



**ATTITUDINAL AND MOTIVATIONAL
DETERMINANTS OF ENTREPRENEURIAL
INTENTIONS AMONG UNIVERSITY STUDENTS
IN YEMEN**

BY

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ABSTRACT

Unemployment, especially among young people, represents a huge challenge not only at the nations, but at the international level as well. Entrepreneurship is regarded as a panacea that can reduce, if not eradicate, the burden of unemployment on individuals and nations as a whole. It has been established that becoming an entrepreneur is an intentional decision that requires intensive cognitive processing and planning. Therefore, it is critically important to understand what motivates people, especially the young, to develop positive attitudes that foster intentions to be entrepreneurs. The main objective of the present study is to integrate Self-Determination Theory (SDT) and Theory of Planned Behaviour (TPB) to better understand motivation, attitudes and entrepreneurial intention of youth. Specifically, it aims at testing the motivational sequence in which Basic Psychological Needs constructs from SDT influence entrepreneurial intention directly and indirectly through the attitudinal constructs from TPB. Further, the study aims at examining the moderation role that gender may play in the relationship between attitudinal factors and entrepreneurial intention. Data were obtained from 622 final year university students representing several study disciplines at two universities in Yemen. Standardized instruments were employed to measure SDT constructs, namely autonomy, competence and relatedness, and TPB constructs, namely attitudes, subjective norms, perceived behavioural control and entrepreneurial intention. Structural equation modeling was used to test the hypothesized model and structural relationships. The findings suggest that firstly: autonomy and competence need fulfilment influenced entrepreneurial intention in unmediated structural model. Secondly, the relationship between entrepreneurial intention and SDT constructs was fully mediated by the attitudinal constructs of TPB. Finally, gender did not play a moderation role between the attitudinal factors and entrepreneurial intention. The contribution of the present study lies in the integration of SDT and TPB, which offers a deeper understanding of the motivational process of students to start their own businesses. SDT and TPB are complementary as SDT constructs explain the origins of TPB. The attitudinal determinants operate as proximal antecedents of intention and motivational determinants operate as distal predictors of entrepreneurial intention through the attitudinal determinants. This provides evidence for the proposed motivational sequence. It is recommended that future research should build upon the current model and consider investigating the link between entrepreneurial intention and behaviour.

ملخص البحث

تُمثل البطالة ، خاصة بين الشباب ، تحديا كبيرا ليس فقط على المستوى المحلي ولكن ايضا على المستوى العالمي. وتعتبر ريادة الأعمال احد اهم المعالجات التي تؤدي الى القضاء على البطالة او حتى التخفيف من وطأتها على الافراد والمجتمعات ككل. ولكي يصبح الفرد رائد أعمال ، فمن المعروف ان قراره يكون مُتعهد ويتضمن معالجة معرفية مكثفة وتخطيط مُسبق. ولذلك، فانه من الاهمية بمكان فهم ما الذي يحفز الافراد وخاصة الشباب منهم على تطوير مواقف ايجابية من شأنها تعزيز الميول (النية) الريادية لديهم لكي يصبحوا رواد أعمال. ولذا فقد كان الهدف الرئيسي من هذه الدراسة هو دمج نظرية التقرير الذاتي (SDT) Self-Determination Theory ونظرية السلوك المخطط (TPB) Theory of Planned Behaviour من أجل فهم افضل للدافعية والمواقف والميول (النية) الريادية لدى الشباب. فقد هدفت هذه الدراسة تحديدا الى اختبار أثر متغيرات الحاجات النفسية الاساسية من نظرية SDT على متغير الميول (النية) الريادية Entrepreneurial Intention سواء بصورة مباشرة وغير مباشرة عبر المتغيرات الموقفية. كما هدفت الدراسة ايضا الى اختبار دور متغير الجنس في العلاقة بين عامل الميول (النية) الريادية ومحدداتها. وقد اشتملت عينة الدراسة على 622 طالبا وطالبة في المستوى الاخير من الدراسة الجامعية يمثلون عدة تخصصات من جامعتين يمينيتين. وقد تم استخدام ادوات موحدة لقياس متغيرات SDT وهي الاستقلالية والكفاءة والانتماء و متغيرات TPB وهي الموقف تجاه ريادة الاعمال و المعايير الاجتماعية و التصورات حول القدرات الشخصية للقيام بالسلوك الريادي وكذلك متغير النية للبدء بمشروع ريادي. حيث تم استخدام معادلة النمذجة الهيكلية (Structural Equation Modeling) لكي يتم اختبار النموذج المقترح والعلاقات الهيكلية. وقد توصلت نتائج الدراسة الى ان متغيرا الاستقلالي (Autonomy) والكفاءة (Competence) يؤثران في متغير النية الريادية بصورة غير مباشرة. كما توصلت الدراسة ايضا الى ان المتغيرات الموقفية من نظرية TPB لعبت دور الوسيط الكامل في العلاقة بين متغيرات نظرية التقرير الذاتي و متغير النية الريادية. ايضا خلصت الدراسة الى عدم وجود فروق ذات دلالة احصائية بين الطلاب والطالبات في ميولهم ومواقفهم تجاه ريادة الاعمال. يجدر الاشارة الى ان اسهام الدراسة الحالية يكمن في دمج نظريتي التقرير الذاتي ونظرية السلوك المخطط ، حيث قدمتا فهم اعماق للعملية التحفيزية للبدء بمشاريع ريادية لدى طلاب الجامعة. فقد تبين ان هاتان النظريتان مكملتان لبعضهما حيث يشرح متغيرات SDT متغيرات TPB. بمعنى ان المحددات السلوكية تعتبر متغيرات قريبة للنية الريادية بينما المحددات التحفيزية تعتبر محددات بعيدة للنية. وفي هذا تأكيد على تسلسل الدوافع الريادية الذي تم اقتراحه في هذه الدراسة. ومن توصيات هذه الدراسة ان تقوم الدراسات المستقبلية باستخدام هذا النموذج والبناء عليه لدراسة العلاقة بين النية الريادية والسلوك الريادي.

APPROVAL PAGE

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DECLARATION

I hereby declare that this dissertation is the result of my own investigation, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degree at IIUM or other institutions.

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Signature.....

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To My Beloved Parents
To My Brother & Best Friend, Abdullah
To All Aspiring Yemeni Youth

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In the name of Allah, the Most Compassionate and the Most Merciful. All praise, thanks and gratitude are due to Allah, the Lord of the Universe, for His countless and endless blessings that He bestowed upon me. Peace and blessings be upon His beloved Prophet and Messenger Mohammed (Peace Be upon Him).

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LIST OF ABBREVIATIONS

ATE	Attitude toward Entrepreneurship
BPNT	Basic Psychological Needs Theory
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
EI	Entrepreneurial Intention
INT	Intention
MLR	Robust Maximum-Likelihood
PA	Perceived Autonomy
PBC	Perceived Behavioural Control
PC	Perceived Competence
PR	Perceived Relatedness
RMSEA	Root Mean Square Error of Approximation
SDT	Self-Determination Theory
SEM	Structural Equation Modeling
SNs	Subjective Norms
SRMR	Standardized Root Mean Square Residual
TLI	Tucker-Lewis Index
TPB	Theory of Planned Behaviour

CHAPTER ONE

INTRODUCTION

1.0 INTRODUCTION

Entrepreneurship is regarded as one of the major factors that positively influences the development of nations' economies and well-being of societies (Praag & Versloot, 2007; Schumpeter, 1934). It is widely accepted that the development of economies, prosperity of countries and growth of wealth of societies are mostly attributed to entrepreneurship via innovation, job creation and increasing competitiveness (Carree & Thurik, 2010; Praag & Versloot, 2007; Shane & Venkataraman, 2000; Wennekers & Thurik, 1999). Not only does entrepreneurship enhances the well-being of societies at large, but it also starts by enhancing the well-being of the people who are involved in venturing and capturing new opportunities (Kayed & Hassan, 2010). In venturing into a new business or project, an entrepreneur not only employs himself, but may create jobs for others as well (Bosma & Levie, 2010; Zwan, Verheul & Thurik, 2011). Within such ventures, any service or product is created to benefit the people and satisfy their needs.

Considered as the engine and the driving force of any given economy; developed, developing or less developed alike, entrepreneurship is believed to be a panacea to some of the problems and challenges countries encounter today such as unemployment (Thurik, 2003; World Bank, 2013b). By creating more jobs, bringing innovation to the market, encouraging competitiveness and enhancing economic efficiencies, the role of entrepreneurship is increasingly becoming more vital to the economy and thus cannot be neglected (Iakovleva, Kolvereid & Stephan, 2011; Nabi & Liñán, 2011; Shane & Venkataraman, 2000).

The importance of entrepreneurship is becoming more recognized globally where it is observed that there are many initiatives by policy-makers, economists, academicians and researchers in promoting entrepreneurship. Also, it is noticeably becoming a subject of interest in many universities and educational institutions (Katz, 2003; Kuratko, 2005; Martin, McNally & Kay, 2013). Every year, many conferences, seminars and workshops take place across the globe as a clear indication of its importance and value to communities (Keat, Selvarajah & Meyer, 2011; Kobia & Sikalieh, 2010).

Given its significance and the fruitful outcomes that entrepreneurship is expected to offer, it is crucial to understand why some people start their own businesses and others do not (Wu, Su & Lee, 2008). Understanding the “why” is the focus of intention based research as it looks at peoples’ cognition, perception, motivation and intention (Turker & Selcuk, 2009; Wu et al., 2008; Wu & Li, 2011). Krueger and Day (2010) argue that it is imperative to understand entrepreneurial cognition in order to understand the essence of entrepreneurship. Therefore, identifying who to engage in it and what drives them to be inclined toward it is very important. According to Douglas (2013), it is important to identify individuals with entrepreneurial intention so that public funding and private investment can be efficiently channelled to them.

1.1 BACKGROUND OF THE STUDY

Early entrepreneurship research attempted to differentiate those who start new venture from those who choose other career paths on the basis of their psychological characteristics or personality traits (Gatewood, Shaver, Powers & Gartner, 2002; Scherer, Adams, Carley & Wiebe, 1989). Entrepreneurs are believed to have certain

unique qualities and traits that differentiate them from others (Mueller & Thomas, 2001). For example, a number of factors have been identified and examined as associated traits with entrepreneurial behaviour including need for achievement (McClelland, 1965), locus of control (Brockhaus & Horwitz, 1986), risk-taking propensities (Brockhaus, 1980) and tolerance of ambiguity (Scherer et al., 1989). However, most of these factors are found to be common among successful individuals like managers and are not unique traits of entrepreneurs. Therefore, this stream of research has been abandoned due to its inability to reliably differentiate entrepreneurs from others (Boyd & Vozikis, 1994; Brockhaus & Horwitz, 1986; Gartner, 1988) and thus the focus has shifted to intention based research (Carsrud & Brannback, 2011).

Entrepreneurial intention plays a role in subsequent entrepreneurial behaviour and thus understanding the formation of the intention is very essential (Bird & Jelinek, 1988; Boyd & Vozikis, 1994; Krueger & Day, 2010; Krueger, Reilly & Carsrud, 2000). According to Krueger (2009), “The construct of intentions appears to be deeply fundamental to human decision making” (p. 53). Entrepreneurship is, therefore, an intentional process and a planned behaviour (Bird & Jelinek, 1988; Krueger & Carsrud, 1993; Krueger et al., 2000). That is, starting a new business requires and involves planning and planning is one of the first steps in this process (Iakovleva et al., 2011). As such, Lanero, Vázquez, Gutiérrez and García (2011) argue that starting a business is not an automatic action to any stimulus, rather it involves cognitive processing. Many researches have confirmed that intention is the best predictor of voluntary behaviours, including entrepreneurial behaviour (Ajzen, 1991; Armitage & Conner, 2001; Carsrud & Brannback, 2011; Krueger & Brazeal, 1994; Krueger et al., 2000). As Krueger (2009) states, “The construct of intentions appears to be deeply fundamental to human decision making and, as such, it should afford us multiple

fruitful opportunities to explore the connection between intent and a vast array of other theories and models that relate to decision making” (p. 53).

According to the theory of planned behaviour (TPB), behaviour is best predicted by intention and in turn intention is predicted by three attitudinal factors which are attitude or perceived desirability (personal positive/negative assessment of entrepreneurship), subjective norms (approval or disapproval of action by significant others) and perceived behavioural control or perceived feasibility (perception of one’s abilities to perform entrepreneurially) (Liñán & Chen, 2009). The stronger these factors are, the greater the effect they have on intention (Ajzen, 1991). TPB has found empirical support in entrepreneurship research (Almobaireek & Manolova, 2012; Autio, Keeley, Klofsten, Parker & Hay, 2001; Douglas & Shepherd, 2002; Douglas, 2013; Iakovleva et al., 2011; Kautonen, van Gelderen & Tornikoski, 2013; Krueger & Carsrud, 1993; Krueger et al., 2000; Liñán & Chen, 2009; Tkachev & Kolvereid, 1999). However, TPB does not distinguish between the beliefs and the evaluation of the behavioural outcomes (Hagger & Chatzisarantis, 2009). That is, do people engage in entrepreneurial behaviour because they choose to or because they are compelled to? Therefore, self-determination theory of motivation could offer explanation to the origins of TPB constructs (Andersen, Chen & Carter, 2000).

Self-determination theory (SDT) views motivation as the core of biological, cognitive and social regulation and it involves the energy, direction and persistence of activation and intention (Deci & Ryan, 2000). SDT distinguishes between two types of motivation: intrinsic or extrinsic motivation. Extrinsic motivation is to expect separable outcomes such as receiving money, pride and prestige or even avoid unemployment. Intrinsic motivation is to start a business because of the personal interest and the enjoyment that can be derived from that entrepreneurial behaviour.

Extrinsic motivation, however, can be internalized and integrated into one's value system so that it becomes identical to intrinsic motivation and called autonomous motivation.

SDT highlights the importance of personal inner-evolved resources for personality development and behavioural self-regulation (Ryan & Deci, 2000a). Three inherent psychological needs are empirically identified, namely need for autonomy, need for competence and need for relatedness (Ryan & Deci, 2000a). It is argued that these needs are necessary for self-motivation and personality integration. If these needs are not supported or fully met by the social contexts, people's intrinsic motivation will be undermined and diminished (Chirkov, Ryan, Kim & Kaplan, 2003; Deci & Ryan, 2000; Ryan & Deci, 2000b). Conversely, if these needs are satisfied, people will likely be more inclined to persistently complete the task with intrinsic motivation (Ryan & Deci, 2000b). That is, intrinsically motivated individuals will likely engage in activities with more quality ideas and persistent behaviours. On the other hand, people whose social contexts do not support their psychological needs will likely be controlled in their motivation and have less quality entrepreneurial ideas and behaviours (Deci & Ryan, 2000; Weinstein & Ryan, 2011; Wilson, Mack & Grattan, 2008). In addition, it has been argued that autonomy motivation is linked to creativity (Sheldon, 1995) and creativity is an essential character of entrepreneurs (Moneta, 2012). Creative people are likely to strive for self-determined reasons and endorse their autonomous entrepreneurial behaviours (Sheldon, 1995).

In a similar view, Carsrud, Brännback, Elfving and Brandt (2009) argue that motivation to start a business can be in different forms but it can come from two places: from within (inside the person) or from external sources to the individual. In line with this argument, Benzing, Chu and Kara (2009) also state that previous studies

suggest that entrepreneurs' motivation falls into the following: (1) extrinsic rewards, (2) independence/autonomy, (3) intrinsic rewards and (4) family security. Extrinsic motivation is related to getting external outcomes such as economic gains whereas intrinsic motivation refers to self-fulfilment and growth.

Motivational factors may differ across cultures and countries and even differ from one person to another. For instance, challenge and achievement were more significant motivators than necessity and security for small business owners in the Vietnamese context (Swierczek & Thai, 2003). In the USA, people are motivated by independence, generating wealth (Hessels, Gelderen & Thurik, 2008a) and self-realization, financial success, recognition (Manolova, Brush, Edelman & Shaver, 2012). In Romania, extrinsic motivation of income and job security needs were significantly stronger motivators than self-satisfaction and personal needs (Benzing, Chu & Szabo, 2005). According to Benzing et al. (2005), entrepreneurs from Andhra Pradesh, India were motivated mostly by first the desire for interdependence/autonomy, and second, by their desire to increase their income. In China, entrepreneurs were motivated by personal and family security and the need for independence (Pistrui, Huang, Oksoy, Jing & Welsch, 2001), increasing income and being their own bosses (Chu, Kara, Zhu & Gok, 2011). Turkish entrepreneurs were motivated by the desire for work freedom and flexibility, security for themselves and their family, creation of employment opportunities, high income, and personal satisfaction. Turkish female entrepreneurs, however, were motivated by feeling important, meeting the family needs, initiating social contacts and experiencing self-actualization (Benzing et al., 2009). Also, independence and implementation of one's ideas were ranked the most important motivators to start a business in the United States (Shinnar, Pruett & Toney, 2009). In the Middle East context, studies show that

women entrepreneurs in the Kingdom of Saudi Arabia were motivated by flexible working time, desire for independence, contributing to society, great market opportunity and providing jobs (Ahmad, 2011). Similarly, Emirati business women were motivated most by self-fulfilment (Naser, Mohammed & Nuseibeh, 2009).

Further, autonomy or independence is an essential motivational factor for starting a business as seen in the above section. It has emerged as a central theme in these studies, among other studies as well. According to Gelderen and Jansen (2006), research on autonomy as a start-up motive is very scarce. Therefore, further investigation is needed.

Based on this background, this study expects that individuals whose psychological needs are satisfied will more likely have positive attitude about entrepreneurship and better perception about their abilities to choose entrepreneurship as a career path. That is, attitudes and entrepreneurial intention will be fostered. Therefore, the current study suggests a motivational sequence that basic psychological needs act as distal constructs on entrepreneurial intention. Stated differently, autonomy, competence and relatedness influence entrepreneurial intention through the attitudinal factors.

1.1.1 The Context of Yemen

Yemen used to be called the *Arabia Felix*, which is translated as fertile, productive, or the fortunate Arabia (Daum, 1987). It is located in the south and southern part of the Arabian Peninsula and covers an area of 555,000 km² with a total population of around 25 million people. It is surrounded from the west and south by the Red and Arabian Seas. To the east and north it is bordered by the Sultanate of Oman and the Kingdom of Saudi Arabia, respectively.

Yemen is one of the least developed countries in the region with a per-capita GDP of US\$1,343 in 2011. Though it is among the oil exporting countries, the per-capita GDP is the lowest among its neighbours (e.g. Saudi Arabia (US\$21,196), Bahrain (US\$22,918), Oman (US\$23,572), Kuwait (US\$43,723), the United Arab Emirates (US\$63,626) and Qatar (US\$98,144) (International Monetary Fund, 2012). The GDP has contracted to a negative 10% in 2011 but improved in 2012 to narrowly reduce this number to about 7% (Economist Intelligence Unit, 2012; World Bank, United Nations, European Union & Islamic Development Bank, 2012). The country was also ranked almost the lowest among the 142 nations included in the Global Competitiveness Index (World Economic Forum, 2011). Yemen was ranked 138th while Qatar, Saudi Arabia, the UAE, Oman, Kuwait, Bahrain were ranked 14th, 17th, 27th, 32th, 34th and 37th respectively. The Global Competitiveness Index indicators are grouped into 12 categories that include institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation. Further, according to UNDP, Yemen was ranked 154th (out of 176 countries in the Human Development Index in the year 2011).

Yemen suffers from several political, economic and social issues (Mitchell, 2012) that require immediate attention. The political unrest has resulted in security instability and pressing economic problems in the country. For instance, the country's economy has lost over half a billion USD because of the sabotage on the oil and natural gas pipeline supplies in 2012. People were laid off, many businesses had to shut down and those who resisted were unable to operate properly due to the shortage

of oil, gas and electricity. This situation has really worsened and widened the unemployment gap, especially among youth (World Bank et al., 2012).

Unemployment is a real and huge challenge the whole world has long been encountering, not only Yemen. For example, in the Middle East and North Africa region (MENA) alone, the population has increased by five times since 1950, and is expected to double from today's 350 million in the next 50 years (Eid, 2011). Eid (2011) reports that the average unemployment rate is over 40% among youth of the non-oil-producing economies (MENA). In addition, she also argues that the population will increase by an estimation of 1.9%, and thus the "MENA region must create 47 million new jobs for new entrants to the labour market. An estimated 6.5 million additional jobs would be needed to reduce the regional unemployment rate by half" (p. 1). In Yemen, the unemployment has reached a striking number that immediate remedies to such critical issue are needed. The unemployment rate is estimated to be more than 50% among youth. However, the government is trying to combat the unemployment problem by planning to create about 80,000 jobs in the "already bloated public-sector workforce of 1.2m people" (Economist Intelligence Unit, 2012, p. 17). This may not solve the problem, especially when the country has one of the highest population growth rates globally, at 3% (Al-Batuly, Al-Hawri, Cicowicz, Lofgren & Pournik, 2012).

However, even though Yemen is facing many pressing obstacles, in the heart of them may appear the solutions. Yemen has one of the highest number of young population that may drive the change, where about 50% of the population is under the age of 18 (UNICEF). This represents a tremendous opportunity for the labour force and the market as well (World Economic Forum, 2011). Young people look up to the future with a great hope that the *Arabia Felix* will re-earn her name and retrieve its