

Effet of EO on Entrepreneurial Intention

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Abstract

The purpose of this study is to investigate the relationship of three entrepreneurial orientation dimensions (innovativeness, Proactiveness, Competitive aggressiveness) and Entrepreneurial intention of student. Their relationship receives a considerable scholarly attention in the literature. To this end, a survey was carried out and data was gathered by means of questionnaires on a sample of. A total of 31 questions was duly completed and returned representing 62% response rate. Structural equation modelling was employed to analyse data using the Smart Partial Least Squares (PLS) software. The study finding is in support of previous researchers who have suggested the positive relationship of entrepreneurial orientation and entrepreneurial intention.

Keywords: Entrepreneurial orientation (EO), entrepreneurial orientation (EI), innovativeness, Proactiveness, Competitive aggressiveness.

I. Introduction

Today it is widely claimed that entrepreneurship is a vital component in the process of economic growth and development (Amie, Grace, & Nelson, 2012). So, we are left with a range of factors and behaviors which identify entrepreneurship in some individuals. The relationship between entrepreneurship and intention has long puzzled

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researchers. Research at the individual level has found little empirical evidence to support the idea that Students They have an intention to set up projects To work in the private sector . In particular, the influence of the entrepreneur is addressed by the competency approach from a process or behavioral perspective (Thomas, Theresa, & K.F, 2002). All of the above tends to reinforce the view that it is difficult, if not impossible to define what an entrepreneur is, and that the word itself can be best used in the past tense to describe a successful business person (Mehdi & al, 2011)

II. Literature review

1. Entrepreneurial intention

Individual's entrepreneurial intentions are the important variables to predict their entrepreneurial behaviors. But researchers have no an identical definition about individual's entrepreneurial intentions (Zhengxia, Genshu, & Hui, 2012) . **Krueger** argue that individual's entrepreneurial intentions are also impacted by their subjective norm which is influenced by perceived expectation level from those who are important to him or her like relatives, parents, friends, colleagues and so forth to their certain behaviors and individual's obedience to these expectations (Krueger, 1993). The intention has been identified as a major determinant of planned behavior such as entrepreneurial behavior (Ajzen, 2001). Some scientists for example wu 2008 define EI as a state of mind that people wish to create a new firm or a new value driver inside existing organizations (Rita, Grazina, & Daiva, 2013)

2. Entrepreneurial Orientation

Entrepreneurship as a major advantage of Small and Medium size Enterprises (SMEs) is recognized as the fuel for economic engine , and it extremely influence the economic growth (Henderson & Weiler, 2010) . Entrepreneurship is vital to a nation's economic of a country because the bring changes to economical ,technological and organizational

environments (Wei-Loon, 2016) .The Entrepreneurial is characterized principally by innovative behavior and will employ strategic management practices in the business (Donatus, 2010) . Entrepreneurial Orientation, also labeled “entrepreneurial posture” (Covin & Slevin, 1989) Entrepreneurial Orientation is also a resource and capability that present a lasting competitive advantage and superior performance to the firm (Rosli & Norshafizah, 2013) .,Entrepreneurial Orientation (EO) this definition is in line with **Miller’s** 1983 conceptualization of the Entrepreneurial Orientation concept ,identifying three basic components that include risk-taking ,innovativeness and proactiveness .Moreover,the duo of **Lumpkin and Dess** 1996 relying on the on the three identified by **Miller** also incorporate another two important characteristics of autonomy and competitive (Najafi & Abduisalam, 2016)

Table 1 - The definitions of the three dimensions of Eo of the studied

Variables	Définition	Source
Innovativeness	Innovation is the process of turning ideas and knowledge into new value through creative thinking. Innovativeness is an important element of entrepreneurship. Innovativeness is the ability and tendency of entrepreneurial leaders to think creatively and recognize opportunities to produce novel and practical ideas, create new markets, introduce new products and services. According to Covin and Miles there is no innovation without entrepreneurship, arguing that the tendency for innovation – in isolation – is the dimension that best defines entrepreneurial business	(Chen, 2007) (Covin & Miles, 1999)

Proactiveness	Proactiveness suggests a forward-looking perspective characteristic of a marketplace leader that has the foresight to act in anticipation of future demand and shape the environment . The preponderance of research that has been conducted on proactiveness has centered on two main attributes: 1) aggressive competitive behavior directed at rival firms, and 2) the organizational pursuit of favorable business opportunities	(Lumpkin & Dess, 2001)
Competitive aggressiveness	Competitive aggressiveness, in contrast, refers to the intensity of a firm's efforts to outperform industry rivals. It is characterized by a strong offensive posture directed at overcoming competitors and may also be quite reactive as when a firm defends its market position or aggressively enters a market that a rival has identified .	(Lumpkin & Dess, 2001)

III. Research Methodology

1. Hypotheses;

H0; EO no effecet on EI

H1; We create a relationship between EO and EI to Students

2. Sample and data collection

To test these propositions, a field study using mailed questionnaires was conducted . Questionnaire survey was chosen as the method of the empirical research. The students studying programs of entrepreneurship – economics - . The aim of the empirical study – to research the impact of education on the intentions of the students in different study programs to start-up business in Algeria . Approximately 50 questionnaires were distributed and 55 were returned. There are 31 valid questionnaires including 16 males and 15 females with a valid rate of 62 percent

3. Measurement Instrument and Questionnaire Design

a) Data Analysis Technique

4. The study employed the SmartPLS 3.0³ in order to compute the two basic model of PLS path modeling i.e. measurement model and structural model . The semPLS is a package for structural equation modeling (SEM) with partial least squares (PLS) in R . SmartPLS is a stand alone software specialized for PLS path models. It is built on a Java Eclipse platform making it operating system independent (Armin & Friedrich, 2012,). The internal consistency reliability was also achieved using composite reliability, the values were more than the required cut-off value of $\geq .70$ (Hair, Black, Babin, Anderson, & Tatham, 2006) (Malek & al, 2013) .

b) -Results and discussions

Tableau (02) Cross loadings

³ Svante Wold et al The PLS method -- partial least squares projections to latent structures -- and its applications in industrial RDP (research, development, and production) Submitted version, June 2004 .

Constructs	E0	EI
EO INNOVATION		
Q1	0.501	0.378
Q2	-0.045	0.253
Q3	0.012	0.023
Q4	0.360	0.753
Q5	0.492	0.679
Q6	0.606	0.783
EO Proactiveness		
Q7	0.049	0.003
Q8	0.435	0.718
Q9	-0.128	0.006
Q10	-0.235	-0.029
Q11	-0.85	-0.021
EO Competitive aggressiveness		
Q12	0.581	0.720
Q13	0.556	0.795
Q14	0.538	0.733
Q15	0.475	0.571
Q16	0.417	0.672
Entrepreneurial orientation		
Q17	0.887	0.698
Q18	0.180	-0.023
Q19	0.784	0.609

Q20	0.884	0.661
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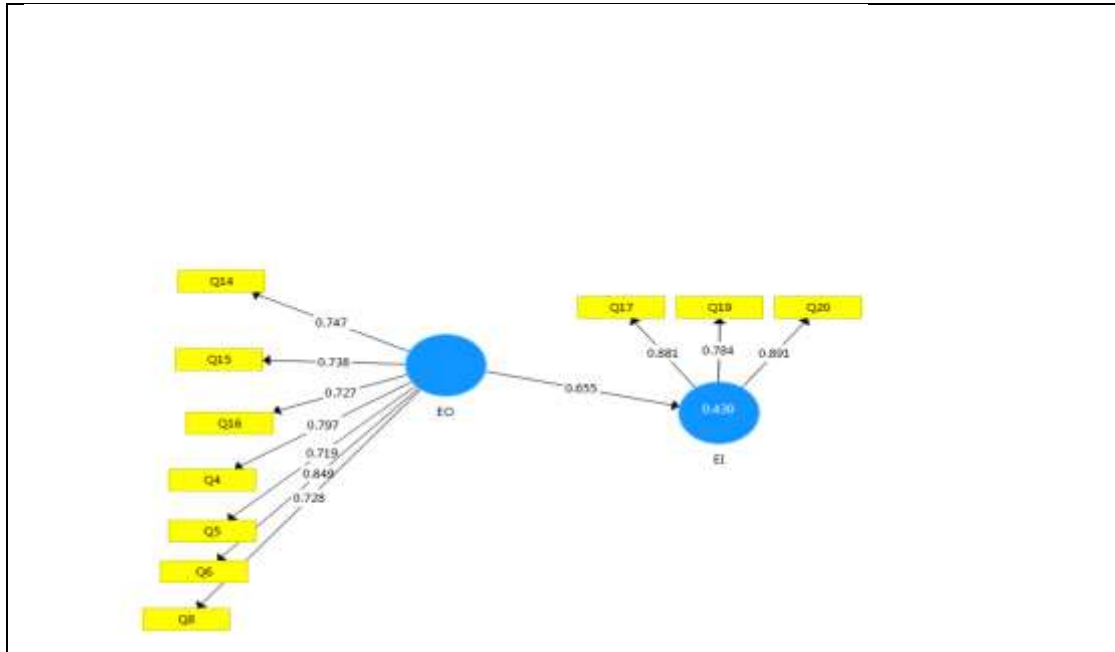
Tableau 03 : Item Loading, Internal Consistency, and Average Variance Extracted

Constructs	Indicators	Loadings	Composite Reliability	AVE
EO (INV)	Q4	0.797	0.905	0.577
	Q5	0.727		
	Q6	0.849		
EO (Proactive)	Q8	0.728		
EO(Comporativeness aggressiveness)	Q14	0.747		
	Q15	0.738		
	Q16	0.727		
EI	Q17	0.881	0.889	0.728
	Q19	0.784		
	Q20	0.891		

Table 04 Discriminant Validity

Variables	EO	EI
EO	0.759	
EI	0.655	0.853

Structural Model Results



Source : SmartPLS 3.0

The structural model in Fig. 1 presented a path model with three direct effects (EO - > EI;

respectively. Evaluation of structural path model is presented in Table 4

Table 05 Path Coefficients for Hypotheses Testing

Hypothesis	Beta	Standard Error	T-Statistics	P-Value	Decision
EO>EI	0.655	0.083	7.873	000**	Accepted

****p<0.01, *p<0.1**

The study examines the moderating role of effect entrepreneurial orientation on entrepreneurial intention .The interpretation and summary of the result are presented in Table 05 . The result indicated that a significant and positive relation between entrepreneurial orientation and entrepreneurial intention of Algerian students ($\beta=0.655$; $t=7.873$; $p=0.00$), thereby supporting H1. The result of H1 is congruent with

previous studies (Cant & Abdullah, 2009; Indarti et al., 2010; Ringle et al., 2005; Taormina & Lao, 2007; Uddin & Bose, 2012 ; Najafi Auwalu Ibrahim & Abdulsalam Mas'ud : Wei Lonkoei 2016) .

Other criteria revealed strong support for the structural model. The coefficient determination (R^2) of the model is 0.430 which implied that three Dimension of entrepreneurial orientation (innovativeness and proactiveness and Competitive aggressiveness) EO collectively explained 43% of the changes or variations in

(Chine 1992) Classified (R^2) :

$(R^2) > 0.67$	Hight	the R^2 in this study can be
$0.33 < (R^2) < 0.67$	Moderate Effect	classified as moderate (R^2) = 0.430 .
$0.19 < (R^2) < 0.38$	Weak	
$(R^2) < 0.19$	Rejet	

criterion for evaluating a structural model is effect-size (f^2). Cohen (1988) classified effect-size

$(f^2) > 0.35$	Large
$0.15 < (f^2) < 0.35$	Medium
$0.02 < (f^2) < 0.15$	Small
$(f^2) < 0.02$	No Effect

The effect sizes (f^2) of the entrepreneurial orientation are 0.753 are Large Effect ,

- The last evaluation criterion for the structural model is predictive relevance (Q^2) It is evaluated using construct-cross validated redundancy. Thus, when (Q^2) is greater than zero . the model is said to have predictive relevance (Geisser, 1974; Stone, 1974). With (Q^2) 0.278 which is greater than zero, the model of this study can be said to have predictive relevance (Najafi & Abduisalam, 2016)

- Finally test Goodness of fit of the model (GOF) Chin 2010 . The Calculation Formula of GOF is : $GOF = \sqrt{((R^2/n) * AVE/n)}$

GOF less than 0.1	No Fit	AVE = $\sqrt{(0.577 + 0.728)}/2$
$0.1 < \mathbf{GOF} < 0.25$	Small	AVE =0.6525
$0.25 < \mathbf{GOF} < 0.36$	Medium	GOF = $\sqrt{0.753 + 0.430}$
GOF greater Than 0.36	Large	GOF =0.564

According to the above table and the value of the **GOF (0.5621)** it can be concluded that the **GOF** model of this study is large to considerd sufficient global PLS model .

IV. Conclusion

The study examines direct effect of three demesions of Entrepreneurial Orentation on Entrepreneurial Intention the fiding reveald that EO are positive related To EI . Unleashing the entrepreneurial potential of students will open the competitive door for young people to the private sector and a relatively high standard of living. The purpose of this paper was to provide a model based on entrepreneurship-based entrepreneurial intent that could provide new insights into the students' specialization in trade to open the way for them to put their ideas and creations into the creation of small projects. A strong EO will ultimately lead to increased entrepreneurship at students . . An Empirical Study with Appropriate Measures There is a need to create an EO and other national environmental factors to give further ideas to support the idea of creating small institutions with students . he findings call for National Agency for Youth Support and Employment and entrepreneurship house of algeria to emphasize more on entrepreneurial orientation in order to realize the potentials possessed by the teeming Algerain students with regards to entrepreneurial intention.

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