

# "COMPLEMENTARITIES OF ENVIRONMENTAL CONTEXTS AND ACADEMIC BACKGROUNDS IN THE TRIGGERING OF ENTREPRENEURIAL INTENTIONS OF YOUNG GRADUATES".

## The case of young Malagasy graduates

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### SUMMARY

To undertake, or to want to, is not only a function of individual characteristics taken in isolation in an environment. Environmental and situational factors act in a contingent manner to promote or inhibit intention. Aware of the importance of entrepreneurship in economic development, the university is now called upon to become a key player in development by producing useful knowledge and fostering an entrepreneurial spirit. But the problem is to what extent university training can complement the environmental context to accentuate the entrepreneurial intention of young people?

To analyze the complementarity of the environmental context and the academic achievements as a trigger of the entrepreneurial spirit of young graduates, a study on 500 students of public and private universities of the Urban Commune of Antananarivo has brought out information allowing to verify that the training in entrepreneurship in the universities are conditioned by the environmental contexts of the youth.

**Keywords: entrepreneurial intention - youth - environment - training - academic path**

### INTRODUCTION

Entrepreneurship is defined as the identification of a business opportunity by individuals or organizations that pursue and realize the identified opportunity, independently of the resources directly controlled. From this point of view, the company is considered as a relatively autonomous organization, equipped with human, material and financial resources in order to carry out an economic activity in a more stable and structured way. The entrepreneur is therefore the one who assumes the risks, exploiting these different resources to make a profit. For it is he who creates and develops the company. The characteristics of an entrepreneur's personality are: passion, optimism, risk taking, motivation and creativity.

The entrepreneurial intention is the first act in the entrepreneurial process. It summarizes a person's willingness to create his or her own business, and can be explained by the individual characteristics of the potential entrepreneur, by his or her environmental milieu, and by his or her skills and abilities. In the context of business creation, the vision corresponds, at the starting point, to the idea of creating a business. In this respect, **Verstraete (2001)**<sup>1</sup> shows that the vision corresponds to the articulation of cognitive schemas relative to the future that the entrepreneur wishes to achieve (on the basis of the representations that he or she has of the organization initiated), to the reality with which he or she is confronted and to his or her knowledge. Therefore,

<sup>1</sup> **Verstraete**, "Entrepreneuriart: modélisation du phénomène", Revue de l'Entrepreneuriat, vol.1, no 1, 2001.

the entrepreneur's ability is to know how to use the images he or she has of the organization he or she is initiating (which does not originally exist) in different time horizons and in different situations.

The intention to create an enterprise is nothing other than an act that is born within a process under construction. In this context, **Verstraete (2001)**<sup>2</sup> argue that entrepreneurship education can shape the individual's cognition by fostering the combination of three irreducible and inseparable dimensions: reflection, reflexivity and learning. On the one hand, the evolution of each individual is closely linked to his environment. It will therefore play a significant role in the conduct of its projects. These views lead us to analyze the complementarity of environmental contexts and academic backgrounds in triggering the entrepreneurial intentions of young graduates

For **Rasmussen and Sorheim (2006)**<sup>3</sup>, Entrepreneurship education in schools and universities can modify attitudes, change behaviors and beliefs of young students regarding entrepreneurship, and can facilitate their assimilation and accessibility to the entrepreneurial phenomenon. On the one hand, the evolution of each individual is closely linked to his or her environment. It will therefore play a significant role in the conduct of his projects. But the problem that arises is to know to what extent university training will be able to complement the environmental context to accentuate the entrepreneurial intention of young people?

In recent decades, the concerns of researchers and policy makers in both developed and developing countries have increasingly focused on the role of entrepreneurship in economic and social development. Societies differ in their ability to create and sustain entrepreneurial activity. In Madagascar, as in many African countries, the encouragement of entrepreneurship is certainly underway, and is beginning to gain momentum. Successive administrations have already undertaken various policies as part of development programs, namely the Structural Adjustment Programs or SAPs from 1994 to 2006 and the Madagascar Action Plan or MAP from 2007 to 2012, the National Development Plan or NDP for the period 2015 to 2019. And currently, the Initiative for the Emergence of Madagascar (IEM) through the fihariana program aims to spur real economic development throughout Madagascar by financing some entrepreneurial projects. These development policies have been programmed to create a favorable environment for entrepreneurship. At the same time, a large part of the educational system encourages entrepreneurship among young people. Entrepreneurship education has been an integral part of the learning architecture in academic institutes. Young minds are introduced to the desirability and prospects of becoming an entrepreneur.

The objective of this work is to analyze the complementarity of environmental contexts and academic achievements as a trigger for the entrepreneurial spirit of young graduates. The starting hypothesis is that environmental contexts condition entrepreneurship training. The university is called upon to become a key player in development by producing useful knowledge and fostering an entrepreneurial spirit. But the training offered must also refer to environmental realities to ensure credibility and effectiveness.

A survey in the form of an opinion poll was conducted on a sample of 500 young university and high school graduates in the Urban Commune of Antananarivo, at the end of the 2018 academic year, in order to verify the validity of the hypothesis in Malagasy contexts. We deliberately took our investigation to a dozen public and private universities, in different courses that offer several training disciplines.

We sought to circumscribe the problems of temporality and validity posed by the study of entrepreneurial intention, to analyze the attitude of young people towards entrepreneurship, namely innovation, creativity, risk-taking, and the perception of opportunities. The goal was to collect observable and quantifiable data regarding the contexts of entrepreneurship in Madagascar as well as related training.

## THEORETICAL FRAMEWORK

Entrepreneurship can take different forms according to various classifications, but theories agree on the idea that entrepreneurship generates situations leading to economic growth. **Verstraete(2001)**<sup>4</sup>, **Schumpeter (1911)** and

<sup>2</sup> Id

<sup>3</sup> **Rasmussen et Sorheim**, « *Action-based entrepreneurship education. Technovation* »,2006.

<sup>4</sup> **Verstraete**, “*Entrepreneuriart: modélisation du phénomène*”, Revue de l'Entrepreneuriat , vol.1, no 1, 2001.

**Kirzner (1971)**<sup>5</sup> have shown throughout their work the role of entrepreneurship in the economic growth of a country. They also have a mutual relationship according to certain theories (**Dejardin, 2000**)<sup>6</sup>.

The major terminology dictionary defines it as the function of a person who mobilizes and manages human and material resources to create, develop and establish businesses. Entrepreneurship is considered here, above all, as a function whose aim is the creation, development and establishment of a business. In general, speaking of entrepreneurship refers to the notions of business and entrepreneur.

According to **Julien and Marchesnay (1996)**<sup>7</sup>, The act of entrepreneurship remains the creation of a company, innovation is the driving force, the entrepreneur is the actor, the market represents the opportunities and the environment constitutes the incentive to entrepreneurship.

Thus, the entrepreneur is the person or group of people who creates, develops and implements a business for which he/she assumes the risks, and who implements financial, human and material means to ensure its success and to make a profit. The entrepreneur is a factor of production, the person who puts together the other factors (land, labor and capital) and who organizes and manages a business. Entrepreneurs are those who innovate and take risks. Thus, the personality of entrepreneurs, with their experiences, skills, motivations and personal tastes, play a particularly fundamental role insofar as the creation of the enterprise is for them an essential act in which they express themselves personally and project themselves into the future.

A company calls upon, mobilizes and consumes resources: material, human, financial, exploited in order to reach a precise objective. It carries out its activity within a specific environmental context to which it must adapt. In this context, the notion of entrepreneurship is linked to that of risk, initiative and the new use of resources and capital, an action carried out in a voluntary and organized way in order to achieve an economic or social objective. The characteristics of an entrepreneur's personality are varied: passion, optimism, risk-taking, motivation and creativity.

The creation of a company is logically preceded by a will or an intention to undertake which is nothing other than an act that is born within a process under construction. This intention summarizes the will of a person to create his own company. The will to create a business depends on the individual characteristics of the entrepreneur. For **Tounès (2006)**<sup>8</sup>, the will of the individual is important in the success of the process of creating a company. And **Verstraete (2001)**<sup>9</sup> shows that the vision corresponds to the articulation of the cognitive schemes relative to the future that the entrepreneur wishes to reach, on the basis of the representations that he makes of the impelled organization, to the reality with which he is confronted and to his knowledge.

When it comes to the study of the entrepreneurial project, the questioning of the reasons that lead an individual to risk a business creation project is recurrent. To identify the markers of the intentional act and more precisely of the entrepreneurial intention, the analysis of the contextual elements must necessarily be accompanied by an incorporation of the historical elements of the entrepreneurial socialization process.

The theory of **Ajzen (1991)**<sup>10</sup> postulates that an individual's intention is determined by three elements: his or her attitude towards the behaviour in question, his or her perception of social norms and the control he or she believes he or she has over the situation. **Shapero et Sokol**<sup>11</sup> They assume that it is based on the perceived desirability of the behavior; the propensity to act, i.e., the willingness to act according to one's intentions; and the perceived feasibility of the intended behavior. In other words, the desire, perceived feasibility and consequently the intention to create a business would be based on the beliefs of individuals. **Krueger (1993)**<sup>12</sup>, proposes a reformulation of the contributions of **Shapero and Sokol** with a more concrete reintegration of the concept of entrepreneurial intention. Adding that if the creator perceives the action as credible, he or she will be motivated

<sup>5</sup> **Schumpeter**, "The theory of economic development," Cambridge Mass., US: Harvard University Press 2001.

<sup>6</sup> **Dejardin**, « *Entrepreneuriat et croissance, une conjonction évidemment favorable ? Reflets et perspectives de la vie économique* », 2000.

<sup>7</sup> **Julien et Marchesnay** , « *L'entrepreneuriat* », Paris, Economica 1996.

<sup>8</sup> **Tounès**, « *L'intention entrepreneuriale des étudiants : le cas français* », Revue des Sciences de gestion, Direction et Gestion, Mai/Juin 2003.

<sup>9</sup> **Verstraete**, "Entrepreneuriat: modélisation du phénomène", Revue de l'Entrepreneuriat , vol.1, no 1, 2001.

<sup>10</sup> **Ajzen**, "The theory of planned behaviour. Organizational Behavior and Human Decision Processes", 1991.

<sup>11</sup> **Shapero et Sokol**, "The social dimensions of entrepreneurship", Encyclopedia of entrepreneurship, Englewood Cliffs: Prentice Hall, chap. IV 1982.

<sup>12</sup> **Krueger**, "Entrepreneurial intentions: Applying the theory of planned behaviour. Entrepreneurship and Regional Development", 1993.

to actually engage in an entrepreneurial experience. Entrepreneurship begins with the propensity to create, the intention to create, the structuring of information, the decision.

Our study is not limited to understanding the concept of entrepreneurial intention, but consists mainly in analyzing the factors influencing it. During these last decades, several approaches have alternated in order to explain the entrepreneurial phenomenon, especially through the identification of the factors predicting the act of undertaking. Thus, some variables have been highlighted, but we will focus this research on the environment and training. The training programs are often considered as the central element characterizing the university pathways, according to **Rasmussen et Sorheim**<sup>13</sup> these change young people's perceptions of entrepreneurship, **Saporta and Verstraete**<sup>14</sup> add that they shape students' cognition. Entrepreneurship training is therefore considered to be a source of triggering events that inspire students. However, the student, before marking his or her intention to create an enterprise, is above all the image of a social, economic and political reality. The environmental contexts in which they evolve must be considered if we wish to inculcate values and visions concerning entrepreneurship because according to **Bruyat (1993)**<sup>15</sup>, The complexity of the act of creating a business implies the consideration of contextual variables, as well as the psychological factors acting on the intention. **Bruyat's work (1993)** is based on two axes to explain the decision to create a company: the intensity of change for the creator and the intensity of the novelty of the environment. The author highlights four logics: imitation, reproduction, innovation-adventure and innovation-valorisation. The intention is therefore evolving and depends on the situation and, more generally, on the environment in which the actor of the action is involved (**Tounès, 2003**<sup>16</sup>).

## RESULTS

The survey by opinion poll allowed us to obtain results on the perceptions of young people concerning the characteristics of their environment in relation to entrepreneurship. The analysis of these data with the one evaluating their knowledge of entrepreneurship during their university career allows us to verify the complementarity of these two variables, namely the environment and training, in triggering the entrepreneurial intention of these young people.

Political instability, weak institutions and poor governance have been obstacles to the country's economic growth. The frequency of political crises in the country interrupts every period of growth and economic stability. According to Transparency International's Corruption Perceptions Index (CPI), Madagascar ranks 149th out of 180 countries and territories in the world in terms of the degree of corruption in 2020. In addition, Madagascar is a resource-rich country yet the lack of overall economic dynamism, growing infrastructure problems (notably, the state of roads and access to electricity), as well as a deteriorating governance environment, undermine a country's perceived short and long-term private sector growth prospects.

It should be noted that the human development index ranks Madagascar 145th out of 181 countries, and the poverty rate calculated by the World Bank is 68.7%. Today, Madagascar's economic development depends on a return to political stability, and there are many projects to be undertaken. The business environment in which Madagascar is evolving is subject to various fluctuations, which are amplified by globalization.

The various economic strategies and reforms implemented by successive governments since independence, notably direct state intervention in the development of import substitution industries, nationalization, and economic liberalization policies, have not led to significant development of Madagascar's economy. The current regime, aware of the delay especially on the economic level, is implementing the IEM platform. This is a solution that is supposed to be effective in giving a new start to the country's development.

Given that before committing himself, an entrepreneur must be aware that failure is inseparable from any enterprise, he must always evaluate the possible risks that await his next venture. And these different contexts

<sup>13</sup> **Rasmussen et Sorheim**, « *Action-based entrepreneurship education. Technovation* », 2006.

<sup>14</sup> **Saporta et Verstraete**, « *Réflexion sur l'enseignement de l'entrepreneuriat dans les composantes en Sciences de Gestion dans les universités françaises* ». Revue de Gestion, vol.17 , 2000.

<sup>15</sup> **Bruyat**, « *Création d'entreprise: contributions épistémologiques et modélisation* », Thèse de doctorat en sciences de gestion, université Pierre Mendès France, Grenoble 1993.

<sup>16</sup> **Tounès**, « *L'intention entrepreneuriale des étudiants : le cas français* », Revue des Sciences de gestion, Direction et Gestion, Mai/Juin 2003.

mentioned have especially impacted the capacity of commitment of young people which are reflected through the degree of their entrepreneurial intention.

The trainings offered during the university courses must consider the environmental contexts. Thus, these trainings will be oriented according to the realities in order to offer more concrete information to students.

18 items were used in this study to better analyze the effects that the training courses offered to young people throughout their university career can generate in terms of entrepreneurship.

To this end, the results on the exploration of the answers obtained from the young graduates from the exploratory factorial analysis allowed us, according to the value of the KMO index equal to 0.876 close to 1 and the significant p-value of 0.0002 lower than the risk of error of 0.05 of Bartlett's test, to group or factor the 18 items in order to identify the stimulating effects of entrepreneurship through the university training.

**Table 1: KMO index and Bartlett test of items measuring factors stimulating entrepreneurship in academia.**

Kaiser-Meyer-Olkin index for measuring sampling quality.	,876
Bartlett's sphericity test	1309,000
ddl	105
Meaning	,0002

Source: Authors, 2021

The study of the inertia of the information resulting from this factorization on the total variance explained and the Kaiser criterion leads us to retain 6 factors generating a total percentage of 76.00% of the information, judged to be objective to proceed with the analytical studies of the results of the opinion poll.

**Table 2: Total explained variance of items measuring factors stimulating entrepreneurship in academia.**

Component	Initial eigen values			Sums extracted from the square of the loadings		
	Total	% of variance	Cumulative %.	Total	% of variance	Cumulative %.
1	3,000	28,000	28,000	3,000	28,000	28,000
2	1,000	18,000	46,000	1,000	18,000	46,000
3	1,000	12,000	58,000	1,000	12,000	58,000
4	1,000	8,000	66,000	1,000	8,000	66,000
5	1,000	6,000	72,000	1,000	6,000	72,000
6	1,000	4,000	76,000	1,000	4,000	76,000
...	...	...	100,000	...	...	100,000

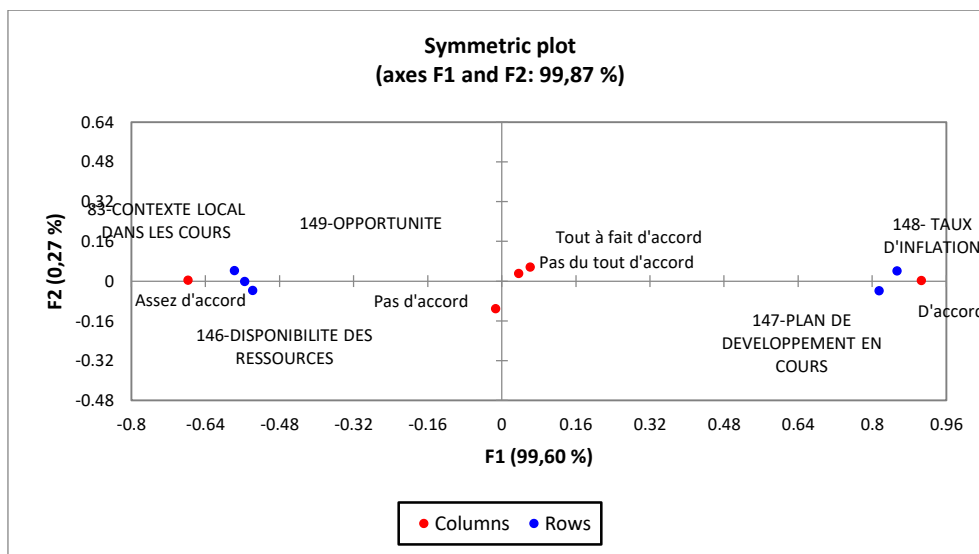
Extraction method: Principal component analysis.

Source: Authors, 2021

In view of these results, the matrix of components associated with the 6 factors selected establishes that the first two axes describe respectively the consideration of local contexts and the impregnation in research of the entrepreneurial situation of the country in the contents of entrepreneurship training. The third factor evokes entrepreneurial awareness in the university environment, based on 4 items relating to workshops, conferences, testimonies and sharing of experiences by professionals and partnerships in entrepreneurial activities in the training disciplines. The last three factors cover the triggers of the entrepreneurial intention among young graduates divided into economic factors generated by 4 items, political-legal (4 items) and other inherent factors (4 items).

Our first axes of analysis show that, according to the opinions of young university graduates, the knowledge they received throughout their university studies enabled them to better understand the local context and to stimulate their entrepreneurial intention. This dependence is considered significant if we refer to the results of the chi-square test with a p-value of 0.001 and allows us to proceed with the factorial analysis of correspondences in order to have a better view of the interactions between the opinions on the academic contributions and the economic effects that trigger the entrepreneurial intention.

**Figure 1 : Carte perceptuelle des facteurs économiques déclencheurs de l'intention entrepreneuriale**



Source: Authors, 2021

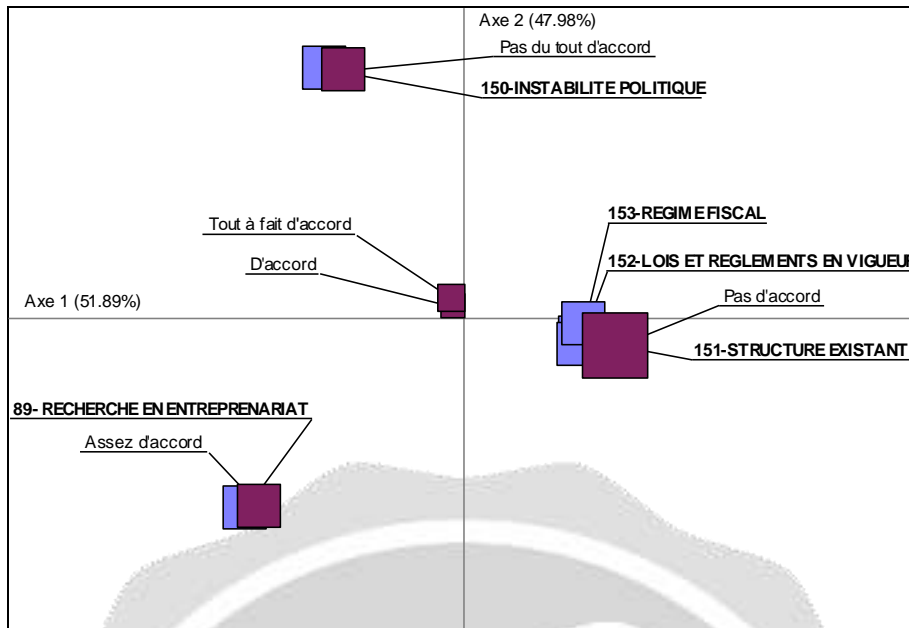
The graph above represents at the level of 99,60% the information concerning the opinions of the young graduates on their entrepreneurial intention conveyed by the findings of the local contexts developed in university environment and stimulating in them the knowledge of the economic factors generating the entrepreneurial act. The proximities of opinions of the young people marked in red in the preceding graph evoke in a first time that their entrepreneurial intention is especially born of the reality of inflation in the country developed in the course which could be a source of unemployment of the young people even a plague of the society and the solutions also advanced in the development of the academic courses of the discipline of entrepreneurship or not

In a second time, it is necessary to notice that the other economic factors triggering the entrepreneurial intention are far from being not understood or rejected by the young graduates as driving elements in them of enterprise creation.

The second axis of our analytical results highlights the significance of the research on the entrepreneurial context of the country acquired or not during the university training and the political-legal factors triggering the entrepreneurial intention. The opinions of the young graduates are significantly dependent on these concepts according to the chi-square test which produces a p-value of 0.0001 lower than 0.05 and the factorial map below covering the 99.7% of the initial information, established by a factorial analysis of the obtained results describes unequivocally that the political climate and the regulations and laws in force in the country create in these young people the reticence in their entrepreneurial intention.

They mention to this effect that the existing structure in the country reflected by the tax system and even the regulations and laws in force do not favor their launch into the world of entrepreneurship. In addition, the political instability categorically hinders their momentum in entrepreneurship. It is however noticed from these results that research on the entrepreneurial context of the country is generally part of the training disciplines of universities or higher institutes.

**Figure 2: Factor map of young graduates' opinions on entrepreneurial intention in relation to the country's political and legal factors**

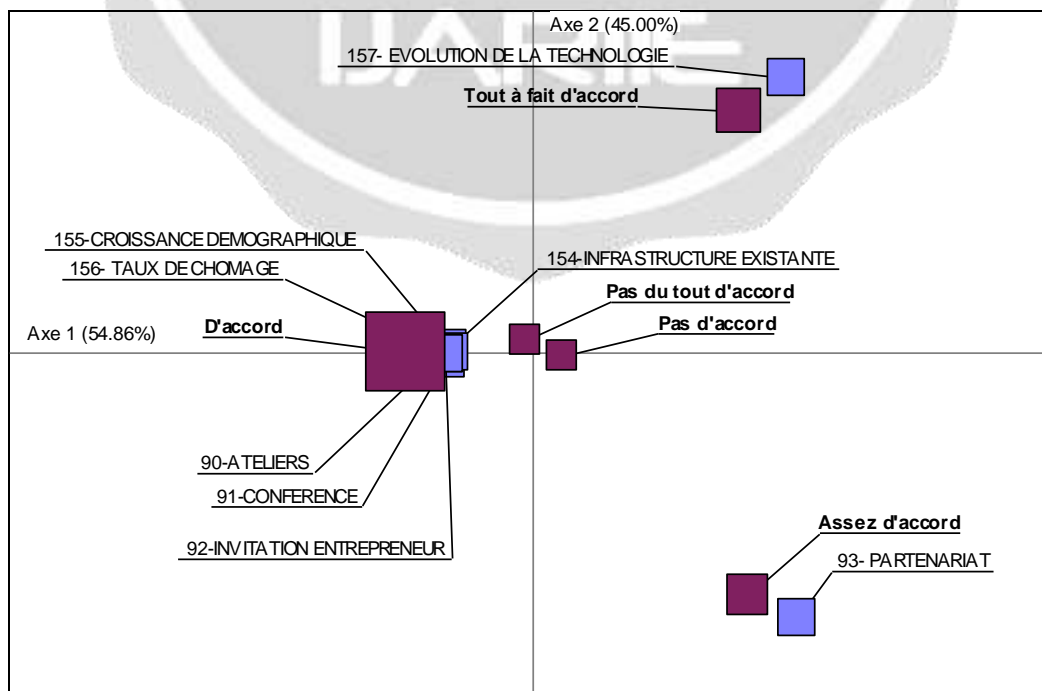


Source: Authors, 2021

In the last axis of our study, the reality of the awareness of young people during their university education on entrepreneurship and their perceptions of the other factors triggering the entrepreneurial intention is addressed. Our results establish first of all the significant dependence of the opinions of the young people according to the p-value equal to 0,0002 lower than 0,05 of the test of chi-deux between these 2 observations and the perceptual map established by the factorial analysis of the correspondences illustrating at the level of 99,46% their opinions allows us to extract on the one hand that the young graduates benefited from the sensitization on the entrepreneurship in the form of workshops, conferences and testimonies of the Malagasy entrepreneurs even of the supports of partnership in their entrepreneurial project during their university courses.

On the other hand, the young graduates recognize that the existing infrastructure, the economic growth of the country, the soaring unemployment rate as well as the technological evolution can arouse in them the idea of undertaking.

**Figure 3: Perceptual map of young graduates' opinions on existing awareness in university education and other triggers of entrepreneurial intention.**



Source: Authors, 2021

These 3 axes of results highlight the place of the discipline of entrepreneurship in Malagasy universities. Universities and higher institutes are aware of the strategic importance of the entrepreneurship discipline for young people and transmit theoretical knowledge to them, supported by sensitizations. However, the results reveal that according to the opinions of young graduates, the environment in which they evolve does not allow them to optimize their entrepreneurial intention.

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## CONCLUSION

In short, the environment in which an individual evolves is likely to influence the progress of his or her projects. This vision is also valid for the training offered in entrepreneurship. Indeed, the training programs and the sensitizations informed the young people on the contexts and opportunities to be seized in terms of entrepreneurship, information which awakened their intentions.

The verification of the complementarity of the environmental contexts and the university courses on the triggering of the entrepreneurial intention of the young Malagasy graduates made it possible to affirm that the formations in entrepreneurship in the universities take into account the environmental contexts of the young people in order to give them more vision on the subject.

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