Family Background, Entrepreneurship Specific Education and Entrepreneurial Knowledge in Venture Creation

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Abstract- The paper discuss about the impact of family background and entrepreneurship specific education on the entrepreneurial knowledge in venture creation as well as the mediation effect of entrepreneurship specific education on the relationship between family background and entrepreneurial knowledge in venture creation. This study conducted as a cross sectional survey and used entrepreneurship graduates of University of Kelaniya as the sample. Data were collected by means of a structured questionnaire from 65 graduates. The assessment of the impact of family background and entrepreneurship specific education on entrepreneurial knowledge in venture creation and the mediating effect of entrepreneurship specific education was subjected to regression analysis. Findings of the study revealed that, there is an impact from family background and entrepreneurship specific education on entrepreneurial knowledge in venture creation and the mediating effect of entrepreneurship specific education was subjected to regression analysis. Remarks of the study help to understand that entrepreneurship can be stimulated through family background and the entrepreneurship education and trim down the belief that entrepreneurs are born but not made.

Index Terms- Family Background, Entrepreneurial Knowledge in Venture Creation, Entrepreneurship Specific education

I. INTRODUCTION

Entrepreneurship has become a very active field of research in various social science disciplines and a major concern of economic policy in past two decades (Brandstätter, 2003). Entrepreneurship is often coupled with economic growth, innovation, job and venture creations (Gerba, 2012). Therefore encouraging entrepreneurship has become a more important topic in policy making (Lüthje & Franke, 2003).

In the society there is an acceptance that entrepreneurs are born but not made. In the book of Barringer & Ireland, (2008), mentioned it is as one of the common myths exist in the world regarding entrepreneurs. According to them people mistakenly believe that people are hereditarily inclined to be entrepreneurs but various sociologists and psychologists have proved that it is not correct. In their book they have mentioned that choosing to be an entrepreneur “is a function of environment, life experience and personal choice”(p 41). Based on that statement and the some other research findings, this study is intended to find the impact of family background on entrepreneurial knowledge in creating ventures.

Nowadays both developed and developing countries have paid their attention on developing and promote entrepreneurs through entrepreneurship specific education. With regard to that interest in entrepreneurship education, this paper also intended to find the impact of entrepreneurship specific education on entrepreneurial knowledge in creating ventures. Based on above mentioned facts current study is examining, Does family background has an impact on entrepreneurial knowledge in creating ventures? And does that relationship mediates by the entrepreneurship specific education?

In this paper, researcher intends to fill a gap in literature where combining family background and entrepreneurship specific education together to assess the entrepreneurial knowledge in venture creation. This study is focused to identify the impact of family background on entrepreneurial knowledge in creating ventures, investigate the relationship between entrepreneurship specific education and entrepreneurial knowledge in creating ventures, and identify the mediation effect of entrepreneurship specific education on the relationship between family background and entrepreneurial knowledge in creating ventures.

In order to achieve the objectives of the research, researcher has organized the paper as, firstly providing insight to available literature by doing a literature review, secondly explaining the methodology adopted, the describing the results of data analysis and finally generalizing the research finding and giving a conclusion to the research carried out.

II. LITERATURE REVIEW AND HYPOTHESIS

Family background

Matthews & Moser, (1996, p. 30) state that “the most salient factor for entry into an entrepreneurial career remains the parental role model”. Individuals with role models have more probability to engage in entrepreneurial activities (Carsrud, Olm, & Eddy, 1987). From the role models they have family members are predominant (Cooper & Dunkelberg, 1987). It is found that mother and father are the key role models (Brockhaus & Horwitz, 1986). It is empirically proved that people with family business background are more likely to start their own ventures (Krueger, 1993; Matthews & Moser, 1996). That means Entrepreneurship is highly linked with the family background (Aldrich & Cliff, 2003). It is known that family members are a source of support in both financial and moral for potential
entrepreneurial knowledge. Hypothesis (H1): There is an impact from family background on venture creation. With that assumption, researchers hypothesize that family background plays a crucial role in the development of entrepreneurial knowledge. According to literature, there exists a relationship between family background and entrepreneurial behavior. Scott & Twomey (1998) have shown that students with high preference to engage in self-employment tend to have small businesses and are less likely to prefer to work in large organizations.

According to the literature explanation mentioned above, there is a relationship between family background and entrepreneurial behavior. Therefore, the researcher assumes that there can be an impact from family background to the entrepreneurial knowledge in creating ventures. With this assumption, the researcher hypothesizes that H1: There is an impact from family background on entrepreneurial knowledge in creating ventures.

III. ENTREPRENEURIAL EDUCATION AND ENTREPRENEURIAL KNOWLEDGE

People select entrepreneurship as an alternative career because of various “push” and “pull” factors (Matlay & Storey, 2003). As same as selecting entrepreneurial carrier, Mitra & Matlay (2004) mentioned many factors affecting for the perception and need for entrepreneurial education. According to the Hansemart, (1998, p. 33) “The fundamental purpose of the entrepreneurship programme is to develop abilities, knowledge, skills, attitudes, and personal attributes important for the entrepreneurial activity”. Entrepreneurship and entrepreneurship education have wider market prospective other than the manifest advantages, like promoting new ventures, (Holmgren, From, Olofsson, Karlsson, Snyder, & Sundstrom, 2004). “The Consortium for Entrepreneurship Education (2008) states that entrepreneurship education is not just about teaching someone to run a business. It is also about encouraging creative thinking and promoting a strong sense of self-worth and empowerment. Through entrepreneurship education, students learn how to create business, but they also learn a lot more. The core knowledge created via entrepreneurship education includes: “The ability to recognize opportunities in one's life, the ability to pursue opportunities, by generating new ideas and found the needed recourses, the ability to create and operate a new firm, the ability to think in a creative and critical manner.” (Raposo & do Paco, 2011, p. 454)

Thus, other than giving knowledge and skills which required for doing business, entrepreneurship education is generally about the improving certain beliefs, values and attitudes, with the aim to get students to truly consider entrepreneurship as an attractive and valid alternative to salaried employment and unemployment (Holmgren, From, Olofsson, Karlsson, Snyder, & Sundstrom, 2004). Raposo & do Paco, (2011, p. 455) have identified some aims of entrepreneurship education with reference to previous authors, as: “To increase capacities in the use of techniques, in the examination of business situations, and in the creation of action plans, to identify and stimulate entrepreneurial skills, to develop empathy and support for all issues of entrepreneurship, to develop attitudes towards change, to promote new start-ups and other ventures.”

Jones, Matlay, & Maritz, (2012, p. 814) explained that students expect to learn by engaging in entrepreneurship education using “the process of scenario development”. Those authors pointed out four main ways in which entrepreneurship education is positioned in higher education programs. Those are, “Transformative experience which is able to create an entrepreneurial mindset in all who participate; Supportive pathway towards new business and/or the specific skills required to do so; Provides skills and knowledge to students who are in the sciences and arts and who seek to trade their intellectual property; And just another subject provided by the business schools.”

According to Heinen & Poikkijoki, (2006) there are three objectives of entrepreneurship education programs as learning to understand what is entrepreneurship, learning to perform in an entrepreneurial way and learning to become an entrepreneur. Learning to become an enterprising individual with the expectation of changes in attitude, perception and intention toward entrepreneurship, learning to become an entrepreneur with the expectation of acquisition of knowledge & skill & focused on professional/practical dimension and learning to become an academic, focused on conducting research are other there categorizations of objectives of entrepreneurship education (Fayolle & Gailly, 2008).

But providing those skills through entrepreneurship education is depending on whether it can be taught and learnt. Based on many studies entrepreneurial skills related with entrepreneurial behaviour are learnable (Bird, 1995; Mayhew, Simonoff, Baumol, Wiesenfeld, & Klein, 2012). Kuratko, (2003) also states that business educators or professional trainer can trained entrepreneurship or at least some relevant aspects of it before, to or after initiating of entrepreneurial activities.

Entrepreneurship specific education is provided by universities to equip students with entrepreneurial alertness and risk-taking to prepare them to have entrepreneurial carriers in future. Further with the entrepreneurship specific education universities enable students to accumulate assets which are required to new venturing process (Solesvik, Westhead, & Matlay, 2013). According to the Knight, (1971) entrepreneurs need to tolerate uncertainty and also need to take the risk in uncertain world. This entrepreneurship education is giving competence for students to bear uncertainty, encourage to take risk, perception and propensity to persuades new business opportunities (Solesvik, Westhead, & Matlay, 2013).

With this situation in Europe, Asia, North America, Australia & New Zealand has increased the number and variety of entrepreneurship education programs they offer (Gartner & Vesper, 1994). However, according to the Matlay, (2006a), there
is a constant and extended debat about wether the universities are able to make significant contribution to increse the number and quality of entrepreneurs stock operating in economy as government oratory belives. Further, schorors are arguing that, “... the skills traditionally taught in business schools are essential but not sufficient to make a successful entrepreneur” (Rae, 1997, p. 199).

Withregard to the above mentioned empirical findings, researcher hypothesiz that:

H1: There is an impact from entrepreneurship specific education on entrepreneurial knowledge in venture creation

H3: Entrepreneurship specific education mediates the relationship between family back ground and entrepreneurial knowledge in creating ventures

IV. METHODOLOGY

Sample and Sampling Methodology

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V. ANALYSIS AND RESULTS

In current study, to assess the relationship between three variables and prove hypothesis a regression analysis was carries out by the researcher. As the first step, researcher used family background as independent variable and entrepreneurial knowledge in venture creation as dependent variable. According to the results of regression analysis’s ANOVA (see table 1) table model with family background as independent variable and entrepreneurial knowledge in venture creation as dependent variable is significant under the 5% significant level. Therefore Family background acts as a determinant of Entrepreneurial knowledge in venture creation. The impact of family background on entrepreneurial knowledge in venture creation is depicted by R square value. As per the R square value (see table 1) it implies 20.5 percent of fitness in the sample regression line. Moreover, it measures 20.5 percent of the total variation in the Entrepreneurial knowledge in venture creation, is explained by the independent variable family background. The beta values (see table 1) show an indication of the relative importance of the independent variable in accounting for variance in the dependent variable. According to beta value family background shows 43.3 variation in dependent variable, entrepreneurial knowledge in venture creation when independent variable, family background changes in 1 and at the same time that relationship is statistically significant under the 5% significant level.

<table>
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<th>Table II – Summary of step one</th>
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<td>Variables</td>
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<td>R Square</td>
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As the next step researcher used entrepreneurship specific education as independent variable and entrepreneurial knowledge in venture creation as the dependent variable. According to the results of regression analysis’s ANOVA table (see table 2) model with entrepreneurship specific education as independent variable and entrepreneurial knowledge in venture creation as dependent variable is significant under the 5% significant level. Therefore entrepreneurship specific education acts as a determinant of Entrepreneurial knowledge in venture creation. The impact of entrepreneurship specific education on entrepreneurial knowledge in venture creation is depicted by R square value. As per the R square value (see table 2) it implies 53.4 percent of fitness in the sample regression line. Moreover, it measures 53.4 percent of the total variation in the Entrepreneurial knowledge in venture creation, is explained by the independent, family background and mediator variable, entrepreneurship specific education. The beta values (see table 2) show an indication of the relative importance of the independent variable and mediator in accounting for variance in the dependent variable. According to beta value entrepreneurship specific education shows 73.1 variation in dependent variable, entrepreneurial knowledge in venture creation when independent variable, family background changes in 1 and at the same time that relationship is statistically significant under the 5% significant level.

Table III – Summary of step two

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<th>Coefficients</th>
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<tr>
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<td>R Square</td>
<td>Sig.</td>
<td>Scandalized B</td>
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<tr>
<td>Entrepreneurship Specific Education</td>
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<td>0.731</td>
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<td>Entrepreneurial Knowledge in Venture Creation</td>
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As the final step researcher used family background as independent variable, entrepreneurship specific education as mediator and entrepreneurial knowledge in venture creation as the dependent variable. According to the results of regression analysis’s ANOVA table (see table 3) overall model with independent variable, mediator and dependent variable is significant under the 5% significant level. Therefore entrepreneurship specific education acts as a determinant of Entrepreneurial knowledge in venture creation. The impact of family background and entrepreneurship specific education on entrepreneurial knowledge in venture creation is depicted by R square value. As per the R square value (see table 3) it implies 55.2 percent of fitness in the sample regression line. Moreover, it measures 55.2 percent of the total variation in the Entrepreneurial knowledge in venture creation, is explained by the independent, family background and mediator variable, entrepreneurship specific education. The beta values (see table 3) show an indication of the relative importance of the independent variable and mediator in accounting for variance in the dependent variable. According to beta value of family background, shows 14.8 variation in entrepreneurial knowledge in venture creation when family background changes in one. The impact of family background in final model has reduced compared to the model used in first step. The beta value of entrepreneurship specific education, shows 66.3 variation in entrepreneurial knowledge in venture creation when entrepreneurship specific education changes in one. The relationship between family background and entrepreneurial knowledge in venture creation became insignificant in the final model and the relationship between entrepreneurship specific education and entrepreneurial knowledge in venture creation is significant. Therefore it can be said that the relationship between family background and entrepreneurial knowledge in venture creation has been mediated by entrepreneurship specific education.

Table IV – Summary of step three

<table>
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<th>Variables</th>
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<td>Sig.</td>
<td>Scandalized B</td>
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<tr>
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Table V – testing hypothesis

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<th>Reason</th>
<th>Accepted/R ejected</th>
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<tr>
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<td>B value – 0.435</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>There is an impact from entrepreneurship specific education on entrepreneurial knowledge in venture creation</td>
<td>B value – 0.731</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
Current study is intended to find the relationship between Family Background and Entrepreneurial Knowledge in Venture Creation and the relationship between Entrepreneurship Specific Education and Entrepreneurial Knowledge in Venture Creation as well as the mediation effect of Entrepreneurship specific Education on the relationship between Family background and Entrepreneurial Knowledge in Venture Creation.

**Family Background and Entrepreneurial Knowledge in Venture Creation**

As per the findings of previous scholars it is noted that there is an effect from family and family members for the intention and development of new ventures. Based on those inferences, in the current study researcher hypnotized that there is an impact from family background on entrepreneurial knowledge in venture creation. According to the results of data analysis it is proved that there is an impact from family background on entrepreneurial knowledge in venture creation. So H1: There is an impact from family background on entrepreneurial knowledge in creating ventures is accepted.

**Entrepreneurship Specific Education and Entrepreneurial Knowledge in Venture Creation**

In previous literature it is evident that there is a relationship between entrepreneurship specific education and creating and developing new ventures. In this study researcher anticipated to find the impact of entrepreneurship specific education on entrepreneurial knowledge in venture creation. As the researcher hypnotized there is an impact from entrepreneurship specific education on entrepreneurial knowledge in venture creation and that impact is strong. It is proved by the data analysis. So H2: There is an impact from entrepreneurship specific education on entrepreneurial knowledge in venture creation is accepted.

**Family Background, Entrepreneurship Specific Education and Entrepreneurial Knowledge in Venture Creation**

There are no evidences in literature to prove the relationships between above mentioned three variables. Therefore this is a novel contribution to the existing literature. When accessing the relationships between above three variables, the data analysis is proved that family background as the independent variable has an impact on entrepreneurial knowledge in venture creation and entrepreneurship specific education mediates that relationship. This has been proved by the regression analysis and therefore H3: Entrepreneurship specific education mediates the relationship between family back ground and entrepreneurial knowledge in creating ventures is accepted.

VI. **DISCUSSION**

As per the findings of previous scholars it is noted that there is an effect from family and family members for the intention and development of new ventures. Based on those inferences, in the current study researcher hypnotized that there is an impact from family background on entrepreneurial knowledge in venture creation. According to the results of data analysis it is proved that there is an impact from family background on entrepreneurial knowledge in venture creation. So H1: There is an impact from family background on entrepreneurial knowledge in creating ventures is accepted.

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**Family Background, Entrepreneurship Specific Education and Entrepreneurial Knowledge in Venture Creation**

There are no evidences in literature to prove the relationships between above mentioned three variables. Therefore this is a novel contribution to the existing literature. When accessing the relationships between above three variables, the data analysis is proved that family background as the independent variable has an impact on entrepreneurial knowledge in venture creation and entrepreneurship specific education mediates that relationship. This has been proved by the regression analysis and therefore H3: Entrepreneurship specific education mediates the relationship between family back ground and entrepreneurial knowledge in creating ventures is accepted.

VII. **CONCLUSION**

A developing country like Sri Lanka requires more entrepreneurs and more entrepreneurial activities to improve the economic condition of country and also to create more jobs to the increasing workforce. Developing entrepreneurship is constrained with a belief of people that entrepreneurs are born but not made. In previous literature psychologists and sociologists have concluded that belief of heredity in entrepreneurship is only a myth. It is arguable that family background and entrepreneurship education has an impact towards promoting entrepreneurship. Family members involved in entrepreneurial activities can influence individuals’ intention in venture creation and also they can view as strength in the hands of finance and motivation.

As it is believed that, entrepreneurship can be improved through entrepreneurship education, Sri Lankan higher education sector is attempting to improve entrepreneurship by providing entrepreneurship specific education for individuals who are enrolled in higher education. Therefore some government universities like University of Kelaniya, Jayawardanapura, Uva Wellassa and etc. are offering entrepreneurship specific education for their undergraduates. Existing literature suggests that entrepreneurship specific education has an impact on both individuals’ intention to create new ventures as well as creating and developing new ventures. Entrepreneurship specific education provides required knowledge to open up a new venture.

Based on those evidences in literature, the current study was intended to fill a gap in existing literature by finding out the impact of family background on entrepreneurial knowledge in venture creation, the impact of entrepreneurship specific education on entrepreneurial knowledge in venture creation and also identify whether the entrepreneurship specific education is able to mediated the relationship between family background and entrepreneurial knowledge in venture creation.

According the inferences of the present study it is concluded that there is an impact from family background to the entrepreneurial knowledge in venture creation and has impact from entrepreneurship specific education on entrepreneurial knowledge in venture creation when they are assessed separately as independent variables and dependent variable but when family background and entrepreneurship specific education is assessed together as independent variables it showed that entrepreneurship specific education is acting as a mediator in the relationship between family background and entrepreneurial knowledge in venture creation.

**Implication of the Study**

The present study is important for the literature and as well as society where it is able to fill a gap in literature and helps to challenge a myth prevailing in the society.

In entrepreneurship literature relationship between family background and entrepreneurial behaviour is researched but the impact of family background on entrepreneurial knowledge in venture creation is not researched. The present study is fulfilling that gap in literature. At the same time present study fills another gap in literature by paying attention on the impact of entrepreneurship education on entrepreneurial knowledge in creating ventures.
venture creation and as well as the mediation effect of entrepreneurship specific education in the relationship of family background and entrepreneurial knowledge in venture creation.

Practically this study is important to understand that entrepreneurship can be stimulated through family background and the entrepreneurship education. This study helps to eradicate or to trim down the belief in the society that entrepreneurs are born but not made. Not only that but also the study helps to understand the importance of entrepreneurship specific education in developing entrepreneurship where entrepreneurship specific education is helpful to create entrepreneurial knowledge in venture creation.

Acknowledgement

I have taken efforts in this research however; it would not have been possible without the kind support and help of my Mr. D.M.N.S.W Dissanayake, Lecturer, University of Kelaniya. I extend my heartiest gratitude for his guidance, motivation as well as the subject knowledge he has given.

My research was focused on Entrepreneurship graduates of University of Kelaniya. I would like to extend my sincere thanks to all of them for supporting me by giving their responses for my questionnaire.

References


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