The Effect of psychological capital on university of Tehran Students’ Entrepreneurial Intention

Mehdi Ghani\textsuperscript{a}, Mohsen Hooshangi Salanghouch\textsuperscript{b}, Mohammad Hassan Mobarak\textsuperscript{c}, Ebrahim Mirzaei\textsuperscript{d}

\textsuperscript{a} Master student in Entrepreneurship Management, University of Tehran, Iran.

\textsuperscript{b} Master student in Industrial Management, Imam Khomeini International University, Iran.

\textsuperscript{c} Associate Professor, Faculty of Entrepreneurship, University of Tehran, Iran.

\textsuperscript{d} Master student in Entrepreneurship Management, University of Tehran, Iran.

Abstract

The psychological capital is an important and popular research subject in the psychology and the management study. The four dimensions of psychological capital - resiliency, hope, optimism and efficacy, have been well examined in relation to positive workplace functioning; however, less is understood about the contributions that psychological capital can make towards entrepreneurial intention. The main purpose of this study was to explore The Effect of psychological capital on Tehran University Students’ Entrepreneurial Intention. Statistical sample of this study included 285 students of Tehran University, which were selected by applying random and proportional stratified sampling method. Questionnaires (psychological capital and Entrepreneurial Intention) were distributed to approximately 285 Students Tehran University. The results show that between psychological capital and the dimensions of psychological capital (self-efficacy, hope, optimism and resiliency) were positively related to entrepreneurial intention.

Keywords: Psychological Capital, Self-Efficacy, Optimism, Resiliency, Entrepreneurial Intention.
Introduction

One of the new phenomena used frequently in personal as well as psychological fields, is psychological capital. The research conducted in this field demonstrates that psychological components, such as hope, resiliency, optimism and self-efficacy (confidence) together comprise a factor called psychological capital. In other words, these psychological variables altogether build a factor which is evident in each of these components (Avey et al., 2006). Psychological capital consists of positive psychological variables. These variables are measurable, improvable and trainable; in addition, one can apply management techniques to them (Luthans & Youssef, 2004). These psychological capital components can play a key role in determining the behavior of each individual in their intention for launching a new business. Identifying and improving psychological capital level might bring about a deep change in entrepreneurial intentions of individuals.

For years, psychologists focused on the negative aspects of human performance as well as human behavior, while positive aspects were almost neglected (Snyder & Lopez, 2002). Recently, a movement in this area has begun which aims at improving and developing individuals, organizations and societies through focusing on positive behavioral aspects, the effects of which could be found in academic and practical researches (Luthans & Jensen, 2002). This movement is a step toward improving the quality of life and preventing the damage resulting from the absurdity of work life. Positive psychology is an umbrella term which covers positive excitements, positive personal traits and strong healthy organizations (such as a family) (Seligman, 2005). As for the capabilities of human race, the positive psychology approach (rather than disorders, tribulations and failures) has been the focus of psychologists in recent years. Positive psychologists not only work on the capabilities and help with the nurturing of personal traits of individuals, but also study the trends and the impact they have on the efficacy of individuals. The present paper is an attempt to combine the tested models with the help of the literature on psychological capital (including self-efficacy, optimism, hope, and resiliency) and entrepreneurial intention to develop a comprehensive model that could cover various aspects of the issue at hand. Below, the theoretical as well as academic backgrounds for psychological capital and entrepreneurial intention are investigated.

Self-efficacy

Self-efficacy as a concept was first introduced in 1977 in Bandura’s “Self-efficacy: toward a comprehensive theory for behavior shift” (Naghsh, 2006). This concept refers to an individual’s perception of his/her capabilities and skills in controlling his/her performance and the main events in their lives. The perception of people of their self-efficacy is the most important mechanism for the above mentioned controls (Bandura, 1993).

Hope

Snyder (1991) defines hope as “a positive motivational condition resulting from the successful feeling of 1) agency (purposeful energy) and 2) a plan for achieving a goal”. Therefore, hope consists of two components, namely, agency and planning to achieve a goal. By agency we mean having the will for obtaining a desirable result. Hope, therefore, requires agency or a kind of energy for pursuing goals.
Another component of hope is planning to achieve a goal which involves the identification of goals as well as different ways for reaching them. In other words, hope requires a strong will for success, clarity and pursuing the paths to success.

Resiliency

In comparison to other components of psychological capital, the least research has been done about resiliency (Page & Donohue, 2004). However, the related literature demonstrates that resiliency in work environment is a good predictive of performance, occupational attitudes and other business consequences (Waterman & Collard, 1994; Harland et al., 2005).

Optimism

The evidences from research findings show that optimism has many advantages which are highly related to psychological and physical health of an individual. Particularly, it seems that optimism protects the individual from the physical and psychological impacts of unforeseen and negative events (Gilham & Seligman, 1999). The previous research findings show that optimism has many positive advantages which are greatly related to physical and psychological health of an individual. It is particularly recognized that optimism protects individuals from the psychological and physical impact of unforeseen events (Gilham & Seligman, 1999). Optimists make more optimistic references; expect good things to happen in the future and believe that they can control the events occurring in their lives. They have motivations and plans for reaching their goals and are more successful in school, business, sports and music (Gilham, 2004).

Other findings indicate that optimism is highly related to more sustainability and higher income rates. It’s also shown that optimists are more successful in their relations than pessimists. All in all, it could be said that the behavioral pattern of optimists provides a dynamic model for guiding other people (Karror et al., 2010).

In fact, an individual could get what he/she wants through realistic optimism. Therefore, realistic optimism plays a decisive role in improving self-efficacy of an individual (Luthans & Oliver, 2007).

Optimism is highly related to the performance of an individual particularly in a working environment (Chemers et al., 2000). The positive attitudes of employees affect their income rate directly as well as indirectly with happiness. Positive employees have possibly higher proficiency and therefore they can earn higher income in work environments (Muhanti, 2009). Optimism particularly improves the mood and leads to changes in behavior which in turn motivates a better degree of productivity and health. For example, optimists show more persistency and tolerance particularly when they face a problem or come across an obstacle. In these cases they try to raise the possibility of finding a solution (Gilham & Rayovich, 2004). The findings show that when regarded in line with the Lazarus’ confrontation and stress framework, optimism as a quality is the strongest predictor of resiliency in adults (Tusaei & Peterson, 2006).
Most entrepreneurs maintain optimistic attitudes and expectations (Landstorm, 2005; as cited in Zali et al., 2007). Ever the optimist entrepreneurs (who are optimistic even in the harshest times) hold the key to success in their business (hojets, 2007). Optimism is positively related to job satisfaction, higher performance and organizational commitment (Luthans & Yussef, 2007). It is also positively related to job performance (Begley et al., 2000) and educational performance (Nonis & Wright, 2003).

**Entrepreneurial intention**

Intentions and purposes provide the main basis for intentional behaviors in an individual. In fact, intentions are the best predictive variable for behavior (Rezaiean, 2007). Entrepreneurship is a behavior (Drucker, 1990); a behavior built upon conscious intentions and purposes of an individual. It is what it is because before someone decides to start an entrepreneurial action he/she needs to have the intention to do it (Kreuger, 1993). Since, entrepreneurship is a behavior as Peter Draker argues (Zali & Razavi, 2004), entrepreneurial intention leads to entrepreneurial behavior. Entrepreneurial intention is an attempt by an individual aimed at entrepreneurial behaviors in future (Ajzen, 1991). Entrepreneurial intention is an essential prerequisite for entrepreneurial behavior (Ajzen, 1991, p. 203). For an individual to achieve an objective in line with an entrepreneurial business, a plethora of factors are involved. Since the 1980s, many scholars have investigated the individual, social, economic and psychological variables affecting entrepreneurship. In this regard, some important models include Shapero’s entrepreneurial event model (1982), Ajzen’s planned behavior theory (1991), Kreuger Brazil’s entrepreneurial potential model (1994), Davidson’s economic-psychological model (1995), and Kreuger’s entrepreneurial intention model.

**Main hypothesis:** Psychological capital is related with Entrepreneurial Intention.

**Sub-hypothesis (1):** Self-Efficacy is related with Entrepreneurial Intention.

**Sub-hypothesis (2):** Hope is related with Entrepreneurial Intention.

**Sub-hypothesis (3):** Resiliency is related with Entrepreneurial Intention.

**Sub-hypothesis (4):** Optimism is related with Entrepreneurial Intention.

**Research Methodology**

**Measure**

**Measurement of Psychological capital:** In both phases of this research, Psychological capital was measured with the use of the 24-item psychological capital questionnaire (PCQ) found in its entirety in Luthans et al. (2007) and empirically validated by Luthans, Avolio et al. (2007). The 24 items that make up the survey were adapted from previously published scales that have been analyzed and supported in the positive psychology literature across multiple studies and have been used in previous workplace studies by themselves and in combination (e.g., see Avey, Luthans & Youssef, in press; Luthans, Avolio et al., 2007; Luthans et al., 2005; Luthans, Norman et al., 2008; Youssef & Luthans, 2007). Specifically,
the instrument consists of six items adapted from each of the following scales: (a) hope (Snyder et al., 1996); (b) resilience (Wagnild & Young, 1993); (c) optimism (Scheier & Carver, 1985); and (d) efficacy (Parker, 1998). Sample items from each of the subscales included: “I feel confident helping to set targets/goals in my area of work” (efficacy); “If I should find myself in a jam at work, I could think of many ways to get out of it” (hope); “I always look on the bright side of things regarding my job” (optimism); and “I usually manage difficulties one way or another at work” (resilience).

Responses were given on a 6-point Likert-type scale: 1 _ strongly disagree, 2 _ disagree, 3 _ somewhat disagree, 4 _ somewhat agree, 5 _ agree, and 6 _ strongly agree. The Cronbach’s coefficient alpha for the index was 0.875.

Measurement of Entrepreneurial intention was with the use of the 8-items questionnaire found in its entirety in Kruger (2009).

This study is a descriptive correlational research. The population of study consists of 1100 students. Using a random sampling for study consisted of 285 students were selected through the Cochran formula.

In this study, two standard questionnaires were used: Luthans (2007) and Krueger (2009). Content validity of the test and the questionnaire was confirmed by experts. Cronbach’s alpha was used to measure the reliability of questionnaires; 0.875 and 0.895 for Psychological capital and Entrepreneurial intention, respectively.

Results

Table 1 shows the means, standard deviations, and correlations for all study variables. As indicated, the components hope \( (r = 0.669, p < .001) \), self-efficacy \( (r = 0.683, p < .001) \), resilience \( (r = 0.507, p < .001) \), optimism \( (r = 0.490, p < .001) \) and Psychological capital \( (r = 0.697, p < .001) \), were positively related to entrepreneurial intention, consistent with hypotheses 1–4 and main hypotheses.

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>S.D</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Self Efficacy</td>
<td>25.31</td>
<td>3.64</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-Hope</td>
<td>25.35</td>
<td>3.39</td>
<td>0.703*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-Resilience</td>
<td>25.86</td>
<td>2.37</td>
<td>0.510*</td>
<td>0.740*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4-Optimism</td>
<td>25.18</td>
<td>2.70</td>
<td>0.497*</td>
<td>0.671*</td>
<td>0.875*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5-Psychological capital</td>
<td>25.43</td>
<td>2.61</td>
<td>0.821*</td>
<td>0.911*</td>
<td>0.872*</td>
<td>0.849*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>6-intention</td>
<td>29.44</td>
<td>4.40</td>
<td>0.683*</td>
<td>0.669*</td>
<td>0.507*</td>
<td>0.490*</td>
<td>0.697*</td>
<td>1</td>
</tr>
</tbody>
</table>

All relationships significant at * \( p < .001 \); N = 285.

Computing and interpretation of the coefficient of determination, \( r^2 \).
Tabel 2 shows The coefficient of determination is 0.484; therefore, about %48.4 of the variation in the intention data is explained by psy cap. The regression equation appears to be useful for making predictions.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.697a</td>
<td>.486</td>
<td>.484</td>
<td>3.167</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Psychological capital

Tabel 3 shows Determine the regression equation for the data

From above, the regression equation is:

Entreprenuerial intention = -.467 + (1.176)( Psychological capital ).

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-.467</td>
<td>2.278</td>
<td>-.205</td>
</tr>
<tr>
<td></td>
<td>Psychological capital</td>
<td>1.176</td>
<td>.089</td>
<td>.697</td>
</tr>
</tbody>
</table>

a. Dependent Variable: intention

Conclusion

This study aimed to investigate the effect of psychological capital on university of Tehran Students’ Entrepreneurial Intention. Psychological Capital or simply Psychological capital refers to individual’s positive psychological state of development characterized by hope, optimism, resiliency and self-efficacy (Luthans et al., 2007). Psychological capital represents how hopeful, resilient, confident and optimistic one student is. These psychological capacities are very relevant in today’s business context and Entrepreneurial Intention which is characterized by heavy competition and uncertainty. The results of the study are in line with the related literature reviewed in previous sections. The analyses of the findings indicate a meaningful correlation coefficient between psychological capital and entrepreneurial intention.
among the entrepreneurship students (p < 0.05). This is the relation between the two variables which is indicative of a direct relationship between the aforementioned variables. There’s also a positive meaningful relationship between the components of psychological capital (self-efficacy, hope, resiliency and optimism) which is in line with the literature.

The findings of the present paper support the findings of Luthans et al. (2007) and Steveman et al. (2010) about the synergistic effect of psychological capital components. It shows that psychological capital as a whole is more effective than its components (self-efficacy, hope, resiliency and optimism) alone. This confirms the findings of Ken et al. (1998) where they focus on the role of self-efficacy in management duties and the entrepreneurial intentions of the students. Similarly, the results are in line with the findings of Kreuger & Brazil (1994) which argue that self-efficacy affects entrepreneurial behavior. This is also in line with Sartre (2010) who maintains that psychological capital plays a key role in predicting the entrepreneurial activities of individuals which is even higher than the education and opportunity seeking capacities of individuals. He also believes that psychological capital is not only a predictor of entrepreneurship, but is also considered as a motivation and drive for starting entrepreneurial activities.

References


