

The Impact of Entrepreneurial Intention on Entrepreneurial Behavior of Students Considering the Moderating Role of Fear of Failure and Economic Literacy

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Abstract

The purpose of this research is to investigate the effect of entrepreneurial intention on the entrepreneurial behavior of students with regard to the modifying role of fear of failure and economic literacy. The current research is applicable in terms of purpose, quantitative in terms of approach, and of descriptive-correlative type. The statistical population of the research included all undergraduate students of Shahid Beheshti, Allameh Tabatabaie, Tehran and Shaahed universities, 310 of whom were selected by random sampling. Data collection tools are five standard questionnaires: entrepreneurial intention (Linan and Chen, 2009), entrepreneurial behavior (Gire et al., 2020), independence, innovation and risk-taking (Bolton and Lin, 2011), fear of failure (Cacciotti et al., 2020), and economic literacy (Soratro et al., 2021). Also, data analysis was done using structural equation modeling and SmartPLS software. The results of the research showed that the variables of independence, innovation and risk-taking of students have a positive and significant effect on entrepreneurial intention. Also, entrepreneurial intention has a positive and significant effect on entrepreneurial behavior. The fear of failure variable has a negative adjustment of the relationship between intention and behavior, and the economic literacy variable has a positive adjustment on this relationship. The research findings show the important role of personality traits on entrepreneurial intention and the importance of the modifiers introduced to fill the gap between entrepreneurial intention and behavior.

Keywords:

Entrepreneurship,
Entrepreneurial
intention,
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Economic literacy,
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Extended Abstract

Introduction

Entrepreneurship is the most important economic activity in the economic development of a country; and entrepreneurs as economic factors, by promoting economic, technological, social and organizational development, have an important effect on economic revival (Bosma et al, 2018). Creativity, innovation and the ability to discover new opportunities are among the most obvious characteristics of entrepreneurs. Entrepreneurship is actually a kind of human action that occurs in the field of economic activity (Mahmoudi, 2023). Therefore, it is necessary to study and understand the underlying factors of entrepreneurial orientation, because entrepreneurship serves to increase the final efficiency of any economy (Gieure et al, 2020). Due to the complexity of the emergence of investment, many people who intend to start a business cannot direct it to entrepreneurial behavior and action. Also, researches show that entrepreneurial intention is often measured several months or even several years before measuring entrepreneurial behavior and actions (Kautonen et al., 2015; Meoli et al, 2020). Therefore, there is a time gap between intentions and actual behaviors, and the longer this gap is, the higher the probability of unforeseen events; and as a result, attitudes and primary intentions change (Schlaegel & Koenig, 2014). Therefore, to fill this gap, it is possible to define suitable modifiers between entrepreneurial intention and behavior (Song et al., 2014).

In this research, two factors of fear of failure and economic literacy have been used as two modifiers. Economic literacy is related to understanding the basic concept of economics and its implementation on how people behave and make economic decisions (Nurjanah et al., 2018). In relation to entrepreneurial intention, economic literacy plays a role as a basic economic behavior to achieve a person's well-being and is essential in deciding economic and entrepreneurial activities (Rustantono et al., 2020). Fear of failure is a negative emotional reaction based on cognitive evaluation of the potential of failure in the context of uncertain and ambiguous entrepreneurial performance, which is one of the important factors in not taking the form of the entrepreneurial intention-behavior relationship (Cacciotti et al., 2020).

Therefore, the researchers are trying to answer this question in the form of this research: what is the effect of entrepreneurial intention on the entrepreneurial behavior of students considering the role of the modifier of fear of failure and economic literacy?

Theoretical literature

Entrepreneurship

Entrepreneurship is a dynamic process of creation, vision and change. This requires generating and implementing new ideas and solutions. In 1934, Schumpeter described entrepreneurship as a process of creative destruction (Tavakoli, 2013). In order to become an entrepreneur and start his own business, a person must go through a path that begins with the intention to do work, which as a mental state leads him to the end of the path, which is entrepreneurial action and behavior. In the meantime, he also faces challenges and problems that he must overcome with the help of knowledge, experiences, personality traits and external support.

The relationship between entrepreneurial intention and entrepreneurial behavior

Entrepreneurial behavior is the approximate result of entrepreneurs' entrepreneurial cognitions and emotions (Bird & Schjoedt, 2017). Entrepreneurial intentions are often used as a proxy for behavior. Therefore, most studies have only examined the nature and antecedents of entrepreneurial intention (Kong et al, 2020). However, startup intentions do not always translate into actual startup action, especially among students who have very limited

experience of actual entrepreneurship (Meoli et al, 2020). Therefore, focusing solely on entrepreneurial intentions or using intentions as a proxy for action is a severe limitation for our insight into entrepreneurial action (Adam & Fayolle, 2015). In other words, business ventures are not completed if aspiring entrepreneurs do not take actual actions despite having intentions (VanGeldern et al, 2015).

Fear of failure as a modifier

Fear of failure is a negative affective reaction based on the cognitive evaluation of the potential of failure in the context of uncertain and ambiguous entrepreneurial performance. It is assumed that the movement from startup intention to actual entrepreneurial action has different vulnerability depending on the entrepreneur's high or low fear of failure (Cacciotti et al, 2020).

Neneh & Dzomonda (2024) investigated the gap between entrepreneurial intention and behavior among students of South African universities. For this purpose, two factors of commitment and source of internal control were placed as modifiers in the relationship between intention and entrepreneurial behavior. The results showed that entrepreneurial intention is a decisive and significant factor for actual behavior. In addition, commitment and internal locus of control moderate the relationship between entrepreneurial intention and behavior.

Duong & Vu (2023) based on the theory of planned behavior, investigated the relationship between entrepreneurial attitude and intention on entrepreneurial behavior. The research results showed that each of the factors of attitude towards entrepreneurship and entrepreneurial intention have a positive and significant effect on entrepreneurial behavior. Also, the combination of these two factors has a greater effect on entrepreneurship intention.

Research methodology

The current research is quantitative in terms of its approach, applicable in terms of its purpose, and descriptive-correlative in data collection and analysis. Data analysis was done using structural equation modeling and with the help of SmartPLS software. The statistical population of the research included all undergraduate students of commercial, industrial and financial trends in the field of management of Shahid Beheshti, Allameh Tabatabai, Tehran and Shaahed universities. The sample size was estimated to be at least 291 people using Cochran's formula, and to be sure, a sample of 310 people was determined and selected by simple random sampling. The questionnaire was considered as a data collection tool, which was distributed after determining its validity and reliability. The questionnaire included 34 questions related to the main research variables, which were tested for reliability and validity after preliminary distribution. To evaluate the reliability of the research structures, the composite reliability criterion and Cronbach's alpha coefficient were used, and the structures were approved. To check the reliability of the questionnaire, Cronbach's alpha method and composite reliability were used and confirmed. Confirmatory factor analysis was also used to check its validity.

Research findings

In order to check and test the hypotheses or conceptual model of the research, smart pls software was used. The results of the research showed that the variables of independence, innovation and risk-taking of students have a positive and significant effect on entrepreneurial intention. Also, entrepreneurial intention has a positive and significant effect on entrepreneurial behavior. The fear of failure variable has a negative adjustment of the

relationship between intention and behavior, and the economic literacy variable has a positive adjustment on this relationship. The research findings show the important role of personality traits on entrepreneurial intention and the importance of the modifiers introduced to fill the gap between entrepreneurial intention and behavior.

Conclusion

The present study was conducted with the aim of investigating the effect of entrepreneurial intention on the entrepreneurial behavior of students, considering the role of the modifier of fear of failure and economic literacy. Research results about the effect of entrepreneurial intention on entrepreneurial behavior are aligned with research findings of Adam & Fayolle (2015); Calza et al., (2020), and Kautonen et al., (2015). Research results about the effect of fear of failure on the relationship between entrepreneurial intention and behavior are aligned with research findings of Tucker et al., (2021); Pietersen & Botha (2021), and Kong et al., (2020). Also, the results of the research about the effect of economic literacy on the relationship between entrepreneurial intention and behavior are consistent with research findings of Nizam et al., (2020) and Chuzhmorova et al., (2019).

The findings of this research include practical suggestions for policy makers in the field of entrepreneurship, education managers and the Ministry of Science. The courses taught in universities have been being taught for years without revision, and due to the vast changes in the business environment, they do not provide the necessary skills for students to enter the job market. Meanwhile, the importance of teaching economic topics and financial literacy to students has been essential. On the other hand, economic problems and challenges, changes in laws, administrative bureaucracy, and the lack of necessary support to start a business have increased the fear of failure among students at the beginning, which an environment dominant on entrepreneurial ecosystem can be provided for students by management and psychology consultations and providing necessary facilities.