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Original Article

Factors Affecting Entrepreneurial Intention of Business Students: The Role of Locus of Control, Social Networks and Creativity

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Abstract

This study investigates the factors influencing the entrepreneurial intentions of business students, specifically focusing on the roles of locus of control, social networks, and creativity. The primary objective is to examine how these key factors locus of control, social networks, and creativity affect the entrepreneurial intentions of management students in constituent colleges within the Kathmandu Valley. A descriptive and correlational research design was adopted. Data were collected from 324 business students at Tribhuvan University, of which 252 responses were deemed valid for analysis. The data were analyzed using SPSS version 25, employing descriptive statistics, correlation coefficients, and multiple regression analysis. The findings revealed that both locus of control and social networks had a significant positive impact on the entrepreneurial intentions of management students. However, creativity did not show a significant relationship with entrepreneurial intention. These results underline the importance of strengthening students' internal locus of control and social networking skills to enhance their entrepreneurial mindset. The lack of a significant connection between creativity and entrepreneurial intention suggests a need for further exploration into how creativity is perceived and utilized within the Nepali context. Overall, the study provides meaningful insights for researchers, educators, and policymakers working to foster entrepreneurship among university students in Nepal. It also recommends revising entrepreneurship curricula to include more experiential learning opportunities that enhance self-confidence and encourage real-world engagement.

Keywords: *Creativity, entrepreneurial intention, locus of control, management students, social network.*

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Introduction

Entrepreneurship has increasingly become a matter of global and national importance (Umadia Sr & Kasztelnik, 2020), largely due to its vital role in driving economic development and promoting innovation (Ortega-Argilés,

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Vivarelli, & Voigt, 2009; Shane & Venkataraman, 2000). Entrepreneurs are frequently recognized as key contributors to a nation's economic well-being, serving as catalysts for progress and change (Keat, Selvarajah, & Meyer, 2011). Through their ability to identify new opportunities, effectively utilize resources, and introduce innovative products, services, or business models, entrepreneurs contribute to increased productivity and enhance competitiveness in the marketplace (Hisrich, Peters, & Shepherd, 2017).

Thompson (2009) defines entrepreneurial intention as the conscious and purposeful decision to start a business venture. It reflects a person's mental commitment to engaging in entrepreneurial activities. In the business environment, this intention signals an individual's deliberate choice to follow entrepreneurship as a career. The Theory of Planned Behavior, introduced by Ajzen (1991), is one of the most widely recognized models explaining this concept, suggesting that intention is the strongest predictor of actual entrepreneurial behavior.

Ferreira et al. (2017) argued several personal factors that influence entrepreneurial intentions, including personality traits, locus of control, creativity, motivation for self-fulfillment, optimism, self-efficacy, perceptions of management, and recognized obstacles. The COVID-19 pandemic further emphasized the need for entrepreneurs to embrace innovation, creativity, and technology to stay viable and competitive in the global economy. According to Paliwal et al. (2022), embedding creative and motivational components in educational curricula can significantly enhance students' entrepreneurial intentions.

Given entrepreneurship's role in developing economic development, it is decisive to explore the motivators behind individuals' decisions to pursue entrepreneurial careers (Chua & Bedford, 2015). In this context, the present study centers on management students in Nepal and aims to investigate the influence of factors such as locus of control, social networks, and creativity on their entrepreneurial intentions. Gaining a deeper understanding of these elements can offer valuable guidance to educators, policymakers, and stakeholders in nurturing a more animated entrepreneurial mindset among university students in Nepal.

Literature Review

Intentions reflect an individual's motivation to perform a specific behavior and indicate the level of effort they are willing to commit to executing that behavior (Ajzen, 1991). Entrepreneurial intention, as described by Thompson (2009), refers to an individual's belief in their own abilities and their future-oriented mindset, which fuels their ambition or plan to launch a new business. In a similar vein, Esfandiar et al. (2019) define entrepreneurial intention as a psychological state that directs one's focus toward achieving a specific goal. From this viewpoint, entrepreneurial intention can be seen as a person's willingness to engage in entrepreneurial activities.

A number of studies highlight the key role of personality traits especially creativity and locus of control in shaping entrepreneurial intentions (Cao et al., 2022; Liu et al., 2022). Creativity, in particular, empowers individuals to generate original and useful ideas, supporting innovative problem-solving that is vital for entrepreneurial success. According to Nguyen, Phan, and Pham (2021), traits such as creativity, a strong drive to succeed, and previous experience in entrepreneurship have a significant influence on students' intentions to become entrepreneurs especially when these qualities are enhanced through education that emphasizes creative thinking

Locus of Control and Entrepreneurial Intention

Mueller and Thomas (2001) identified locus of control as a fundamental personality trait that encompasses an individual's persistence, perspective on life events, belief in achieving desired goals, and confidence in their personal capabilities. They suggested that people with a strong internal locus of control are more persuaded to engage in entrepreneurial activities, as they believe their success is largely determined by their own actions and decisions. Likewise, Tentama and Abdussalam (2020) define locus of control as the degree to which a person perceives control over outcomes such as achievements, rewards, and failures. Their study on vocational high school students found a significant positive correlation between an internal locus of control and entrepreneurial intention.

Social Network and Entrepreneurial Intention

Raijman (2001) explored the impact of social networks on individual entrepreneurial intentions and discovered that those with strong, close-knit networks are more likely to show a positive tendency toward starting their own businesses. In a similar study, Klyver (2007) examined how social networks influence different stages of the entrepreneurial journey, emphasizing the supportive role of family throughout the process of business formation. More recently, research by Hou, Ma, and Wang (2024) among Chinese students confirmed that social networks positively affect entrepreneurial intentions. Supporting this view, Tang, Li, Lv, Wang, and Zhu (2024) stressed the importance of informal networks such as connections with friends, family, mentors, peers, and community members in shaping entrepreneurial aspirations. These informal ties contribute significantly to entrepreneurial learning by helping individuals develop the knowledge, mindset, and skills required to launch and manage a business. As such, social networks are widely recognized as a key factor influencing entrepreneurial intention.

Creativity and Entrepreneurial Intention

Creativity is widely acknowledged as a vital personality trait in the realm of entrepreneurship. In this study, creativity is defined as an individual's capacity to generate original, useful, and practical ideas that can lead to innovative solutions or business opportunities (Ward, 2004). It plays a central role in the entrepreneurial journey by helping individuals particularly students develop new business ideas, recognize emerging opportunities, and devise strategic plans for business development. This creative ability strongly influences one's intention to pursue entrepreneurial activities (Zampetakis & Moustakis, 2006). Educational initiatives and hands-on activities can nurture creativity by enhancing individuals' personal growth and analytical thinking, both essential for spotting business opportunities (Caniels & Motylska-Kuzma, 2023). Participation in creative exercises enhance a mindset that supports innovation and increases interest in entrepreneurial pursuits (Osmani et al., 2021).

Runco and Jaeger (2012) describe creativity as involving divergent thinking, mental flexibility, and unconventional problem-solving abilities. These cognitive skills enable individuals to think beyond traditional frameworks, encouraging innovation and adaptability in ever-changing environments. As a personality trait, creativity allows potential entrepreneurs to envision new ventures, respond to evolving market demands, and tackle business challenges through distinctive and effective approaches. Consequently, creativity is seen as a major driver of entrepreneurial behavior and a crucial factor influencing entrepreneurial intention (Fillis & Rentschler, 2010).

Research Hypotheses

Based on extant literature following hypothesis have been formulated to examine the determinants of entrepreneurial intention among the business students.

H1: There is significant positive relationship between Locus of Control and Entrepreneurial Intention

H2: There is significant positive relationship between Social Network and Entrepreneurial Intention.

H3: There is significant positive relationship between Creativity and Entrepreneurial Intention

Research Methodology

This study utilized a quantitative research approach, grounded in a positivist epistemological framework, to explore the relationships among the key study variables. A descriptive and analytical research design was implemented to identify and assess the connections between the independent variables Locus of Control, Social Networks, and Creativity and the dependent variable, Entrepreneurial Intention. The target population comprised undergraduate management students enrolled in programs such as BBA (Bachelor of Business Administration), BBM (Bachelor of Business Management), and BIM (Bachelor of Information Management) at various constituent colleges within the Kathmandu Valley. Respondents were selected through a convenience sampling method.

According to recommendations by Tabachnick and Fidell (2001) and Hair et al. (2010), a typical guideline for determining sample size in exploratory factor analysis or other multivariate techniques is to include 5 to 10 respondents per questionnaire item. For example, a 20-item questionnaire would require a minimum of 100 to 200 participants. To adhere to and exceed this guideline, the study distributed 324 questionnaires across different

constituent colleges. A total of 270 responses were received, and after screening for completeness and consistency, 252 responses were deemed valid for data analysis.

The data were cleaned, processed, and analyzed using IBM SPSS Statistics version 25. To test the strength of the model and assess the research hypotheses, multiple regression analysis was conducted. Furthermore, demographic variables such as gender, age group, academic program, and the occupation of respondents' parents were included as control variables. These were incorporated to reduce the influence of potential confounding factors and to provide a clearer understanding of the true impact of the independent variables on entrepreneurial intention.

Results and Findings

Respondents Characteristics

For analyzing and interpreting the data various statistical tools were used. The respondent's characteristics are presented in the Table 1, where Gender, Age Group, Study Program and Parent's Profession were mentioned.

Table 1

Respondents Characteristics (N=252)

Variables	Categories	No. of Respondents	Percentage
Gender	Male	119	47.2
	Female	133	52.8
Age Group	Below 20 years	69	27.4
	Above 20 years	183	72.6
Study Program	BBA	125	49.6
	BBM	94	37.3
	BIM	33	13.1
Parent's Profession	Job at Government Office	44	17.5
	Job at Business Organization	55	21.8
	Own Business	106	42.1
	No Employment	47	18.7

Source: Field Survey, 2024

In this study, Gender, Age Group, Study Program and Parent's Profession were taken as the major demographic variables. Among the students, 119 (47.2%) were male and 133 (52.8%) were female, which showed female's participation is more than male.

Test of Reliability

The reliability analysis for each variable was conducted to test the internal reliability of each scale for the sample used in this study. The satisfactory value is required to be more than 0.6 for the scale to be reliable (Cronbach, 1951; Malhotra, 2002). Each dimension has acceptable Cronbach's alpha and alpha values range from 0.693 to 0.863, which fulfills the reliability criteria.

Table 2

Values of Cronbach Alpha for Different Instruments

Instruments	No. of Items	No. of Items retained	Cronbach alpha after item deletion
Entrepreneurial Intention	6	6	0.863
Locus of Control	6	6	0.739
Social Network	5	5	0.825
Creativity	7	7	0.693

Status and Relationship of Local of Control, Social Network, Creativity and Entrepreneurial Intentional

The descriptive analysis shows that the mean values of all the construct are greater than 3.00, which indicates that the students have high level of willingness to be involved in entrepreneurial career. Similarly, they perceived high level of influence of all three variables Locus of Control, Social Network, and Creativity for developing entrepreneurial Intention.

The correlation in the Table 3 indicates that the relationship between Locus of Control, Social Network and Creativity are statistically significant (p<.01) and the nature of relationships are positive. Similarly, the relationship between Locus of Control and Entrepreneurial Intention are statistically significant (p<.01) as well as relationship between Social Network and Entrepreneurial Intention are statistically significant (p<.01) and, the relationship between Creativity and Entrepreneurial Intention are statistically significant (p<.01). The results indicate that all the independent variables have influence on entrepreneurial Intention.

Table 3

Status and Relationship of Local of Control, Social Network, Creativity and Entrepreneurial Intentional

Variables	Descriptive Statistics		Correlations Coefficients			
	Mean	S.D.	EI	LOC	SOC	CRE
Entrepreneurial Intention	3.9610	0.64173	1			
Locus of Control	4.0258	0.52272	0.774**	1		
Social Network	3.9079	0.63955	0.305**	0.155*	1	
Creativity	3.9019	0.39882	0.366**	0.338**	.526**	1

*** Correlation is significant at the 0.01 level (2-tailed)*

** Correlation is significant at the 0.05 level (2-tailed)*

Impact of Local of Control, Social Network, Creativity on Entrepreneurial Intention

For the robustness in the relationship between proposed hypotheses, multiple regression was used for further investigation. The regression results in table 4 shows that the overall model is fit where the F value is (p< 0.01) and the R square value is 63.50 percent, which indicates the predictor variables explain 63.5 percent of the variance of Entrepreneurship Intention. Table 5 shows locus of control is the most significant predictors of entrepreneurial intention. Social network also has a positive & statistically significant effect on entrepreneurial intention. However, Creativity does not show significant influence on entrepreneurial intention.

Table 5

Impact of Local of Control, Social Network, Creativity on Entrepreneurial Intention

Variables	B	Std. Error	T-Value	Sig.	VIF
Constant	-0.534	0.270	-1.977	0.049	-
Locus of Control	0.907	0.050	-18.108	0.000	1.130
Social Network	0.180	0.045	3.968	0.000	1.383
Creativity	0.036	0.076	0.475	0.635	1.525
R2 =0.635,	Adj. R2=0.630,	F-value=143.626,	Sig. value=0.000		

Summary of Hypotheses Testing Results

Based on the correlation and regression analysis, the tested hypotheses results are shown in the table 6.

Table 6

Hypotheses Acceptance and Rejection

Hypotheses	Independent Variables	Dependent Variables	Beta	p-value	Findings
H1	LOC	EI	0.739	0.000	Accepted
H2	SOC	EI	0.179	0.000	Accepted
H3	CRE	EI	0.023	0.635	Rejected

Discussion and conclusions

This study aimed to investigate the impact of personality traits specifically locus of control, creativity, and social networks on the entrepreneurial intentions of management students from constituent colleges in the Kathmandu Valley. The findings revealed that both locus of control and social networks have a significant positive influence on entrepreneurial intention. Among these, locus of control emerged as the most influential predictor. This suggests that students who believe they can control outcomes and shape their own success are more inclined to pursue entrepreneurial paths. These results align with previous studies by Tentama and Abdussalam (2020), Mueller and Thomas (2001), and Biswas and Verma (2021), all of whom identified a strong link between locus of control and entrepreneurial intention among management students.

Similarly, the study found that social networks also have a significant positive relationship with students' entrepreneurial intentions. The presence of supportive interpersonal relationships such as those with family, friends, mentors, and peers was shown to encourage students to consider entrepreneurship as a viable career choice. This finding is in line with earlier research conducted by Raijman (2001), Hou, Ma, and Wang (2024), and Tang et al. (2024), which emphasized the role of social connections in shaping entrepreneurial aspirations.

Therefore, students who possess a strong internal locus of control and are embedded in strong social networks tend to demonstrate higher entrepreneurial intentions. However, unlike previous studies, this research did not find a significant relationship between creativity and entrepreneurial intention among management students. While earlier empirical work (e.g., Zampetakis & Moustakis, 2006; Osmani et al., 2022; Caniels & Motylska-Kuzma, 2023) highlighted a positive link between creativity and entrepreneurship, the current study's findings do not support this association. This outcome contradicts the results of Zampetakis and Moustakis (2006) and Osmani et al. (2022), but aligns with the conclusions drawn by Paliwal et al. (2022), suggesting that creativity alone may not be a decisive factor in promoting entrepreneurial intent in this context.

The study concludes that among business students in constituent colleges of Kathmandu Valley, locus of control and social network significantly influence entrepreneurial intention, with locus of control emerging as the strongest predictor. Students who believe they can control outcomes and those with strong interpersonal connections such as support from family, friends, mentors, and peers are more inclined toward entrepreneurial careers. However, creativity did not show a significant effect on entrepreneurial intention in this context, contradicting several prior studies but aligning with some, suggesting that cultural and contextual factors may mediate this relationship. These findings are specific to the sample studied and the limited variables considered, indicating the need for broader future research incorporating diverse factors and populations to better understand the dynamics of entrepreneurial intention.

Practical and Research Implication

This study focused on examining the effects of three predictor variables locus of control, social network, and creativity on entrepreneurial intention. It offers several practical and research implications. From a practical point of view, the findings highlight the importance of enhancing students' internal locus of control and social networking abilities to foster entrepreneurial intentions. Educational institutions in Nepal should consider revising entrepreneurship curricula to incorporate more experiential learning that builds personal confidence and real-world connections. Policymakers and academic leaders can also support the entrepreneurial environment by establishing mentorship programs, incubation centers, and networking platforms for aspiring entrepreneurs.

The unexpected finding that creativity did not significantly influence entrepreneurial intention suggests a need for a deeper understanding of how creativity is perceived and applied in the Nepali context. This creates opportunities for future investigation, including the use of qualitative methods and the examination of potential mediating or moderating variables. Future studies could also incorporate additional determinant variables and larger sample sizes. Since this was a cross-sectional study conducted in a limited number of colleges, there may be concerns regarding common method bias. Therefore, comparative studies across different cultural or regional contexts are recommended to gain broader insights into the complex factors influencing entrepreneurial intention among university students.

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