneurship has implications for entrepreneurship education programs, as attitudes are open to change and can be influenced by educators and practitioners (Souitaris et al. 2007; Wang and Wong 2004).

Kraaijenbrink et al. (2010) suggests that, although universities can support entrepreneurship in many objectively measured ways, to understand the effect of such measures, it is important to gauge the extent to which they can influence students by measuring students’ perceptions of the university support they receive. Kraaijenbrink et al. (2010) propose three aspects of university support. First, in their traditional teaching role, universities can provide educational support by teaching students the knowledge and skills that are needed in order to initiate a new venture. Second, in their commercial role, universities can provide students with targeted and specific support for starting their own firms through concept-development support and business-development support. Concept-development support can provide awareness, motivation and business ideas in the early stages of the entrepreneurial process, in which opportunity recognition and development take place (Shane and Venkataraman 2000), while business-development support is typically given to the start-up firm (rather than to individual students) in the later stages of the entrepreneurial process.

In addition, Krueger and Brazeal (1994) suggest that entrepreneurship education should improve students’ perceptions of the feasibility of entrepreneurship by increasing their knowledge, building confidence and promoting self-efficacy. Therefore, we present the following hypotheses:
**H1. Students’ perceptions of the educational support provided by their universities have a positive influence on their entrepreneurial intention.**

**H2. Students’ perceptions of the concept-development support provided by their universities have a positive influence on their entrepreneurial intention.**

**H3. Students’ perceptions of the business-development support provided by their universities have a positive influence on their entrepreneurial intention.**

## 3. METHOD

### 3.1 Context of the research

The present study’s findings will help university managers and policy-makers to understand which practices and initiatives are effective in fostering entrepreneurship, particularly in developing economies like Pakistan. According to Global Entrepreneurship Monitor (GEM) data, Pakistan has the lowest number of established firms among factor-driven countries like Bangladesh, India, and Egypt. The number of registered businesses in Pakistan was 7 percent versus 10.2 percent over the same period in industrialized countries (World Bank Group entrepreneurship survey 2010). Nevertheless, Pakistan has many firms that remain unregistered and that play a significant role in the informal business sector. According to the Small and Medium Enterprise Development Authority (SMEDA), in Pakistan businesses with fewer than 100 employees constitute nearly 90 percent of the 3.5 million private firms that employ 80 percent of the non-agricultural labor force. These businesses generate 25 percent of exports and 40 percent of the annual GDP (Economic Census of Pakistan 2005). Over the last few decades, Pakistani economic policy-makers have undervalued the role of entrepreneurship in the country’s economic development, so they have neglected small firms (GEM Pakistan Report 2011). However, more recently, these policy-makers have come to understand the potential of entrepreneurial growth and innovation as a critical contributor to the nation’s economy and have shifted their focus to entrepreneurship by improving the country’s infrastructure and
governance policies (Framework for Economic Growth Pakistan, Planning Commission Government of Pakistan 2011). Pakistan has taken the initiative to promote entrepreneurial culture in the country by increasing R&D investment by 600 percent, which stood at 0.7 percent of GDP (USD 1.176 billion) in the period from 1997 to 2007. With two-thirds of Pakistan’s population under age 30, considerable potential lies in training of these young people and helping them launch entrepreneurial ventures.

Pakistan provides a favourable environment for our research because its increasing focus on entrepreneurship education will allow us to measure the impact of the new initiatives on university students’ entrepreneurial intention. During the last decade Pakistan has worked to build its economic growth through educational policies. The Higher Education Commission (HEC) of Pakistan developed the National Business Education Accreditation Council (NBEAC) to encourage universities to invest in infrastructure that supports entrepreneurship, to promote business education, and to focus on stimulating entrepreneurial education and culture. Universities are increasingly considered key institutions for providing important learning and inspirational resources that can nurture entrepreneurship. As a result, the number of technology-licensing offices and entrepreneurship courses in universities has grown significantly.

3.2 Setting and participants
To ensure that the sample of respondents is varied and representative, we selected universities in the largest province of Pakistan, Punjab, where we targeted Lahore, Faisalabad and Sahiwal, the educational hubs in the region. We selected five universities that provide entrepreneurship education by examining their websites, reviewing their course outlines, and determining whether they were registered with HEC with approved and relevant programs of study. Then we contacted undergraduate students who had studied or were studying a course of entrepreneurship in the universities that agreed to participate in our study. We obtained written informed consent to participate from students before allowing them to answer the
questionnaire. In addition, ethical approval was obtained from each university’s Ethics Committee. Before completing the questionnaire, the respondents read a brief explanation of the study and were informed of their rights as participants in accordance with the American Psychological Association’s Ethical Principles for the treatment of participants.

Data were collected over a period of eight weeks. One thousand questionnaires were distributed and 850 were returned (response rate of 85%), of which 45 were discarded. The 805 fully completed questionnaires (usable response rate of 80.5%) comprised a sample of 547 males (68%) and 258 females (32%). The average age was 21 years ($S.D. = 0.54$).

3.3. Measurement Variables

A questionnaire was developed and pre-tested on a small sample of students for validation purposes. Appendix I presents the scales used to measure the study variables.

3.3.1. Dependent variable. Entrepreneurship is the process of venture creation (Gartner et al. 1992) and entrepreneurial intention is crucial in this process as it is the proximal cognitive state that is temporally and causally prior to entrepreneurial action. According to Ajzen (1991) and Fishbein and Ajzen (1975), intention captures the degree to which people show their motivations and willingness to execute the desired behavior. Intention has also been defined as a state of mind that directs a person’s attention (and therefore experience and actions) toward a specific object (goal) or path in order to achieve something (for example, becoming an entrepreneur) (Bird 1988; Bird and Jelinek 1988; Katz and Gartner 1988). We focused on entrepreneurial intentions because these are measurable without an unpredictable time lag, potential survival bias, ex-post rationalization by the respondents, or the risk of identifying the consequences instead of the determinants of self-employment. Thus, entrepreneurial intentions are likely to reflect entrepreneurship education influences directly. Armitage and Conner’s (2001) meta-analytic review shows that intentions account for up to 31 percent of the variance in general, and self-reported behavior accounts for 20 percent of the variance in observed behavior. Entrepreneurial intention was measured through seven
statements that assess whether participants intended to start a new business. The first statement, “Have you ever seriously considered becoming an entrepreneur?” was adapted from Veciana et al. (2005) and was measured on a dichotomous scale (1 = Yes, 0 = No). The other six statements were measured on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) and were adapted from Linan and Chen (2009).

3.3.2. Explanatory variables. Perceived educational support was measured using Kraaijenbrink et al.’s (2010) six-item scale, which measures students’ perceptions of the universities’ traditional teaching role of universities and includes statements like “my university offers project work focused on entrepreneurship.” Perceived concept development support was measured using Kraaijenbrink et al.’s (2010) four-item scale, which measures students’ perceptions of the support the university provides students (beyond teaching) at the early stages of the entrepreneurial process to help them with opportunity recognition. For example, the items included statements like “my university provides students with ideas to start a new business.” Perceived business development support was measured by means of Kraaijenbrink et al.’s (2010) three-item scale, which measures students’ perceptions of the support the university provides to start-up firms, rather than individual students, in the later stages of the entrepreneurial process, such as helping a new firm with financial resources. The items included statements like “my university provides students with the financial means to start a business.”

3.3.3. Control Variables. We controlled for eight individual-level influences: (1) Need for achievement refers to an individual’s expectations of doing something better or faster than anyone else or better than the individual’s own earlier accomplishments (Hansemann 2003). Individuals who are motivated by a need to achieve are more likely than other people to choose entrepreneurial careers because of the associated challenging activities (Collins et al. 2004). We employed a formative measure for this variable that was developed and validated by Cassidy and Lynn (1989). (2) Need for independence or autonomy is a characteristic of
entrepreneurs (Kolvereid 1996). Carter et al. (2003) define independence as freedom, control, and flexibility in the use of one’s time. We adopted a formative measure of this construct that was developed and validated by Carter et al. (2003). (3) Risk-taking propensity is influenced by an individual’s personality, the nature of the task, cognitive and situational factors, and the tendency to avoid or not avoid risk while making decisions (Sitkin and Pablo 1992). Research has shown that an entrepreneur takes more risks than others (Stewart and Roth 2004). The scale is comprised of two items adopted from Zhao et al. (2005), where scores indicate the extent to which an individual is willing to participate in events that have uncertain outcomes and for which the consequences of failure are significant. (4) Self-realization refers to the reasons involved with pursuing self-directed goals. We measured self-realization through the three-item scale from Carter et al. (2003). (5) Financial success involves the reasons that describe an individual’s intention to earn money and achieve financial security (Carter et al. 2003). We measured financial success using the three-item scale from Carter et al. (2003). (6) Social norms describe an individual’s need for status, approval, and recognition from his or her family, friends, and community (Schienberg and MacMillan 1988; Shane et al. 1991). We measured this variable using two items from Carter et al. (2003). (7) Entrepreneurial self-efficacy was measured using a task-specific scale in which respondents indicated their ability to perform 26 roles and tasks related to five areas of entrepreneurship: marketing, innovation, management, risk taking, and financial control (Chen et al. 1998). (8) Social network support refers to support from one’s family members, partner, friends, or other connections (Henderson and Robertson 2000). An individual’s perception of social network support plays an important role in influencing his or her career choice, as such support promotes psychological well-being and reduces risk aversion (Dwyer and Cummings 2001). This variable was measured using two items from Turker and Selcuk (2009).

4. RESULTS

4.1. Assessment of measures
Table 1 presents the correlation matrix and summary statistics. The bivariate relationships indicate that all of the independent variables related significantly to entrepreneurial intention, with the individual-level factors of need for achievement ($r = 0.72; p < 0.01$) and entrepreneurial self-efficacy ($r = 0.55; p < 0.01$) relating most significantly to entrepreneurial intention. Entrepreneurial intention was also significantly correlated with other control variables, where the associations ranged between $r = -0.10$ and $r = 0.72$. Entrepreneurial intention was also significantly correlated with perceived education support ($r = 0.43; p < 0.01$), perceived concept-development support ($r = 0.38; p < 0.01$), and perceived business-development support ($r = 0.35; p < 0.01$). The eight control or individual-level variables were not highly correlated to each other, as the correlation coefficients among all other variables were all below 0.60 (Kennedy 1992), and none of the variance inflation factors (VIFs) for the variables was greater than 2, which was below Chatterjee and Price’s (1991) guideline of 10. Therefore, it is unlikely that multi-collinearity among the independent variables affected the findings.

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= Chandler and Lyon (2001) propose several procedures for validity analysis. We considered content validity carefully while choosing and operationalizing the constructs of the study and took care to ensure that items were both relevant and representative of the construct being measured (Messick 1988) and that the opinion of expert judges was considered (Rossiter 2002). We also examined substantive validity, which is the extent to which a measure is reflective of or theoretically linked to a construct under study (Holden and Jackson 1979) and which refers to the convergent and discriminant validity. We assessed substantive validity using exploratory and confirmatory factor analysis, as many researchers have recommended (Klein et al. 2005). Our sample’s Kaiser–Meyer–Olkin test, which indicate the adequacy of the sample, was notably high (0.92), and Bartlett’s sphericity test was highly significant ($p < 0.001$). We analyzed the nomological (or criterion) validity of a measure, which refers to the
expected behavior of a measure with theoretically related constructs (Cadogan et al. 1999), by examining the correlations between the measures (Jarvis et al. 2003). Entrepreneurial intention can be assumed to depend largely on perceived organizational support (education, conceptual and business development support) and individual-level factors (e.g., need for achievement, need for independence, risk-taking propensity). This correlation was also significant, supporting the nomological validity of the proposed organizational-level factors and entrepreneurial intention. Finally, Chronbach’s alphas for entrepreneurial intention and the other variables were above the acceptable threshold of 0.70, indicating the reliability of the variables.

4.2. Hierarchical Linear Modeling (HLM)

Hierarchical Linear Modeling, also known as the random-effects model (Laird and Ware 1982), the mixed linear model (Diggle et al. 1994), and the random-coefficient model (Strenio et al. 1983), overcomes the shortcomings of traditional methods of analyzing hierarchical data (Hofmann 1997) by helping control for clustering of observations and heteroskedasticity. In addition, given that the assumptions of the HLM are correct, it improves the efficiency of estimated impacts, and even if the assumptions are violated, HLM still produces a best “HLM” fit, similar to the best linear unbiased estimate property of an OLS model (Goldberger 1991). Finally, a variation of the HLM model with group mean centering produces unbiased slope estimates under the same conditions that are normally used to justify a fixed effects model in economics.

Our study adopted a multi-level theoretical lens and methodology to integrate existing work on entrepreneurial intention. We considered two levels of analysis based on the hierarchical pattern in our data. Our hypotheses estimate the main effects of variables at both levels of intention, which lead us to use intercepts-as-outcomes models. We preferred intercepts-as-outcomes models over slopes-as-outcome models because individual-level slopes across university departments have less variation (Raudenbush and Bryk 2002).
Our cross-level study, which is inspired by quasi-experimental research, links between-department variances in entrepreneurial intentions to within-department influences. Our cross-level design controls individual-level influences by complementing prior work, so it focuses on only main hypotheses at the organizational-level, which helps to establish the external validity of prior findings. We avoided multicollinearity issues in our analyses by centralizing all individual-level predictors around their group mean in order to make our intercepts more interpretable (Hofmann 1997). We also checked to ensure that the six assumptions of hierarchical linear models for our two-level model were satisfactory (Raudenbush and Bryk 2002).

4.2.1. The null model. We proposed that a student’s entrepreneurial intention would be associated with eight individual-level factors and three organization-level factors. Therefore, a necessary precondition for the support of these propositions is significant within-group and between-group variance in entrepreneurial intention (Hofmann 1997). We estimated this significance by computing HLM with no level-1 or level-2 predictors as follows:

*Level-1:*  \[ \text{Entrepreneurial Intention} = b_{0j} + e_{ij} \]

*Level-2:*  \[ b_{0j} = g_{00} + u_{0j} \]

As Raudenbush and Bryk (2002) describe, this model essentially forces all of the within-group variance in entrepreneurial intention into the level-1 residual term (i.e., variance in \( e_{ij} \)) and all of the between-group variance in entrepreneurial intention into the level-2 residual term (i.e., the variance in \( u_{0j} \)). In other words, this two-level model partitions the variance in entrepreneurial intention into its within-group (i.e., the level-1 residual variance) and between-group (i.e., the level-2 residual variance) components. Our result shows that the within-group variance component was 0.993 and the between-group variance component was 2.42.

4.2.2 Random coefficient regression model. Having confirmed that entrepreneurial intention varies both within and between groups, we tested for the individual-level factors.
Specifically, we assumed that higher individual-level factors would result in higher entrepreneurial intention. The HLM model used to test this assumption can be written as:

**Level 1: Individual level**

Entrepreneurial Intention = \( b_{0j} + b_{1j} \) (need for achievement) + \( b_{2j} \) (need for independence) + \( b_{3j} \) (risk propensity) + \( b_{4j} \) (self-realization) + \( b_{5j} \) (financial success) + \( b_{6j} \) (social norms) + \( b_{7j} \) (entrepreneurial self-efficacy) + \( b_{8j} \) (social network support) + \( e_{ij} \)

**Level 2: Organization level**

\[ b_{0j} = g_{00} + g_{01} \) (perceived educational support) + \( g_{02} \) (perceived concept development support) + \( g_{03} \) (perceived business development support) + \( u_{0j} \)

\[ b_{1j} = g_{10} + u_{1j}; \quad b_{2j} = g_{20} + u_{2j}; \quad b_{3j} = g_{30} + u_{3j}; \quad b_{4j} = g_{40} + u_{4j}; \quad b_{5j} = g_{50} + u_{5j}; \quad b_{6j} = g_{60} + u_{6j}; \]

\[ b_{7j} = g_{70} + u_{7j}; \quad b_{8j} = g_{80} + u_{8j} \]

where \( g_{i0} \) (i=1…8) provides a direct test of each individual-level variable. Specifically, the Level-2 slope model specifies no predictor. Therefore, the actual regression equation consists of the Level-1 slopes regressed onto a unit vector, which is used to module the intercept term so the regression parameter estimated is equal to the mean of the outcome variable. The results of this model reveal the pooled within-group slopes \([g_{i0} (i=1…8)]\), which are reported in Table 2. The residual from the Level-1 equation (i.e., the variance in \( e_{ij} \)) now represents the residual within-group variance.

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We describe two sets of regression models—one at the individual level and the other at the organization level. As Raudenbush and Beryk (2002) suggest, we followed all of the assumptions for the two levels of analysis and estimated the variance explained at each level. The organization-level variables accounted for 75 percent of the between-department variance (Model 2), while the individual-level variables explained 53 percent (Model 2) of entrepreneurial intention.
The organization-level results, adjusted for individual-level factors, partially support the hypotheses. H1, that perceived educational support enhances entrepreneurial intention ($\beta = 0.16; p < 0.01$), is fully supported, as is H2, that perceived concept-development support enhances entrepreneurial intention ($\beta = 0.13; p < 0.01$). However, we did not find support for H3, that perceived business-development support enhances entrepreneurial intention, as we found a positive but non-significant relationship between perceived business-development support and entrepreneurial intention ($\beta = 0.05; p = \text{n.s.}$).

The results of our individual-level factors are mixed. We found a positive, highly significant relationship between entrepreneurial intention and the need for achievement ($\beta = 0.69; p < 0.001$), the need for independence ($\beta = 0.12; p < 0.05$), self-realization ($\beta = 0.11; p < 0.001$), entrepreneurial self-efficacy ($\beta = 0.07; p < 0.01$) and social network support ($\beta = 0.10; p < 0.01$). The next section discusses these results.

5. DISCUSSION AND IMPLICATIONS

Our study extends the entrepreneurial intention literature and answers the calls of Hmieleski and Baron (2009) and Phan et al. (2009) for additional multi-level research in the field of entrepreneurship by introducing a multi-level perspective of the factors that contribute to entrepreneurial intention. We supplement prior evidence that neither individual nor organizational factors alone can sufficiently explain the dynamic nature of entrepreneurial intentions (Davidsson and Wiklund 2001) but that it is the combination that provides insights into this process. Theoretically, our study offers a new perspective in the entrepreneurial intention literature by demonstrating the combined multi-level perspective.

Organization-level factors are represented by perceived educational support, perceived concept-development support and perceived business-development support. Supporting Peterman and Kennedy’s (2003) findings that participation in an entrepreneurship program positively affects entrepreneurial intentions, our results demonstrate the significant role of educational and concept-development support in influencing students’ entrepreneurial
intentions. Even though previous research has established the link between entrepreneurship education and entrepreneurial behavior (Galloway and Brown 2002; Luthje and Franke 2003), student entrepreneurship figures remain low (Kraaijenbrink et al. 2010). Previous research has suggested that entrepreneurship education could improve entrepreneurship levels by increasing students’ knowledge, building confidence and promoting self-efficacy (Krueger and Brazeal 1994). For example, Timmons and Spinelli (2004) suggest that, to be effective, entrepreneurship education must enable students to increase their capacity for imagination, flexibility and creativity and develop their ability to think conceptually and to perceive change as an opportunity.

More specifically, our findings show that, of the three measures of university support, perceived educational support was the most important in developing students’ entrepreneurial self-efficacy, followed by perceived conceptual-development and perceived business-development support. Although students perceived that their universities were helpful in providing the general knowledge and skills required to initiate a new venture (educational support), they needed more targeted support in concept development and business development. These results, which are consistent with those of Kraaijenbrink et al. (2010), help to demonstrate the validity of Kraaijenbrink et al.’s (2010) measures to assess perceived university support. These scales should enable universities to measure the impact of their provision of entrepreneurship education and support, thus helping them to address their students’ specific needs.

One explanation for the lack of support for the hypothesis on business-development support is that entrepreneurship education has just been introduced in universities in Pakistan, so the faculties at these universities are not necessarily entrepreneurship-oriented. Therefore, a collective effort is required in order to promote entrepreneurship among younger faculty members. Business schools in Pakistan need to develop the activities that support entrepreneurship in order to prepare the business leaders of the future. Universities can also
work to develop strong industry networks and initiate new sources for the support of business-development consultancies. The results for individual-level factors show that individuals are motivated toward entrepreneurship by their need for achievement, need for independence, self-realization, entrepreneurial self-efficacy and social network support, so strategies at the university level can be designed to strengthen and enhance these factors that enhance individuals’ attitudes toward entrepreneurship.

Considering that most researchers agree that entrepreneurial perceptions and intentions can be enhanced by entrepreneurship education (Chen et al. 1998; Kraaijenbrink et al. 2010; Krueger and Brazeal 1994; Peterman and Kennedy 2003; Wang and Wong 2004), it is important to discuss the implications of our results for university managers and policy-makers, particularly those involved with entrepreneurship-driven programs. Organizations can support universities’ efforts by introducing entrepreneurial activities (e.g., business plan competitions, idea development workshops) to cultivate an innovative climate that will motivate individuals and develop their entrepreneurial skills. Policymakers can target educational and training programs to raise students’ individual-level competencies. Entrepreneurial education programs can expose students to the business environment, market opportunities, and real-life entrepreneurship situations to strengthen their confidence in pursuing entrepreneurship as a career choice.

Entrepreneurship education is fundamental to student entrepreneurship, so universities should measure their students’ perceptions of the support they receive in choosing and pursuing entrepreneurial ventures. Our findings show that universities are perceived to be strong in their traditional teaching role but that they fall short in their commercialization role. They can strengthen this weakness by providing awareness, motivation and business ideas in the early stages of the entrepreneurial process and by offering business-development support to start-ups. Entrepreneurship education has an important influence on entrepreneurial intention, but it is not the only important influence, so we propose universities’ three-dimensional
support (education, concept support, and business support), together with institutional support, to increase students’ perceptions of the feasibility of entrepreneurship, as measured by entrepreneurial self-efficacy. Entrepreneurial self-efficacy and perceived desirability, represented by individual motivations like the need for self-realization and recognition shape the entrepreneurial intention. Our findings suggest that this holistic approach will provide meaningful support in the formation of students’ entrepreneurial intention.

6. LIMITATIONS AND FUTURE RESEARCH

Our study is subject to some limitations. First, our focus is on measuring behavioral intention instead of actual behavior. Although the predictive validity of intention has been established in a general context (Armitage and Conner 2001), it has yet to be established in the entrepreneurial context. As a consequence, our study does not predict how many students will materialize their entrepreneurial intentions. Second, we selected individual and organizational variables that an extensive literature review revealed were most influential in predicting entrepreneurial intention, but other variables could be also important which might include internal events in college and external events. Events occurring inside the school curricula (program contents and pedagogies, culture of the school, etc.), and events outside the school (such as meeting with entrepreneurs, getting insightful information about entrepreneurship, and developing experiences implying entrepreneurial behaviors), might affect the results. Obviously, this kind of internal and external events should be taken into account in the design of future research aiming at studying the persistence of entrepreneurial behavior. Third, a longitudinal study could reveal the degree to which entrepreneurial intention turns into entrepreneurial behavior. Finally, our study examines university students in Pakistani universities, so our findings are mostly generalizable to developing countries. Future research could conduct a comparative analysis between developing and advanced economies in order to reveal relevant variations.
References


SMEDA. (2012). Small and Medium Enterprise, Pakistan
Appendix I - Measurement items and response format

**Self-employment Intention** - 5-point Likert scale from 1 = “completely disagree” to 5 = “completely agree”: (1) “Have you ever seriously considered becoming an entrepreneur?” (dichotomous scale of “yes/no); (2) “I will make every effort to start and run my own firm.”; (3) “I’ve got firm intention to start a firm someday.”
Organizational-level Factors

Perceived Educational Support – 5-point Likert scale from 1 = “completely disagree” to 5 = “completely agree”: (1) “My university offers elective courses on entrepreneurship.”; (2) “My university offers project work focused on entrepreneurship.”; (3) “My university offers internship focused on entrepreneurship.”; (4) “My university offers a bachelor or master study on entrepreneurship.”; (5) “My university arranges conferences /workshops on entrepreneurship.”; (6) “My university brings entrepreneurial students in contact with each other.”

Perceived Concept Development Support – 5-point Likert scale from 1 = “completely disagree” to 5 = “completely agree”: (1) “My university creates awareness of entrepreneurship as a possible career choice.”; (2) “My university motivates students to start a new business.”; (3) “My university provides students with ideas to start a new business.”; (4) “My university provides students with the knowledge needed to start a new business.”

Perceived Business Development Support – 5-point Likert scale from 1 = “completely disagree” to 5 = “completely agree”: (1) “My university provides students with the financial means to start a new business.”; (2) “My university uses its reputation to support students that start a new business.”; (3) “My university serves as a lead customer of students that start a new business.”

individual-level Factors

Need for Achievement – 5-point Likert scale from 1 = “completely disagree” to 5 = “completely agree”: (1) “Hard work is something I like to avoid.”; (2) “I believe I would enjoy having authority over other people.”; (3) I would like an important job where people would look up to me.”

Need for Independence – 5-point Likert scale from 1 = “to no extent” to 5 = “to a very great extent”: (1) “Greater flexibility for personal life is important to me.”; (2) “Free to adapt my approach to work is important to me.”

Risk Taking Propensity – 5-point Likert scale from 1 = “to no extent” to 5 = “to a very great extent”: (1) “To what extent do you agree or disagree with the following statements?”; (2) “I enjoy the excitement of uncertainty and risk.”; (3) “I am willing to take significant risk if the possible rewards are high enough.”

Self-Realization – 5-point Likert scale from 1 = “to no extent” to 5 = “to a very great extent”: (1) “It is important for me to challenge myself.”; (2) “It is important for me to fulfill a personal vision.”; (3) “It is important for me to grow and learn as a person.”

Financial Success – 5-point Likert scale from 1 = “to no extent” to 5 = “to a very great extent”: (1) “It is important for me to earn a larger personal income.”; (2) “It is important for me to have financial security.”; (3) It is important for me to build great wealth and high income.”

Social Norms – 5-point Likert scale from 1 = “to no extent” to 5 = “to a very great extent”: (1) “It is important for me to achieve something and to get recognition.”; (2) “It is important for me to gain a higher position for myself.”

Entrepreneurial Self Efficacy - 5-point Likert scale (1) = None, (2) = Basic, (3) = Competent, (4) = Advanced, (5) = Expert: What is your skill level for performing each of the following roles and tasks? 26 items were used. Respondents were asked to rate their skill level in marketing, innovation, management, risk-management, and financial control.

Social Network Support - 5-point Likert scale from 1 = “completely disagree” to 5 = “completely agree”: (1) “If I decided to be an entrepreneur, my family members will support me.”; (2) “If I decided to be an entrepreneur, my friends will support me.”
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Note: * p < 0.05; ** p < 0.01
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$R^2$ 0.53 (Individual level) 0.75 (Organizational level)

Note: † $p < 0.10$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$