

**INSTITUTIONAL ENVIRONMENT AND ENTREPRENEURIAL INTENTION OF
YOUTHS IN NEPAL**

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RECOMMENDATION

CERTIFICATION

DECLARATION OF AUTHENTICITY

I, Pramod Aryal, declare that this GRP is my own original work. I have properly acknowledged and credited to any sources I have used. I am conscious of SOMTU's policy under which it reserves the right to cancel any credits granted to me based on information that demonstrates dishonesty and wrongdoing with regard to any component of my work.

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EXECUTIVE SUMMARY

Entrepreneurship among youths is crucial for economic growth and development in Nepal, which has a relatively young population. This study aimed to explore the relationship between the institutional environment and entrepreneurial intention of youths in Nepal. The study utilized a closed-end questionnaire and gathered data from 407 youths across Nepal. The research focused on determining the extent to which institutional factors affect the entrepreneurial intentions of youths in Nepal.

This study examined the relationship between the institutional environment and entrepreneurial intention of youths and the mediating role of perceived desirability and perceived feasibility in the relationship between institutional environment and entrepreneurial intention. Perceived desirability refers to the perceived attractiveness of entrepreneurship as a career choice, while perceived feasibility refers to the perceived ease of starting and running a business.

The findings of the study reveal that institutional environment has a significant impact on the entrepreneurial intention of youths in Nepal. The institutional environment encompasses several factors, such as cognitive, normative and regulatory frameworks among which cognitive environment have found to have direct impact on youths entrepreneurial intention. The study also found that perceived desirability and perceived feasibility mediates the relationship between institutional environment and entrepreneurial intention.

In conclusion, this study sheds light on the relationship between institutional environment and entrepreneurial intention among youths in Nepal. The findings provide insights into the factors that influence the entrepreneurial intentions of young people in Nepal and have important implications for policymakers and stakeholders. By improving, the institutional environment and providing access to capital and business support services, policymakers and stakeholders can promote entrepreneurship among youths in Nepal and contribute to economic growth and development.

LIST OF ABBREVIATION

CE	Cognitive Environment
Df	Degrees of Freedom
EFA	Exploratory Factor Analysis
EI	Entrepreneurial intention
IE	Institutional Environment
KMO	Kaiser-Meyer-Olkin
NE	Normative Environment
PD	Perceived Desirability
PF	Perceived Feasibility
RE	Regulatory Environment
S.D	Standard Deviation
SPSS	Statistical Package for Social Science
TPB	Theory of Planned Behavior
VIF	Variance Inflation Factor

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Entrepreneurship refers to an individual's ability to initiate and manage a business or venture, which is often associated with high risks and rewards (Hisrich, Peters, & Shepherd 2006). Morris and Jones (1999), described entrepreneurship as a mechanism through which entrepreneurs create and realize values. Franco and Haase (2019) emphasize the significance of entrepreneurship for generating employment opportunities and contributing to the economic development of a nation. The creation of new businesses and entrepreneurship is considered an important driving force for economies worldwide, as it promotes innovation, competition, and employment (Nenzhelele, 2014).

According to North (1990), institutions are the "rules of the game," and these rules cover a wide range of topics, including contract enforcement, property rights, and good governance. According to Welter and Smallbone (2011), institutions are widely used practices, technologies, or rules of social interaction that have been institutionalized and make it expensive to choose different practices, technologies, or rules. Institutions can have a big impact on a person's decision to start their own business. The organisational structure of a society is made up of the fundamental political, sociocultural, and legal principles that establish the parameters for production and distribution. Organizations must adhere to this institutional framework in order to be accepted by and given validity by society (North, 1990).

The relationship between entrepreneurship and institutions is also considered a critical factor in economic development (Tao, 2016; Elert & Henrekson, 2017). Shane et al. (2003) suggest that the presence and effectiveness of institutions within a country can have an impact on an individual's decision to engage in entrepreneurship. According to Stinchcombe (1965) and the institutional setting has the ability to provide psychological and societal legitimacy, which is necessary for entrepreneurial companies to face the difficulties of being new and small. This legitimacy can help to improve the survival prospects of the ventures (Manolova et al., 2008) and facilitate cooperative exchanges. The institutional environment also plays a crucial role in shaping individuals' entrepreneurial intent (EI), with a positive and significant impact on it (Mouselli & Khalifa, 2017).

Luiz (2008) suggested that economists believe there is a compelling argument to be made that the adoption and development of institutions that promote entrepreneurial behavior can lead to an increase in entrepreneurship. The assumption that entrepreneurs react to the incentive structures existing in an economy is supported historically by Baumol (1990). Institutional considerations may encourage rent-seeking entrepreneurial behavior, such as criminal activity and corruption, rather than socially beneficial behavior, like starting new businesses (Shane et al., 2003). Baumol (1990) argues that if the institutional environment is conducive to entrepreneurship and property rights and the rule of law are secure, then entrepreneurs will be encouraged to engage in socially productive investments. Conversely, if the institutional environment suppresses legitimate entrepreneurial activity, then entrepreneurship will be discouraged.

Any nation must have an enabling environment with institutions that offer security, safety, business incentives, and the necessary resources needed to launch and grow a business in order to have a vibrant entrepreneurship sector (Bosma et al., 2011; Herrington et al., 2010). According to Nelson (1993), specific institutional structures play a crucial role in directing firms' strategic activities and influencing the degree and nature of innovation occurring within a country. Bartholomew (1997) explained how the institutional patterns of a country, including access to educational and research institutions, availability of financing sources, and access to educated labor pools, shape the way innovation arises within that country.

Variances in institutional frameworks among nations can lead to varying degrees of entrepreneurial engagement within each country. According to Casson (1990), a system that boosts collaboration between entrepreneurs in a country can improve problem-solving abilities and boost entrepreneurial pursuits. Amidst unpredictable and unstable conditions, numerous governments across the globe put in significant efforts to promote and encourage entrepreneurship, in order to obtain the economic advantages that come with new venture initiatives (Urban & Kujinga, 2017). The creation of industrial ecosystems that encourage cooperative innovative thinking and information exchange among universities, research institutes, and industries is one example of how the USA and several European countries have worked to achieve this (Daz-Casero et al., 2009). The ultimate goal of these efforts is to encourage the expansion of entrepreneurial ventures.

The institutional environment of a country can be divided into three key categories, according to Busenitz et al. (2000): regulatory institutions, cognitive institutions, and normative institutions. According to studies, the three institutional factors strongly affect people's entrepreneurship and propensity to start new enterprises by influencing their perceptions of how new initiatives are developed (Heilbrunn, Itzkovitch, & Weinberg, 2017). Perceptions having an effect on someone's desire to pursue entrepreneurship include their perceptions of the viability and appeal of doing so (Ajzen, 1991; Bruno & Tyebjee, 1982; Shapero & Sokol, 1982). People are more likely to act to achieve their goals if they have positive opinions about a career in business and feel competent to run a starting business (Heilbrunn et al., 2017).

In order to gain a better understanding of entrepreneurship among individuals, this research examined the intention to establish new ventures among Nepalese youths by utilizing institutional theory and the intentionality perspective of entrepreneurship. In particular, our study examined how the institutional environment impacts the entrepreneurial intentions of Nepalese youth through perceived feasibility and desirability.

1.2 Statement of Problem

The institutional environment has a significant impact on how intentions of entrepreneurship are formed, as it affects the perceived feasibility and desirability of entrepreneurship among individuals (Shirokova, Osiyevskyy, & Bogatyreva, 2016). In the context of entrepreneurship, understanding intentions is crucial because it reflects the willingness of individuals to engage in entrepreneurial activities, which is a precursor to venture creation. However, in Nepal, there is a lack of in-depth research on how institutional environments influence entrepreneurial intentions. This gap in the literature highlights the need for further investigation into the relationship between institutional environments and entrepreneurial intentions. This paper aims to address this gap by integrating institutional environments with entrepreneurial intentions, contributing to a broader understanding of the factors that affect entrepreneurship in Nepal.

1.3 Research Questions

1. Is the current situation of Nepal's institutional environment good enough to start a new venture?
2. Is there any effect of institutional environments on entrepreneurial intention among youths in Nepal?
3. To what extent does the desirability and feasibility of entrepreneurship mediate the relationship between institutional environment and entrepreneurial intention among youths in Nepal?

1.4 Objectives of Study

The primary goal of this study is to assess how the institutional setting impacts the inclination of Nepalese youth towards entrepreneurship. The study intends to explore the various factors present in the institutional environment that may influence entrepreneurial intentions of youths.

1. To assess the institutional environment and entrepreneurial intention among youths in Nepal.
2. To identify the impact of institutional contexts on young people's entrepreneurial intentions in Nepal.
3. To analyze the mediating role of desirability and feasibility in the relationship between institutional environment and entrepreneurial ambition among young people in Nepal.

1.5 Research Hypothesis

Number of studies suggest that the role of regulatory environment in shaping entrepreneurial intention is vital, with factors such as regulatory burden, institutional support, regulatory complexity, and regulatory uncertainty having a significant impact on entrepreneurial intention. Busenitz (2000) and Tan (2005) suggests that regulatory environment and policies can have a significant impact on entrepreneurial activities so the hypothesis H1 is proposed as:

Hypothesis H1: There is significant impact of regulatory environment in entrepreneurial intentions.

According to Busenitz et al.'s (2000), definition of the normative aspect of the institutional environment, which assesses the level of appreciation and admiration for entrepreneurial

activity and innovative thinking among a country's residents, the second hypothesis assumes that:

Hypothesis H2: There is significant impact of normative environment in entrepreneurial intentions.

According to Busenitz et al. (2000), the cognitive component refers to the knowledge and abilities that people in a nation have regarding founding and operating a new firm. Based on this definition, the third hypothesis assumes that:

Hypothesis H3: There is significant impact of cognitive environment in entrepreneurial intentions.

Numerous studies have investigated the relationship between entrepreneurial intention and perceived desirability, as well as the mediating role of perceived desirability in the relationship between the rational, cognitive, and normative environment and entrepreneurial intention. These studies suggest that perceived desirability plays a critical role in mediating the relationship between the rational, cognitive, and normative environment and entrepreneurial intention (Krueger, 1993; Shapero & Sokol, 1982; Zhao et al., 2005). Based on this the following hypothesis are proposed.

Hypothesis H4a: Perceived desirability mediates the relationship between regulatory environment and entrepreneurial intentions.

Hypothesis H4b: Perceived desirability mediates the relationship between normative environment and entrepreneurial intentions.

Hypothesis H4c: Perceived desirability mediates the relationship between cognitive environment and entrepreneurial intentions.

Several studies have suggested that perceived feasibility plays a significant mediating role in the relationship between the rational, cognitive, and normative environment and entrepreneurial intention (Autio et al., 2001; Krueger, 1993; Peterman & Kennedy, 2003; Thompson, 2009; Zhao et al., 2005). These findings suggest that the perception of feasibility is a crucial factor in determining an individual's likelihood of pursuing entrepreneurial careers. So, hypothesis H5a, H5b, H5c are proposed as:

Hypothesis H5a: Perceived Feasibility mediates the relationship between regulatory environment and entrepreneurial intentions.

Hypothesis H5b: Perceived Feasibility mediates the relationship between normative environment and entrepreneurial intentions.

Hypothesis H5c: Perceived Feasibility mediates the relationship between cognitive environment and entrepreneurial intentions.

Factors such as prior entrepreneurial experience, exposure to role models, cultural and social norms, and personal attitudes and beliefs can significantly influence an individual's perception of the feasibility of starting a new venture (Autio et al., 2001; Liñán & Chen, 2009; Zhao et al., 2005). These findings highlight the importance of considering perceived feasibility as a critical factor when designing interventions to promote entrepreneurship. Based on those findings hypothesis H6a is proposed as:

Hypothesis H6a: Perceived feasibility influences entrepreneurial intentions.

Numerous studies have investigated the relationship between entrepreneurial intention and perceived desirability. For instance, Liñán and Chen (2009) developed a specific instrument to measure entrepreneurial intentions and found that perceived desirability is a crucial factor in predicting entrepreneurial intentions. Similarly, Autio et al. (2001) found that perceived desirability is one of the most significant determinants of entrepreneurial intention. Moreover, studies have shown that enhancing perceived desirability through education and training programs can increase the likelihood of individuals pursuing entrepreneurial careers (Ajzen, 1991; Wu et al., 2008). So hypothesis H6b is proposed as:

Hypothesis H6b: Perceived desirability influences entrepreneurial intentions.

1.6 Scope and Limitation of the Study

This research investigates the relationship between institutional environment and entrepreneurial intention among youth in Nepal. The results of this study will offer insights to policymakers, educators, and practitioners to design and implement effective entrepreneurial development programs that can improve the institutional environment and promote entrepreneurship among youth. Furthermore, the study will contribute to the limited body of

knowledge on the subject in the Nepalese context. This study aims to fill this research gap and provide valuable insights for future research in this area.

This study has a few shortcomings. The sample used might not be representative of Nepal's overall youth population. This study depends on self-reported perceptions of the respondents, and may not reflect their actual behavior. The study focuses only on the impact of institutional environment and may not take into account other factors that may affect entrepreneurial intentions, such as personal characteristics and cultural factors.

1.7 Outline of the Study

The research comprises three main sections: the beginning, the main content, and the additional section. The cover page, table of contents, acknowledgments, a list of figures and tables, a list of abbreviations, and a summary are all included in the report's introductory part. Appendices and references are also included in the extra material. The core body of the report is organized into five chapters in accordance with Tribhuvan University's formatting guidelines.

The introductory section includes the context of the investigation, issue statement, study objectives, importance and limitations, and structure. The second chapter comprises a review of previous research on relevant concepts and studies. The literature review identifies gaps in existing research and provides the theoretical framework for the study. The theoretical framework is developed based on the literature review and presented. Chapter three covers the population as well as the sample, sampling procedure, sources and methods of data collection, instrumentation, and information processing methodology. While the population and sample give information about the target demographic and sample size, the research methodology describes how the study was carried out.

Chapter four consists of data analysis, which systematically represents the collected data. The data is presented in tables and diagrams for easy interpretation, followed by analysis and inferences. Chapter five has three sections: discussion, conclusion, and implications. The discussion section compares the findings with the existing literature, while the conclusion summarizes the results and draws conclusions based on the research question. The implications section outlines the implications that might be useful for future research and practice. Overall, the study offers a thorough grasp of the connection between the institutional setting and young people's entrepreneurial ambition in Nepal.

CHAPTER II

RELATED LITERATURE AND THEORETICAL FRAMEWORK

This chapter presents an overview, findings and significant developments in theory and methodology related to the topic from the previous studies. The findings from the empirical research are used as the theoretical background to develop the theoretical/conceptual framework.

2.1 Theoretical Review

2.1.1 Theory of Planned Behavior, Shapero and Sokol's Model and Entrepreneurial Intention

Several studies contend that an important aspect of entrepreneurship is the motivation for starting a business (Gist & Mitchell, 1992; Boyd & Vozikis, 1994; Krueger et al., 2000). The literature supports the significance of intention, and intentional models have consistently shown promising outcomes (Krueger & Brazeal, 1994). Ajzen's (1991) Theory of Planned Behavior (TPB) and Shapero's (1982) SEE Model are two intention-based models that are well-known and have a solid theoretical foundation. Both models emphasize the importance of increasing perceptions of feasibility and desirability to promote the creation of new business (Krueger et al., 2000; Krueger & Dickson, 1994).

TPB is the most widely used theoretical model to investigate entrepreneurial intent. This model offers a strong foundation for forecasting human behavior and has been proved to be successful in comprehending and foreseeing entrepreneurial objectives in many circumstances (Ajzen, 2005; Gird & Bagraim, 2008). The model assumes that personality traits and general attitudes influence specific behaviors indirectly by affecting factors that are closely related to the behavior in question. Individuals are likely to engage in a specific behavior if they have a positive personal evaluation of the behavior, if they receive support from key people, and if they think they have the resources and opportunities needed (Ajzen, 1991; Urban & Kujinga, 2017).

According to TPB, there are three main factors which influence behavioral intentions: subjective norms, attitudes towards the behavior in question, and a sense of behavioral intention. Attitudes refer to people's overall feelings about a behavior and are based on their underlying assumptions about the expected outcomes of that behavior. Similarly, the attitude towards behavior describes how favorably or unfavorably one views that behavior. A subjective norm is an example of

social pressure to either engage in or avoid a certain activity, while perceived behavioral control reflects one's confidence in their ability to manage their behavior (Ajzen, 1991). This theory provides a broad perspective on behavior and aims to explain how beliefs and attitudes lead to useful actions.

Shapero and Sokol's model of entrepreneurship is a widely used framework that attempts to explain how entrepreneurial behavior and activity are shaped by various factors. The model has its roots in earlier work by Shapero, who proposed that entrepreneurial behavior is influenced by two factors: perceived desirability and perceived feasibility (Shapero, 1982). According to Shapero and Sokol's model, the entrepreneurial event is influenced by three major factors: environmental factors, personal factors, and organizational factors. Environmental factors refer to the external conditions that provide opportunities for entrepreneurship, such as economic conditions, technological developments, and government policies. Personal factors include individual characteristics such as personality traits, cognitive factors, and motivation. Organizational factors refer to the internal factors that influence entrepreneurial activity, such as the availability of resources, the quality of management, and the level of innovation (Shapero & Sokol, 1982).

Initiating a new venture or starting a business is often characterized as a deliberate act that involves intentional choice. Attitudes play a significant role in shaping an individual's behavior by influencing their intentions. According to path analysis, the relationships between attitudes and intents, as well as those between behavior and behavior, fully explain the association between behavior and attitudes (Kim & Hunter, 1993). In contrast to people who have an entrepreneurial mentality or temperament, those who have entrepreneurial intent have given the potential of beginning a new venture some intentional thought in the days ahead and have not ruled it out. Individuals with an entrepreneurial personality or disposition who lack entrepreneurial purpose may not have given the idea of starting a new business any conscious thought or may have given it some thought but not taken any action for a variety of reasons (Thompson, 2009).

2.2 Empirical Review

2.2.1 Institutional Environment

Institutions are customs, methods, or regulations for social behavior that have become firmly established and challenging to substitute with other options. (North, 1990; DiMaggio & Powell, 1991; Welter & Smallbone, 2011). Kostova (1997) introduced the concept of a "country institutional profile," that was refined and validated by Busenitz et al. (2000) in a six-nation study that revealed significant differences among countries (Valdez & Richardson, 2013). According to Busenitz et al. (2000), institutions shape the nature and level of entrepreneurial activity in different economies. The legal, normative, and cognitive needs of institutional contexts are proposed to change over time in organizational structures and behaviors, ensuring legitimacy (Scott, 2001; Roth & Kostova, 2003).

Barral, Ribeiro, and Canever (2018) stated that the environment in which individuals operate significantly influences their entrepreneurial decision-making. Government regulations create constraints and incentives that are known as formal institutions. On the other hand, non-formal institutions are cognitive in nature and represent social arrangements and agreements which affects social coordination and interaction (Veretennikova, Naumov, & Kozinskaya, 2018). Popov et al. (2018) indicated that economic conduct is influenced by non-formal institutions, including social norms, standards, and customs that have originated from cultural traditions. The regulatory structures and incentive programs of formal organizations are also impacted by non-formal institutions. It is worth noting that the main distinguishing feature between formal and non-formal institutions is that informal regulations arise autonomously and are not subject to the established legal system of the state.

There is a growing body of research indicating that the institutional environments of countries, which develop over time and influence intentions, perception of feasibility and desirability have an impact on entrepreneurial activities (Griffiths et al., 2013). In subsistence markets, the institutional environment is often considered unique, with normative and cognitive institutions playing a more significant role than regulative institutions, which may play a smaller or negligible role (Warren et al., 2016). Additionally, the subsistence markets frequently exhibit a greater prevalence of structural holes within business ecosystems, along with regulatory gaps (Kolk, 2014). Welter and Smallbone (2011) found comparable results to those found by other

studies, indicating that the institutional environment of a nation can influence individuals' inclination to participate in entrepreneurial activities. According to the available literature, entrepreneurship and its intensity can be explained through the interplay of three institutional pillars: regulation, norms, and cognition. These factors are believed to be critical in driving entrepreneurial activity and shaping the underlying reasons behind it. As Abdesselam, Bonnet, Renou-Maissant, and Aubry (2018) suggest, the institutional environment, including regulations, social norms, and cognitive frameworks, provides a fertile ground for entrepreneurial behavior to emerge and thrive.

2.2.2 Regulatory Institutional Environment and Entrepreneurial Intention

The regulatory environment includes both formal rules and incentives that impose restrictions on and control entrepreneurship (Seelos et al., 2011). Rules and consequences for behavior, as well as rewards and penalties, are determined by the regulatory environment. According to Valdez and Richardson (2013), both formal and informal regulations play a role in shaping it. According to Klapper, Laeven, and Rajan (2006), the regulatory environment can influence the degree of risk associated with launching a new firm. The regulatory component of the organizational profile consists of the laws, regulations, and policies that support new enterprises, lower starting threats, and make it simpler for entrepreneurs to obtain resources. As Busenitz, Gomez, and Spencer (2000) pointed out, firms can leverage the resources provided by government-sponsored initiatives and policies that promote entrepreneurship. Similarly, Nissan, Martin, and Mendez (2011) emphasized the crucial role of formal institutions in shaping the context within which entrepreneurial ventures operate and, consequently, their impact on economic growth. Legislative bodies can also influence the broader institutional framework that impacts entrepreneurial activities, such as the steps and rules for launching a business.

According to Welter and Smallbone (2011), government regulations can have both positive and negative effects on entrepreneurial intentions. They suggest that while some regulations may offer protection for new businesses and reduce uncertainty, excessive regulations may act as barriers to entry and discourage individuals from starting a new venture. Similarly, Liñán and Chen (2009) found that government regulations can have a negative impact on entrepreneurial intentions, particularly for individuals in developing countries. They suggest that in these countries, a lack of clear and consistent regulations can create uncertainty and make it difficult for entrepreneurs to plan and start a new business. Other studies have also investigated the

effects of different types of regulations on entrepreneurial intentions. Minniti and Nardone (2009) concluded that tax regulations can significantly affect entrepreneurial intentions, indicating that lower taxes and simplified tax systems are associated with higher rates of entrepreneurship. Moreover, institutional factors other than government regulations may also influence entrepreneurial intentions. In a study by Baumol (1990), cultural and social norms were found to play a significant role in shaping entrepreneurial intentions. He discovered that in societies where entrepreneurship is highly valued, individuals are more inclined to start their own businesses.

According to Busenitz, Gomez, and Spencer (2000), companies can benefit from government initiatives that encourage entrepreneurship and provide access to resources through publicly-funded projects. Additionally, Nissan, Martin, and Mendez (2011) argued that institutions, specifically formal institutions such as the regulations and time required to setup a new ventures, have a substantial consequence on economic growth. This suggests that legislation has the potential to structure the framework in which entrepreneurship influences the growth of economy.

Liñán and Fernandez-Serrano (2014) found that regulatory environment has a positive impact on entrepreneurial intention. They used a survey method to collect data from 678 Spanish university students. Kautonen, Van Gelderen, and Fink (2015) found that regulatory burden has a negative impact on entrepreneurial intention. They used survey data from 13 European countries.

Bosma and Schutjens (2011) found that institutional support has a positive impact on entrepreneurial intention. They used survey data from 22 countries. Dheer and Lenka (2018) found that regulatory complexity has a negative impact on entrepreneurial intention. They used survey data from 150 Indian entrepreneurs. Zhang, Lu, and Li (2019) found that regulatory uncertainty has a negative impact on entrepreneurial intention. They used survey data from 226 Chinese entrepreneurs.

2.2.3 Normative Institutional Environment and Entrepreneurial Intention

The levels of entrepreneurial activity in a country are influenced not only by the macroeconomic environment and immediate business environment but also by long-lasting national traits. Bygrave and Minniti (2000) and Urban (2008) have suggested that these national characteristics

have an effect on entrepreneurship. Busenitz, Gomez, and Spencer (2000) suggested that the normative environment evaluates the level of support that citizens of a country give to entrepreneurial activities and innovative thinking. Valdez and Richardson (2013) suggested that the most influential factors behind entrepreneurship are the normative and cultural-cognitive institutions. According to Baumol (1990), entrepreneurship will not only be linked with criminal activity and unethical behavior in a culture where it is not highly valued, but other forms of economic support will also be ineffectual.

Valdez and Richardson (2013) stated that the normative component of the institutional environment centers on the societal values and social norms that define acceptable behavior. According to Busenitz et al. (2000), the normative aspect of the institutional environment has an impact on how much a nation's inhabitants appreciate and value entrepreneurial activity and creative thinking. In the business field, Diochon and Ghore (2016) emphasized the importance of understanding the local context. As suggested by Urban and Kujinga (2017), Karanda and Toledano (2012) contend that altering the narrative of the entrepreneurial future can only be accomplished by causing a normative shift in people's attitudes. According to David Audretsch and Heidi Lehwalder (2016), a strong culture that encourages and supports entrepreneurship, known as a normative institutional environment, can positively affect individuals' entrepreneurial intentions. By surveying individuals in various countries, they discovered that those in nations with a more robust normative institutional environment were more inclined to have entrepreneurial intentions. Additionally, cultural values, such as individualism and achievement, can influence the normative institutional environment, thus shaping entrepreneurial intentions. Maximilian Löfqvist and Bjorn Bjerke (2018) also studied social norms in their investigation of the role of social norms in shaping entrepreneurial intentions. They found that individuals who have a strong sense of social norm compliance were more likely to have entrepreneurial intentions. This finding suggests that social norms can also contribute to shaping the normative institutional environment and influencing entrepreneurial intentions.

There are two viewpoints presented by Davidsson and Wiklund (1997) addressing how the normative environment affects entrepreneurship. The first viewpoint is the supporting environment or societal legitimization view, which contends that an individual's propensity to launch a new business is influenced by the environment's preeminent values and beliefs. The

second perspective argues that entrepreneurship in certain regions creates a pool of entrepreneurs, leading to more entrepreneurial activity. According to this view, entrepreneurial memory, along with legal and economic factors, plays a significant role in shaping the degree of entrepreneurial activities, as emphasized by McClelland (1961) and Bygrave and Minniti (2000). According to these scholars, entrepreneurship is closely intertwined with the social and structural relationships within a community and operates as a self-sustaining cycle. As a result, entrepreneurs play a pivotal role in propelling economic activity forward, with normative institutions and the entrepreneurial legacy of a community being crucial factors in this process.

2.2.4 Cognitive Institutional Environment and Entrepreneurship Intentions

According to Seelos et al. (2011), the collective patterns and scripts that exist within a particular community or society are referred to as the cognitive environment. According to Sine and David (2010), cultural cognitive validity is a gauge of how closely a process adheres to the prevalent ideology and presumptions of a specific social context. These beliefs have a significant impact on the entrepreneurial process, structure, and results. The works of Baron (2008) and Krueger et al. (2000) provided evidence that the field on entrepreneurial cognition has made great progress in examining the interaction between cognitive processes and decision-making in entrepreneurship. In addition, cognitive flexibility is described by Haynie and Shepherd (2009) as the capacity to successfully alter one's decision-making approaches in response to feedback from the environment. The perspective of entrepreneurial cognition helps researchers comprehend the thought processes and motivations behind entrepreneurial actions (Krueger, 2000). While previous cognitive approaches have focused on defining "entrepreneurial cognition" through knowledge or heuristics, the concept of cognitive adaptability, a process-oriented approach, is a recent addition to entrepreneurship research. Cognitive institutions, which are culturally specific beliefs about expected behavior, are learned through social interactions while growing up or living in a community or society. The institutional environment of a country, particularly its entrepreneurial context, serves as a decision-making environment.

The cognitive environment has a significant impact on a firm's level of entrepreneurial orientation, as noted by Urban (2019). Wannamakok and Chang (2019) suggested that improving people's perceptions of entrepreneurship's practicality and attractiveness can enhance their belief in their ability to take action. Entrepreneurship is associated with cognitive and behavioral traits such as persistence, effective communication, trustworthiness, creativity, and

customer satisfaction. Other characteristics include constructive criticism acceptance, reduced anxiety about failure, empathy, and a willingness to take on challenges, according to Urban (2008).

2.2.5 Desirability, Feasibility and Entrepreneurial Intention

The TPB suggests that entrepreneurial inclination is determined by person's perceived desirability and feasibility. However, Dodd et al. (2009) argue that other factors, such as moral obligation, can also play a role in shaping an individual's intention to engage in certain social behaviors, including entrepreneurship.

Perceived desirability refers to person's understanding of how attractive it is to be an entrepreneur. This perception is shaped by various factors, including an individual's beliefs, ideals, and sentiments, which can be influenced by their society, such as family, community, and educational background (Ayob et al., 2013). Individuals who have positive attitudes and optimistic beliefs about entrepreneurship are more likely to view it as a desirable career path (Shapiro & Sokol, 1982). Studies have found perceived desirability to be a significant predictor of entrepreneurial intention. For instance, Krueger (1993) found perceived desirability to be among the most significant factors of entrepreneurial intention, based on an analysis of upper-division university business students. According to Prabhu (1999), those who come from society that support entrepreneurship have a better chance of succeeding. Furthermore, perceived feasibility also has a notable impact on entrepreneurial ambition (Soomro et al., 2020). Practicality has also been identified as a factor that positively impacts social entrepreneurial intention in South Africa (Urban & Kujinga, 2017; Wannamakok & Chang, 2019).

Feasibility is a key factor in determining whether individuals believe they can become successful entrepreneurs. Perceptions of business success, self-efficacy levels, and knowledge about new businesses are all measures that can be used to assess feasibility (Krueger & Brazeal, 1994). According to institutional theory, the regulatory institutional environment significantly affects new venture development and perceived feasibility (Heilbrunn et al., 2017; Urban, 2013). Studies have recommended that a broader framework for entrepreneurship should include the regulatory environment (Bernardino, Santos, & Ribeiro, 2016). In addition, entrepreneurial intention is influenced by both cognitive and behavioural factors (Urban, 2008). The cognitive component can increase self-belief, which can help people believe they have the

knowledge and resources needed to engage in entrepreneurial activity (Shane, 2008). As a result, institutional environment factors can influence how people view the viability of entrepreneurship, making viability an important indicator of entrepreneurial intent.

The relationship between perceived feasibility and entrepreneurial intention has been established by several researchers, including Krueger (1993) and Fitzsimmons and Douglas (2005). This relationship suggests that there is a correlation between perceived desirability and entrepreneurial intention. Shapero (1975) suggested that an individual's propensity to act reflects their internal locus of control, which is the volitional aspect of intent that represents their ability to take action on their decisions. Iakovleva and Kolvereid (2009) discovered that control perceptions, or even the urge to impose control through action, can affect a person's propensity to take advantage of a situation. Ayob et al. (2013) found that an individual's decision to pursue entrepreneurship is based on their evaluation of the most desirable and realistic opportunity. The perceived desirability to start social entrepreneurship initiatives has been found to be positively associated with the intention to establish social businesses among students who are exposed to social entrepreneurship and evaluate its viability (Ayob et al., 2013). Henley et al. (2017) also found that perceived desirability and feasibility are important factors in understanding entrepreneurial intention among undergraduate students in Colombia, which is supported by a well-established and validated survey. According to Mair and Noboa (2003), one's perception of the attraction and feasibility of entrepreneurship affects their intention. Therefore, perceived desirability and feasibility are important factors that influence an individual's intention to pursue entrepreneurship.

Furthermore, institutional environments, including regulatory, normative, and cognitive factors, can impact an individual's perceptions of feasibility and desirability, as highlighted by Fayolle and Francisco (2014) and Shane (2008). Hence, entrepreneurial intention can be defined as an individual's willingness to establish new ventures based on their perceived feasibility and desirability (Krueger et al., 2000). Several important factors that influence entrepreneurial intention have been found, including inclination to act, perceived control of behavior, perceived attractiveness, and attitude toward activity, by Krueger JR, Reilly, and Carsrud (2000). The researchers suggested that promoting the perception of entrepreneurship as both feasible and desirable could be an effective way to encourage entrepreneurial intention. Similar findings were made by Soomro et al. (2020), who discovered that perceived desirability, perceived

feasibility, and self-efficacy each have a favorable effect on entrepreneurial ambition. Krueger et al. (2000) also found that individuals with a high need for achievement and perceived opportunity were more likely to have entrepreneurial intentions. Moreover, the study found that individuals with a high need for autonomy and low levels of fear of failure were more likely to have higher levels of entrepreneurial intentions.

Kolvereid (1996) discovered that the relationship between demographic variables and entrepreneurial intentions is influenced by perceived opportunities and perceived barriers. The study concluded that individuals who perceive fewer barriers and more opportunities to entrepreneurship are more likely to have entrepreneurial intentions. According to Baum et al. (2007), entrepreneurial intentions are influenced by a combination of individual and contextual factors. Individual-level factors, including personality traits, human capital, need for achievement, need for autonomy, fear of failure, and general self-efficacy, can all contribute to entrepreneurial intentions. Contextual factors, such as cultural and institutional factors, also play a role in shaping these intentions. Specifically, cognitive institutional factors like perceived opportunities and social norms can positively impact entrepreneurial intentions. Baum et al. (2007) found that individuals with high levels of general self-efficacy and opportunity recognition are more likely to have entrepreneurial intentions. In another study, Byabashaija and Katono (2011) concluded that desirability and feasibility were significant determinants of entrepreneurial intention among Ugandan students who received entrepreneurial education.

Table 1*Matrix of Empirical Reviews*

Author(S), Year	Variables	Method	Findings
Krunger & Brazeal, 1994	Perceived feasibility, entrepreneurial intention	Survey, 346 entrepreneurs in the US	Entrepreneurial intention is positively influenced by perceived feasibility.
Fitzsimmons & Douglas, 2005	Perceived feasibility, entrepreneurial intention	Survey, 134 business students in the US	Perceived feasibility has a positive influence on entrepreneurial intention.
Urban, 2008	Perceived desirability, perceived feasibility, entrepreneurial intention	Survey, 422 business students in Germany	Perceived feasibility and desirability have a positive impact on entrepreneurial intention, and cognitive dimension mediates the relationship between perceived feasibility and entrepreneurial intention.
Shane, 2008	Perceived feasibility, entrepreneurial intention	Survey, 394 entrepreneurs in the US	Perceived feasibility is a significant predictor of entrepreneurial intention.
Byabashaija & Katono, 2011	Institutional environment, perceived desirability, entrepreneurial intention	Survey, 239 business students in Uganda	Rational and normative institutional environments positively affect perceived desirability, which in turn positively affects entrepreneurial intention.
Iakovleva & Kolvereid, 20011	Propensity to act, perceived feasibility, entrepreneurial intention	Survey, 234 entrepreneurs in Norway	Propensity to act positively affects perceived feasibility, which in turn positively affects entrepreneurial intention.
Alegre & Chiva, 2013	Institutional environment,	Structural equation	Institutional environment has a significant positive impact on both

	Perceived Feasibility, Perceived Desirability, Entrepreneurial Intention	modelling and survey (160 small business owners)	Perceived feasibility and perceived desirability, positively influence entrepreneurial intention.
Ayob, Yap, Sapuan, & Rashid, 2013	Institutional environment, Perceived desirability, Entrepreneurial intention	Survey, 399 business students in Malaysia	Rational and normative institutional environments positively affect perceived desirability, which in turn positively affects entrepreneurial intention.
Urban, 2013	Institutional environment, Perceived desirability, Perceived feasibility, Entrepreneurial intention	Survey, 294 business students	Rational and normative institutional environments positively affect perceived desirability and feasibility, which in turn positively affect entrepreneurial intention.
Ahlin & Drnovšek, 2014	Institutional environment, Perceived desirability, Perceived feasibility, Entrepreneurial intention	Structural equation modelling and survey (386 SME owners)	Institutional environment positively influences perceived desirability, which in turn has a significant impact on entrepreneurial intention. Perceived feasibility partially mediates the link between institutional environment and entrepreneurial intention.
Bernardino, Santos, & Ribeiro, 2015	Institutional environment, Perceived desirability, Perceived feasibility, Entrepreneurial intention	Qualitative research, 27 Portuguese entrepreneurs	Institutional environment (especially cognitive and normative dimensions) positively affects perceived desirability and feasibility, which in turn positively influence entrepreneurial intention.
Boso et al., 2016	Institutional environment, Perceived desirability,	Structural equation modelling and	Institutional environment has a notable impact on both perceived desirability and perceived feasibility

	Perceived feasibility, entrepreneurial intention	survey (440 SME owners)	and both of them, positively influence entrepreneurial intention. Perceived desirability partially mediates the relationship, while perceived feasibility fully mediates their linkage.
Heilbrunn et al., 2017	Institutional environment, perceived desirability, perceived feasibility, entrepreneurial intention	Cross-sectional survey, 500 entrepreneurs in Israel	Institutional Rational environment positive influence perceived feasibility, which in turn positively affects entrepreneurial intention.
Henley, Torres, Espinosa, & Barbosa, 2017	Perceived desirability, perceived feasibility, entrepreneurial intention	Survey, 1264 business students in Colombia	Entrepreneurial intention is positively impacted by perceived desirability and feasibility.
Soomro, Lakhan, Mangi, & Shah, 2020	Institutional environment, perceived desirability, perceived feasibility, entrepreneurial intention	Survey, 600 business students in Pakistan	Rational and normative institutional environments and self-efficacy positively affect perceived desirability and feasibility, which in turn positively affect entrepreneurial intention.
Boya & Tahir, 2021	Institutional environment, perceived desirability, perceived feasibility, entrepreneurial intention	Structural equation modelling and survey (305 entrepreneurs)	Perceived feasibility and desirability both benefit greatly from the institutional context, which in turn influences entrepreneurial intention.

2.3 Research Gap

Based on the review of existing literature, some potential research gaps that were identified were:

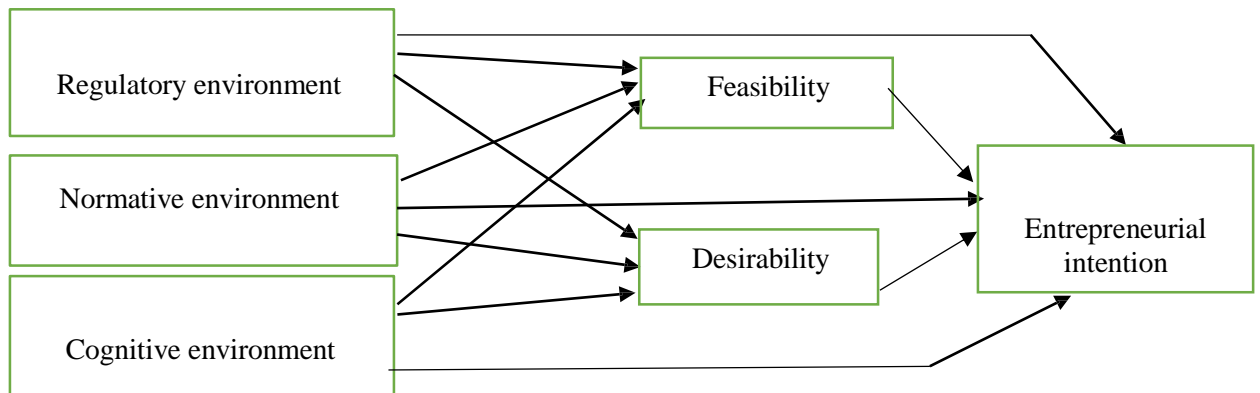
- Limited focus on the specific components of institutional environment, such as rational, cognitive, and normative factors, in relation to entrepreneurial intention.
- Insufficient exploration of perceived desirability and perceived feasibility's role on mediating role between institutional environment and entrepreneurial intention of youth in Nepal.

By filling these research gaps, the study outcomes will enhance the pool of literature on entrepreneurial intention in Nepal.

2.4 Theoretical Framework

Figure 1

Theoretical Framework of Research



Source: (Wannamakok & Chang, 2019)

The conceptual model for this research is presented in Figure 1. The intention to become an entrepreneur i.e. entrepreneurial intention is the outcome variable and the independent factors are the regulatory, normative, and cognitive environments. Feasibility and desirability are two of the mediating factors.

CHAPTER III

RESEARCH METHODS

This chapter includes the methods used to discover a relation between institutional environments specifically the regulatory, normative, and cognitive environments and entrepreneurial intention in Nepal. Some of the topics discussed in the debate include study design, sample size and population, collection procedure, sources of data, tools and measurements, and data processing tools. Each of these approaches is briefly described in this chapter.

3.1 Research Design

To collect and analyze the required data, a research design defines the overall strategy and particular techniques to be employed. It serves as a guide for achieving the research objectives by specifying the necessary steps to be taken. For this particular study, a causal comparative and the descriptive research design was adopted. The goal of the descriptive study approach is to pinpoint the institutional settings that influence the intentions of entrepreneurs. Further research on the association between an institutional environment and entrepreneurship used a causal comparative method.

3.2 Population and Sample

According to a study by Liñán and Fayolle (2015), understanding youth entrepreneurship is important because it can lead to the creation of new jobs, promote economic growth, and improve social welfare. The authors argue that youth are a valuable resource for entrepreneurship due to their creativity, energy, and willingness to take risks. Another study by Kautonen et al. (2015) found that entrepreneurial intentions among youth are influenced by various factors such as personal characteristics, social environment, and institutional support. The authors highlight the importance of identifying these factors to promote and support youth entrepreneurship. In a study by Chen et al. (2019), the authors argue that youth entrepreneurship can be a means of addressing societal challenges such as unemployment and poverty. They emphasize the need to develop policies and programs that support youth in developing their entrepreneurial skills and creating successful ventures.

The sample for the research consists of Nepali youths whose age is between 20-35 years, have completed at least a Bachelor's degree and are currently employed in various organizations. To

determine the minimum sample size for the study, Cochran's formula (1977) was applied as the population size and variability were indeterminate. A 0.5 maximum variability ($p = 0.5$) was presumed to calculate the sample size, and a 95% confidence interval with a precision of $\pm 5\%$ was selected.

$n = z^2 * p * q / e^2$ Where,

n = sample size for unknown population

Z = Z value

p = Population proportion

e = desired level of precision

$q = 1 - p$

Based on this calculation, 384.16 samples is the minimum sample size required for this study.

3.3 Data Collection

Methods of data collection involve the procedures employed to acquire and accumulate data from study participants. There are two categories of data sources, namely primary and secondary sources. For this investigation, primary data was gathered directly from youths with a questionnaire. The researcher physically distributed the questionnaire in addition to sending it out by email and Google forms. 33 items on a self-administered questionnaire related to six study variables were used. The literature review also used secondary sources, including articles, journals, books, the internet, and newspapers..

3.4 Pilot Study

A pilot study is a small-scale preliminary investigation conducted prior to a large-scale quantitative investigation to assess the precision and consistency of the measurement tool. It is conducted to identify any issues with the measuring instrument. According to Connelly's (2008) recommendation, the sample size for a pilot survey must be 10 percent of total of the projected sample size for the main study. In this study, a pilot test was conducted to assess the scale's reliability, which involved evaluating Cronbach's alpha. 50 samples were used in the pilot test, and it was found that all variables had Cronbach alpha values larger than 0.7. After the pilot test result, the questionnaire was distributed comprehensively among the respondents.

3.4 Data Analysis

After collecting and filtering the data, it was analyzed using SPSS (Statistical Program for the Social Sciences) and Microsoft Excel. Furthermore, various tools such as tables, pie charts, and histograms were utilized to improve the clarity of the presentation of the analyzed data. The main objective of the regression and correlation analyses was to establish the direction and degree of the relationship between the variables in this study. These statistical techniques were utilized to explore the association and interrelationship between the study variables.

3.5 Reliability and Validity

The reliability and validity of the measuring instrument used in research studies are crucial to ensure the accuracy and precision of the study's findings. Researchers should carefully select and use the appropriate measuring instrument to ensure that the results of their study are valid and reliable. Additionally, using a representative sample and assessing the internal consistency of the measuring instrument can increase the external and internal validity of the study's findings.

The assessment of the reliability of measuring instruments is commonly performed using Cronbach's alpha. This tool is frequently used by researchers who employ multiple-item measurements to evaluate a construct or idea. Cronbach's alpha is used to assess the degree of internal consistency of a test instrument. A reliability coefficient ranging from 0.70 to 0.95 is generally regarded as satisfactory. However, a lower alpha value may indicate that the measuring instrument is not reliable. A low alpha value may be caused by low item interrelatedness, few questions, or heterogeneous constructs.

Using Cronbach's alpha, the accuracy of the data gathered is evaluated. The study's findings will only be as good as the data that is collected. Therefore, it is essential to ensure that the measuring instrument used to collect data is reliable and valid.

Table 2*Cronbach's Alpha Test*

Variables	No of Items	Cronbach's Alpha
Rational Environment	8	0.767
Normative Environment	4	0.727
Cognitive Environment	4	0.711
Perceived Desirability	3	0.730
Perceived Feasibility	5	0.737
Entrepreneurial Intention	9	0.812

The findings of a Cronbach's Alpha analysis for the variables utilized in this study are shown in Table 2. The first three variables, Regulatory Environment, Normative Environment, and Cognitive Environment, had 8, 4, and 4 items with coefficients of 0.767, 0.727, and 0.711 respectively, which shows the good internal consistency between them. A Cronbach's Alpha coefficient of 0.730 for the three-item Desirability factor and a Cronbach's Alpha coefficient of 0.737 for the five-item Feasibility variable both suggested that the factors' internal consistency was excellent. Finally, the Entrepreneurial Intention variable, with the most items at 9, showed the highest Cronbach's Alpha coefficient of 0.812 that also shows the highest internal consistency. These results suggest that the measures used to assess these variables were reliable and consistent, indicating that they can be used with confidence to investigate the relationship between these variables and entrepreneurship.

CHAPTER IV

ANALYSIS AND RESULTS

The outcomes of the study are analyzed and explained in this chapter. To elaborate on the properties of the variables, the collected data is displayed in tables and analyzed using descriptive statistics like mean and standard deviation. Moreover, regression analysis is used to look into the relationship between the variables while correlation analysis is used to determine the degree of link between the variables.

A summary of the findings is presented by comparing them to previous studies. The chapter also includes a discussion of the findings and conclusions. A summary table is included at the end of the chapter to present a succinct and comprehensible overview of the research findings, including the research hypothesis.

4.1 Respondents Demographic Profile

Table 3 displays demographic information of the participants of the research, which is categorized based on gender, age group, level of education, type of working organization, income level and family background in entrepreneurship. The total number of respondents is 407.

The majority of respondents (56.5%) of the 407 were men, while just 43.5% were women. The table reveals that majority of the respondents (48.9 percent) belong to the age group of 26-31, followed by 31.4.7 percent in the group of 20-25 and 19.7 percent in the group of 31-35.

Regarding the level of education, the majority of respondents (55.8 percent) have completed a Bachelor's degree. Additionally, 36.4 percent have completed a Master degree, 7.8 percent have their academic qualification above masters degree. 42.3 percent of the respondents have been working in the private organizations followed by the respondents (17.7 percent) working in Nepal government. The number of respondents working in NGO/INGO's and International organizations was similar (12.8 percent). Among the respondents, 14.5 percent of respondents were self-employed.

The majority of the respondents had 0-5 years of work experience (78.1%), while only a small percentage had 6-11 years (14%) or 11-15 years (7.9%) of experience. In terms of monthly

income, most of the respondents earned between Nrs 30,000 - 50,000 (39.3%), followed by Nrs 50,000 – 1,00,000 (27.5%), Nrs 15,000 - 30,000 (24.3%), and Nrs 1,00,000 – 5,00,000 (8.8%).

Regarding their family history, 56.3% of respondents said they had no entrepreneurial family members, while 43.7% said they had relatives who are currently or had previously owned their own businesses.

Table 3

Respondents Demographic Profile

Variables		Frequency	Percent
Gender	Male	230	56.5
	Female	177	43.5
Age(in years)	20-25	128	31.4
	26-31	199	48.9
	31-35	80	19.7
Academic Qualification	Bachelor's Degree	227	55.8
	Master's Degree	148	36.4
	Above Masters	32	7.8
Working Organization	Nepal Government	72	17.7
	Private Organization	172	42.3
	NGO / INGO's	52	12.8
	International Organizations	52	12.8
Working Experience	Self Employed	59	14.5
	0-5 years	318	78.1
	6-11 years	57	14.0
Monthly Income	11-15 years	32	7.9
	Nrs 15,000 - 30,000	99	24.3
	Nrs 30,000 - 50,000	160	39.3
	Nrs 50,000 – 1,00,000	112	27.5
Does anyone in your Family are entrepreneurs or had been entrepreneurs?	Nrs 1,00,000 – 5,00,000	36	8.8
	Yes	178	43.7
	No	229	56.3

4.2 Descriptive Analysis of the Variables

Table 4

Regulatory Environment's Descriptive Analysis

Opinion Statements	N	Min	Max	Mean	S.D
Governmental organizations helps people starting their own ventures.	407	1	5	3.34	1.111
Government contracts for start-ups and small businesses are set aside.	407	1	5	3.18	1.121
Local governments supports people starting new ventures.	407	1	5	3.15	1.139
Provincial governments supports people starting a venture.	407	1	5	3.21	1.187
Federal government support people starting a new venture.	407	1	5	2.87	1.262
Government sponsored institutes assists new ventures develop.	407	1	5	2.91	1.258
Organization of Businesses (like FNCCI, CNI, and NCC etc.) supports for individuals starting a venture.	407	1	5	3.48	1.151
Even after falling, government assists entrepreneurs starting again	407	1	5	3.35	1.182

Table 4 provides descriptive statistics of various constructs of regulatory environment for entrepreneurship. The table comprises eight items aimed at evaluating the extent of consensus on the regulatory conditions that promote entrepreneurship.

The results show that the highest mean score is for "Organization of Businesses (like FNCCI, CNI, NCC Etc.) supports for individuals starting a venture" with an average value of 3.479, indicating that respondents agreed that such organizations provide support for social entrepreneurship. The second highest mean score is for "Government organizations assist individuals in starting their own ventures" with an average value of 3.342, which shows that

respondents also agreed that government organizations assist individuals in starting their own ventures.

However, the mean score for "Federal government have support for individuals starting a venture" is 2.867, which indicates disagreement among respondents regarding government support for entrepreneurship at the federal level. Similarly, the mean scores for "Government sponsors organizations that help new ventures develop" and "Even after failing, government assists entrepreneurs starting again" are 2.914 and 3.354 respectively, which suggests disagreement among respondents on the role of government in supporting social entrepreneurship.

Overall, the results of the table suggest that while there is some level of agreement that regulatory environment facilitates entrepreneurship in Nepal, there are still areas where improvement is needed, particularly at the federal level.

Table 5

Normative Environment's Descriptive Analysis

Opinion Statements	N	Min	Max	Mean	S.D.
Converting innovative ideas into business is valued in this country.	407	1	5	3.73	0.982
In this nation, success is considered as a result of creativity and innovation.	407	1	5	3.63	1.023
In this nation, entrepreneurs are valued.	407	1	5	3.55	1.003
In this nation, individuals who launch their own businesses are admired greatly.	407	1	5	3.62	1.048

Table 5 provides the descriptive statistics of the normative environment related to entrepreneurship in the country. The table includes four items that measure the societal norms and attitudes towards entrepreneurship.

The initial item presented in the table demonstrates that transforming novel ideas into businesses is esteemed in the nation, scoring an average of 3.732 and a SD of 0.9824. The following item indicates that original and innovative thinking is deemed a pathway to success in the country, receiving an average of 3.631 and a SD of 1.0228. The third item in the table reveals that

entrepreneurs are held in high regard in the country, with a average score of 3.55 and a SD of 1.0033. Lastly, the final item suggests that individuals in the country hold those who initiate their own enterprises in great admiration, attaining an average of 3.619 and a SD of 1.0481.

Overall, the table suggests that the normative environment in the country is supportive of entrepreneurship, with respondents indicating a relatively high level of agreement with the items. This indicates that there is a positive attitude towards entrepreneurship in the country, and that the culture is conducive to the development of new ventures.

Table 6

Cognitive Environment's Descriptive Statistics

Opinion Statements	N	Min	Max	Mean	S.D
People are aware of how to legally protect new business	407	1	5	3.18	0.988
Person who starts new businesses are capable of handling risk.	407	1	5	3.26	1.021
Person who runs new ventures are capable at managing risks.	407	1	5	3.31	1.149
Peoples are aware of where to look for information on service markets.	407	1	5	3.19	1.121

Table 6 shows the descriptive statistics of the cognitive environment related to entrepreneurship. The first item in the table, "Individuals possess the knowledge to legally protect a new venture," exhibits an average value of 3.189 and a standard deviation of 0.9881, implying that the respondents are moderately inclined towards agreement on this aspect. The subsequent item, "Entrepreneurs possess the ability to handle risks," has an average value of 3.263 and a standard deviation of 1.0206, indicating that the respondents are moderately inclined towards agreement that entrepreneurs are skilled at managing risks. The third item, "Entrepreneurs possess the knowledge to manage risks," has an average value of 3.314 and a standard deviation of 1.149, suggesting that the respondents are moderately inclined towards agreement that entrepreneurs have the know-how to manage risks. Finally, the last item, "Most individuals are aware of where to obtain information regarding markets for their services," has an average value of 3.197 and a

standard deviation of 1.121, indicating that the respondents are moderately inclined towards agreement that most individuals possess knowledge of where to seek information about markets for their services.

Overall, the respondents seem to have moderate agreement on the cognitive aspects of entrepreneurship, indicating that they have some knowledge and skills related to starting new ventures.

Table 7

Desirability's Descriptive Statistics

Opinion Statements	N	Min	Max	Mean	S.D
I have always wanted to launch a new business.	407	1	5	3.46	1.112
I would be stressed to start a new venture.	407	1	5	3.48	1.035
I am excited about starting my own business.	407	1	5	3.50	1.107

Table 7 presents the descriptive statistics of the Desirability construct. The average score for the statement "I've always wanted to launch a new business" is 3.462 with SD of 1.112, suggesting that the respondents are somewhat inclined to agree with the statement. The average score for the statement "I would feel anxious about starting a new business" is 3.479 with SD of 1.035, indicating that the respondents are somewhat inclined to agree with the statement. Finally, the average score for the statement "I would be eager to start my own business." is 3.504 with SD of 1.107, implying that the respondents are somewhat inclined to agree with the statement.

Overall, the data suggests that the respondents are somewhat inclined towards starting a new venture, with a slight tilt towards agreement. However, the standard deviation values suggest that there is some degree of variability in the responses, indicating that some respondents are more enthusiastic about starting a new venture than others.

Table 8*Feasibility's Descriptive Statistics*

Opinion Statements	N	Min	Max	Mean	S.D
I have enough knowledge to start a business.	407	1	5	3.71	0.936
It is very simple to set up a new business.	407	1	5	3.49	1.096
I am assured of entrepreneurship success.	407	1	5	3.58	0.987
I am confident to launch an entrepreneurial venture.	407	1	5	3.68	1.006
I would not be overworked.	407	1	5	3.64	1.016

Table 8 shows the descriptive statistics of feasibility related to entrepreneurship. The average score for the statement "I have enough knowledge to start a venture" is 3.708, with SD of 0.936, indicating that the respondents feel moderately confident on average in their knowledge to initiate a venture, but there is some variation in their responses. The average score for "Starting a new business would be very easy" is 3.486, with SD of 1.096, suggesting that the respondents, on average, feel less confident in their ability to start a new business, and there is a higher degree of variability in their responses. The average score for "I am certain of succeeding in entrepreneurship" is 3.528, with SD of 0.987, indicating that, on average, the respondents have moderate confidence in their ability to succeed in entrepreneurship, but there is still some uncertainty. The average score for "I am confident in myself to become an entrepreneur" is 3.676, with SD of 1.006, suggesting that, on average, the respondents have moderate confidence in their ability to become an entrepreneur, but there is some variability in their responses. Similarly, the average score for the statement "I would not be overworked" is 3.641 with SD of 1.016. Overall, the table indicates that the respondents have moderate levels of confidence in their abilities related to entrepreneurship, but there is some variability in their responses.

Table 9*Entrepreneurial Intention's Descriptive Statistics*

Opinion Statements	N	Min	Max	Mean	S.D
I'm determined to open my own business in the future.	407	1	5	3.74	1.042
I have really considered creating my own business in the future.	407	1	5	3.84	1.019
I am very likely to launch a business in the future.	407	1	5	4.27	0.741
My aim is to entrepreneur.	407	1	5	4.17	0.759
I will do everything I can to launch my own company.	407	1	5	4.24	0.826
I do not have any confusion about setting up my own business in the future.	407	1	5	4.28	0.762
My academic background has made a positive influence to my desire in launching a business.	407	1	5	4.25	0.802
I can do anything to be an entrepreneur.	407	1	5	4.23	0.798
Even before I started studying, I was determined to launch my own business.	407	1	5	4.07	0.857

The table 9 shows the descriptive statistics of the entrepreneurial intention of the respondents. The sample size for each of the entrepreneurial intention measures is 407, and the minimum and maximum scores for each measure range from 1 to 5.

The average score for the statement "I am determined to create an entrepreneurial venture in the future" is 3.74, with SD of 1.042, indicating that the respondents have a moderate level of determination to start a business, but their responses vary. The statement "I have very seriously thought of starting entrepreneurship in the future" has an average score of 3.838, with SD of 1.019, suggesting that the respondents have seriously considered starting a business, and there is not much variation in their responses. On the other hand, the average score for "I have a strong intention to start a venture in the future" is 4.273, with SD of 0.741, indicating that the respondents have a strong intention to start a business, and there is little variation in their responses. Finally, the statement "My professional goal is to be an entrepreneur" has an average score of 4.172, with SD of 0.759, indicating that, on average, the respondents have a strong

professional goal of becoming an entrepreneur, and there is not much variation in their responses.

The average score for the statement "I will make every effort to start and operate my own business" is 4.246, with SD of 0.826, indicating that, in general, the respondents are highly motivated to start and operate their own business, but there is some variability in their answers. On the other hand, the average score for "I have no doubts about ever starting my own business in the future" is 4.248, with SD of 0.762, suggesting that, on average, the respondents are very confident about starting their own business in the future, and there is not much variability in their responses. Furthermore, the average score for "My qualifications have had a positive impact on my interest in starting a business" is 4.246, with SD of 0.802, indicating that, on average, the respondents feel that their qualifications have positively influenced their interest in starting a business, and there is not much variability in their responses.

The average score for the statement "I am willing to do whatever it takes to become an entrepreneur" is 4.233, with SD of 0.798, indicating that, overall, the respondents are highly motivated to become an entrepreneur and are willing to take any necessary actions to achieve their objectives, but there is some variation in their responses. Additionally, the average score for "I had a strong intention to start my own business before starting my studies" is 4.076, with SD of 0.857, suggesting that, on average, the respondents had a strong intention to start their own business before beginning their studies, but there is some variability in their answers.

Overall, the table suggests that the respondents have a strong entrepreneurial intention, with relatively low variability in some of the measures and some variability in others.

4.2.1 Normality Test

Table 10

Shapiro-Wilk Test

	Shapiro-Wilk Statistic	Df	Sig.
Rational Environment	0.985	407	0.000
Normative Environment	0.943	407	0.000
Cognitive Environment	0.964	407	0.000
Perceived Desirability	0.936	407	0.000
Perceived Feasibility	0.965	407	0.000
Entrepreneurial Intention	0.870	407	0.000

The table 10 presents the results of the Shapiro-Wilk test, which is a statistical test used to test the normality of a distribution. The test statistic, degrees of freedom (df), and significance level (Sig.) are reported for each of the six variables.

The Shapiro-Wilk test is used to check the null hypothesis and see if the data has a normal distribution. The significance level, as shown in the table, reflects the likelihood of observing the test statistic or a more extreme one under the null hypothesis. If the significance level is less than 0.05, it is usually considered significant, and the null hypothesis is rejected, indicating that the data is not normally distributed. Based on the table, all six variables have a Shapiro-Wilk statistic less than 1, suggesting that their distribution is not entirely normal. Moreover, the significance level for each variable is 0.000, which is less than 0.05, indicating that the null hypothesis of normality is rejected for each variable.

As a result, it can be inferred that the data none of the dependent and independent factors used in the study follow a normal distribution. This implies that any further analysis or modeling must account for the non-normality of the data.

Figure 2

Regulatory Environment's Histogram

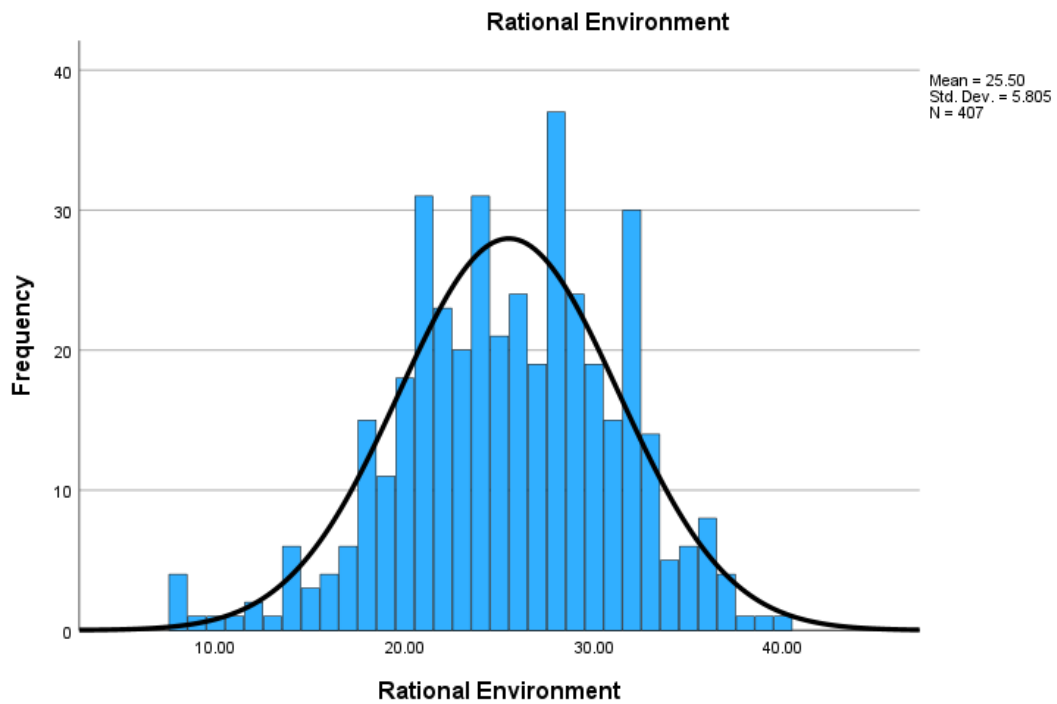


Figure 3

Normative Environment's Histogram

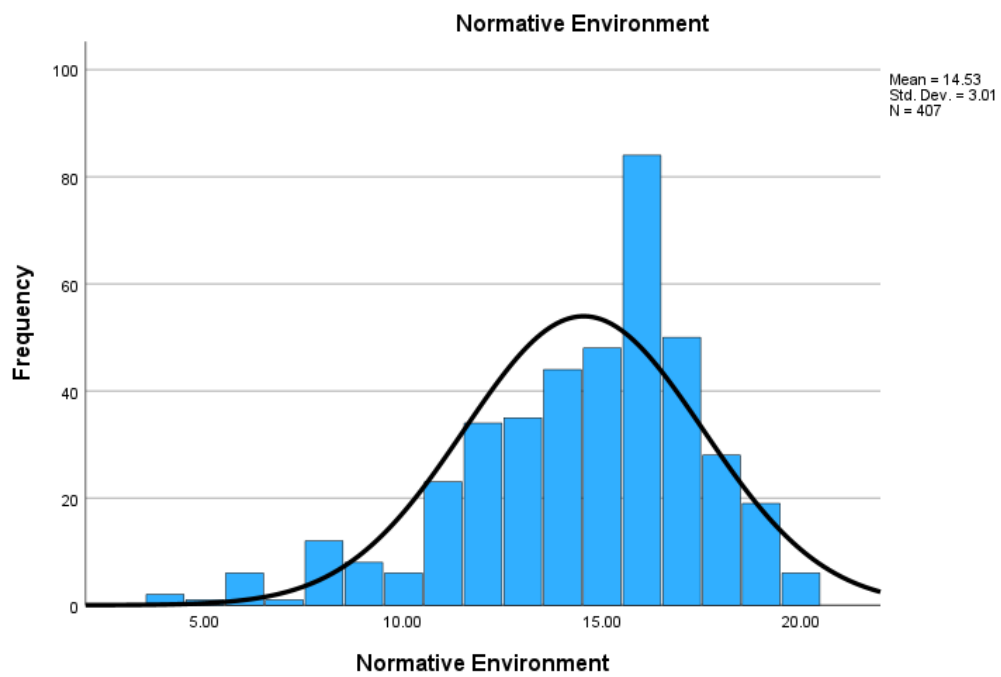


Figure 4

Cognitive Environment's Histogram

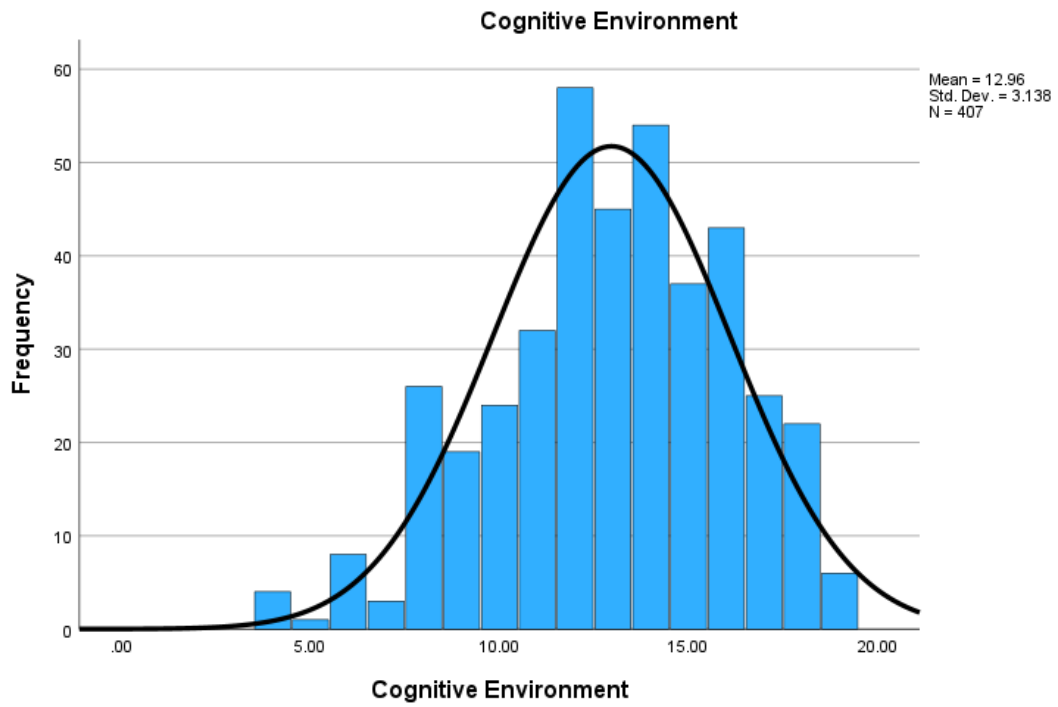


Figure 5

Desirability's Histogram

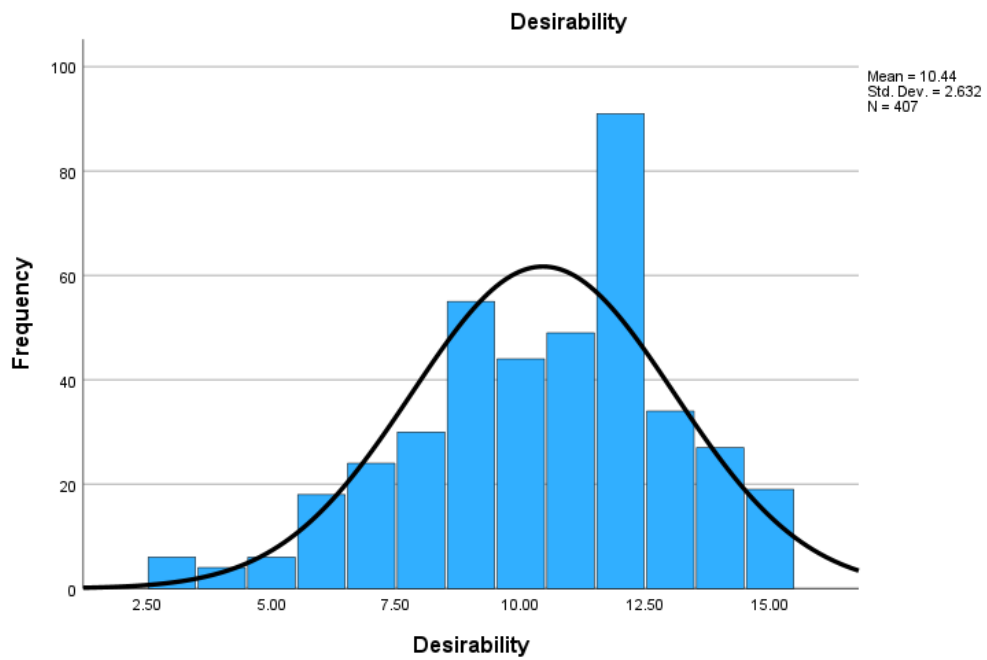


Figure 6

Feasibility's Histogram

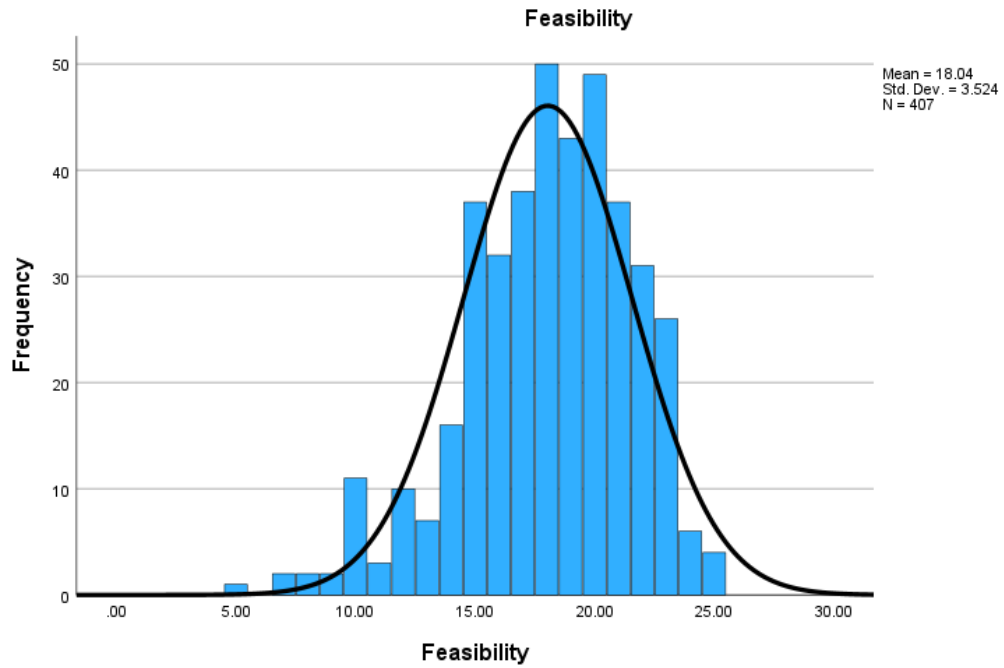
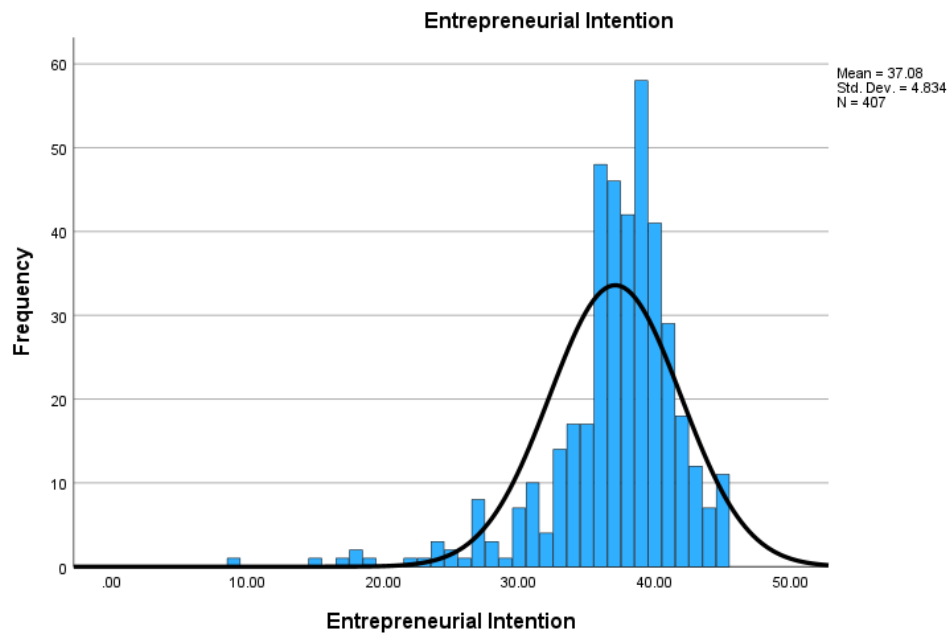


Figure 7

Entrepreneurial Intention's Histogram



4.2.2 KMO's Test

The Kaiser-Mayer-Olkin (KMO) measure is used to determine the appropriateness of using factor analysis on the data and to identify variables that can be removed to address multicollinearity. To evaluate the appropriateness and correlations between variables, the researchers used the KMO and Bartlett's Test of Sphericity. The KMO has a range of 0 to 1, and a value greater than 0.60 denotes that the data can be used for factor analysis. Based on anti-image values, redundant variables should be deleted if the KMO value is less than 0.60. (Lubem & Dewua, 2020).

Table 11

KMO's Test

Measure of Sampling Adequacy.		0.820
Bartlett's Test of Sphericity	Approx. Chi- Square	488.687
	Df	15
	Sig.	0.0000

The Kaiser-Meyer-Olkin (KMO) measure of sample adequacy, which was 0.820, shows in Table 11 that the data are suitable for factor analysis. More evidence for the data's eligibility for factor analysis came from the Bartlett's Test of Sphericity, which produced a significant result with a chi-square value of around 488.687 and a significance level of 0.000.

Table 12

VIF Table

Model	VIF
Regulatory Environment	1.480
Normative Environment	1.482
Cognitive Environment	1.439
Desirability	1.075
Feasibility	1.477

The Variance Inflation Factor (VIF) for each model is shown in the 12th table. The VIF values for the regulatory environment, normative environment, cognitive environment, desirability, and feasibility are 1.480, 1.482, 1.439, 1.075, 1.477, and 1.439, respectively. This indicates that there are no significant problems with multicollinearity among the independent variables in the models. When two or more predictor variables in a regression model have a strong correlation with one another, this is known as multicollinearity, and it can lead to unstable and incorrect estimations of the regression coefficients. A VIF value of less than 3 is typically regarded as acceptable (Hair et al., 2019).

4.3 Correlation Analysis

To analyze the relationship between two variables, correlation is a statistical method that measures the strength and direction of the association. A correlation coefficient that runs from -1 to 1 is computed to accomplish this. One indicates a perfect positive correlation, one indicates a perfect negative correlation, and zero indicates no correlation at all. A higher correlation coefficient value indicates a stronger relationship between the two variables. In order to determine the statistical significance of the correlation coefficient, a significance level of 0.05 is commonly used. The correlation coefficient is regarded as significant and suggests a meaningful association between the variables if the p-value is less than or equal to 0.05. If the p-value is higher than 0.05, on the other hand, there is insufficient proof to suggest that the variables are related.

Table 13 displays the correlation matrix of the variables examined in the study, including Entrepreneurial Intention, Regulatory Environment, Normative Environment, Cognitive Environment, Feasibility, and Desirability. The table shows that all the other variables and entrepreneurial intention have a strong positive association. Specifically, the highest correlations are found between Entrepreneurial Intention and Feasibility (0.379**), Cognitive Environment (0.272**), and Normative Environment (0.332**). These findings suggest that individuals who perceive a supportive regulatory, normative, and cognitive environment and believe they have the skills and resources to launch a new venture are more likely to have an entrepreneurial intention.

On the other hand, the correlation between Entrepreneurial Intention and Desirability is relatively lower (0.235**), indicating that while desirability is important; it is not the only factor

that determines entrepreneurial intention. Furthermore, the correlation between Entrepreneurial Intention and Regulatory Environment is also relatively low (0.294**), implying that although a supportive regulatory environment is crucial, it may not be as vital as other factors such as cognitive and normative environments, and feasibility.

The positive correlations between Entrepreneurial Intention and Feasibility, Cognitive Environment, and Normative Environment suggest that policymakers, educators, and business support agencies should prioritize creating an environment that encourages entrepreneurial skills and resources, as well as a supportive social and cultural context that fosters entrepreneurial activity.

Table 13

Correlations Matrix

Correlations	EI	RE	NE	CE	PF	PD
EI	1					
RE	.294**	1				
	Sig. 0.000					
NE	.332**	.414**	1			
	Sig. 0.000	0.000				
CE	.272**	.464**	.437**	1		
	Sig. 0.000	0.000	0.000			
PF	.379**	.449**	.481**	.391**	1	
	Sig. 0.000	0.000	0.000	0.000		
PD	.235**	.216**	.189**	0.199**	.198**	1
	Sig. 0.000	0.000	0.000	0.079	0.000	

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

4.4 Regression Analysis

To examine the connection between a dependent factors and one or more independent factors, a statistical technique known as regression analysis is utilized. Unlike correlation analysis, which only shows if there is a significant relationship between two variables, regression analysis provides a more in-depth understanding of the relationship, including the strength and direction of the association. It is a powerful tool that can be used for modeling and analyzing a variety of variables, making it useful for predicting outcomes and characterizing the nature of the relationship between variables.

For this study, regression analysis was employed to examine the hypothesis and investigate the correlation between the dependent variable, and various independent variables, such as normative environment, regulatory environment, and cognitive environment. These independent variables were identified as factors that may influence the variability of the outcome, and their significance in explaining the variance of the dependent variable was also assessed.

Linear regression analysis is opted for this study because of its simplicity, interpretability, wide acceptance in scientific research, and general accessibility. This particular type of regression analysis involves a straightforward equation with one independent variable and one dependent variable. By utilizing this equation, the researchers could model the relationship between the two variables, where the slope of the line illustrates the strength of the association. The analysis can determine both the direction and the extent of the relationship, as well as its statistical significance.

Overall, regression analysis is a powerful tool for understanding the relationships between variables and can provide valuable insights into the factors that influence outcomes.

Table 14

Regression Analysis's Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.450a	0.203	0.193	4.3427

The table 14 presents the results of a regression analysis. The analysis has produced a linear regression model with one independent variable and one dependent variable. Here is an interpretation of the statistics presented in the table:

To evaluate the relationship between the independent and dependent variables, the R column presents the correlation coefficient, which is a measure of the strength and direction of their linear relationship. In this case, the value of R is 0.450, indicating a moderate positive correlation. The percentage of the dependent variable's variance that the independent variable can account for is shown in the R Square column as the coefficient of determination. R Square for this study is 0.203, meaning that the independent variable accounts for 20.3% of the variance in the dependent variable. The Adjusted R Square column presents the adjusted R Square value for the model, considering the number of independent variables. In this case, the Adjusted R Square is 0.193. Lastly, the Std. Error of the Estimate column shows the standard error of the estimate, which represents the average distance between the observed and predicted values. In this study, the standard error of the estimate is 4.3427.

Overall, the regression model has a moderate positive correlation between the independent and dependent variables, with the independent variable explaining about 20.3% of the variance in the dependent variable. However, the model is not a perfect fit, as indicated by the standard error of the estimate.

Table 15

ANOVA Table

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1924.580	5	384.916	28.953	0.000
	Residual	7562.580	401	18.859		
	Total	9487.160	406			

a. Dependent Variable: Entrepreneurial Intention

b. Predictors: (Constant), RE, NE, CE, PF, PD, EI

The ANOVA table (Table 15) reveals that the regression model has a significant relationship between the independent variables (Feasibility, Desirability, Cognitive Environment, Normative Environment, and Regulatory Environment) and the dependent variable (Entrepreneurial Intention). The independent variables may be jointly significant predictors of

the dependent variable, according to the F-statistic of 28.953 and the p-value of.000, which show a significant difference between the variance explained by the regression model and the residual variance. Regression model is a statistically significant predictor of entrepreneurial intention, according to the ANOVA table, which supports this result.

Table 16

Coefficient Table

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
(Constant)	22.795	1.442		15.813	0.000
Regulatory Environment	0.065	0.045	0.078	1.438	0.151
Normative Environment	0.224	0.087	0.140	2.573	0.010
Cognitive Environment	0.090	0.082	0.059	1.096	0.274
Desirability	0.248	0.085	0.135	2.919	0.004
Feasibility	0.311	0.074	0.227	4.186	0.000

Table 16 shows the coefficients of the independent variables and the dependent variable. The unstandardized coefficients (B), while holding other independent variables constant, display the expected change in the dependent variable for each unit change in the corresponding independent variable.

The entrepreneurial intention is projected to be 22.795 given that the constant coefficient is 22.795 and all other independent variables are held constant. The relative importance of the independent factors in predicting the dependent variable is shown by the standardized coefficients (Beta). The highest standardized coefficient is 0.140 for the normative environment, followed by 0.227 for feasibility and 0.135 for desirability. This shows that when compared to the other independent variables, these independent variables have a considerably higher impact on the dependent variable. The t-value and significance level (Sig.) indicate the statistical significance of the coefficients. The t-value is obtained by dividing the unstandardized coefficient by its standard error. A larger t-value indicates a stronger influence of the

independent variable on the dependent variable. The significance level (Sig.) indicates whether the coefficient is statistically significant or not.

The results show that Feasibility has the highest t-value of 4.186, followed by Desirability at 2.919 and Normative Environment at 2.573, indicating that these independent variables are statistically significant predictors of Entrepreneurial Intention. The Regulatory Environment and Cognitive Environment, however, are not statistically significant predictors, as their significance level is greater than 0.05.

4.5 Sobel Test of Mediating Variables

Table 17

Sobel Test

	Test-statistics	Standard error	P-value
RE-PD-EI	2.8687	0.0112	0.0000
NE-PD-EI	2.7008	0.0199	0.0069
CE-PD-EI	2.8288	0.0204	0.0047
RE-PF-EI	5.1961	0.0222	0.0000
NE-PF-EI	4.1903	0.4491	0.0000
CE-PF-EI	5.1429	0.0376	0.0000

Significance at 0.05 level

Table 17 displays the outcomes of the Sobel test, which is a statistical technique utilized to examine the importance of the indirect effects of independent variables on the dependent variable through a mediator variable.

The table shows that all the indirect effects between the independent variables and EI through the mediator variable of Desirability and Feasibility are statistically significant at the 0.05 level. Specifically, the test-statistics for the indirect effects range from 2.7 to 5.2, indicating that the relationships between the independent variables and EI are partially mediated by Desirability and Feasibility.

For instance, the indirect effect of Regulatory Environment and EI through Desirability is significant (test-statistic=2.87, $p < 0.05$), indicating that individuals who perceive a supportive regulatory environment are more likely to have higher levels of Desirability, which in turn,

increases their Entrepreneurial Intention. Similarly, the indirect effect of Feasibility on EI through the mediator variable is also significant (test-statistic=5.20, $p<0.05$), suggesting that individuals who perceive a high level of feasibility are more likely to have a stronger intention to start a new venture.

The results also show that the indirect effects of Normative and Cognitive Environment on EI through Desirability and Feasibility are significant. The indirect effect of Normative Environment and EI through Desirability (test-statistic=2.70, $p<0.05$) indicates that individuals who perceive a supportive normative environment are more likely to have a higher level of Desirability, which in turn, increases their Entrepreneurial Intention. The indirect effect of Cognitive Environment and EI through Feasibility (test-statistic=5.14, $p<0.05$) suggests that individuals who perceive a supportive cognitive environment are more likely to have a higher level of feasibility, which in turn, increases their Entrepreneurial Intention.

In summary, the results of the Sobel test suggest that Desirability and Feasibility partially mediate the relationships between the independent variables and Entrepreneurial Intention. Policymakers, educators, and business support agencies should focus on creating an environment that fosters the development of Desirability and Feasibility to increase Entrepreneurial Intention.

4.6 Hypothesis Testing Summery

Table 18

Testing Summary of Hypothesis

Hypothesis	Statements	p-value	Findings
H1	There is significant impact of regulatory environment in entrepreneurial intentions.	0.151	Rejected
H2	There is significant impact of normative environment in entrepreneurial intentions.	0.018	Accepted
H3	There is significant impact of cognitive environment in entrepreneurial intentions.	0.274	Rejected
H4a	Perceived desirability mediates the relationship between regulatory environment and entrepreneurial intentions.	0.0041	Accepted
H4b	Perceived desirability mediates the relationship between normative environment and entrepreneurial intentions.	0.0069	Accepted
H4c	Perceived desirability mediates the relationship between cognitive environment and entrepreneurial intentions.	0.047	Accepted
H5a	Perceived feasibility mediates the relationship between regulatory environment and entrepreneurial intentions.	0.000	Accepted
H5b	Perceived feasibility mediates the relationship between normative environment and entrepreneurial intentions.	0.000	Accepted
H5c	Perceived feasibility mediates the relationship between cognitive environment and entrepreneurial intentions.	0.0000	Accepted
H6a	Perceived Feasibility influences entrepreneurial intentions.	0.0040	Accepted
H6b	Perceived Desirability influences entrepreneurial intentions.	0.0000	Accepted

Table 18 provides a summary of the hypothesis testing that was conducted to determine the influence of various factors on entrepreneurial intentions. Each hypothesis statement is presented along with its corresponding p-value and testing result, with a significance level of 0.05.

In Hypothesis 1 (H1), the influence of regulatory environment on entrepreneurial intentions was examined. The obtained p-value was 0.151, which is higher than the predetermined significance level of 0.05, leading to the rejection of the null hypothesis. Consequently, it can be concluded that there is not enough evidence to support the idea that the regulatory environment has a notable effect on entrepreneurial intentions.

In Hypothesis 2 (H2), the relationship between normative environment and entrepreneurial intentions was examined. The p-value was found to be 0.018, which is below the significance level, indicating that the null hypothesis is rejected. As a result, there is enough evidence to suggest that normative environment has a significant impact on entrepreneurial intentions.

Hypothesis 3 (H3) aimed to examine the influence of cognitive environment on entrepreneurial intentions. The obtained p-value was 0.274, which is above the predetermined significance level, suggesting that we fail to reject the null hypothesis. Therefore, we do not have enough evidence to claim that cognitive environment has a significant impact on entrepreneurial intentions.

The mediating role of perceived desirability on the relations between the institutional regulatory, normative, and cognitive environments, as well as entrepreneurial intentions, was examined in Hypotheses 4a, 4b, and 4c (H4a, H4b, and H4c). Less than the significance level, the p-values for H4a, H4b, and H4c were 0.0041, 0.0069, and 0.047, respectively. The relationship between the institutional regulatory, normative, and cognitive environments and entrepreneurial intentions can therefore be inferred from the available evidence that perceived desirability acts as a mediator.

In order to better understand the interaction between institutional regulatory, normative, and cognitive environments, as well as entrepreneurial objectives, hypotheses 5a, 5b, and 5c (H5a, H5b, and H5c) were developed. There is enough data to demonstrate that perceived feasibility

mediates the links between institutional regulatory, normative, and cognitive environments and entrepreneurial ambitions because the p-values for H5a, H5b, and H5c were below the significance threshold.

The effects of perceived attractiveness and perceived feasibility, respectively, on entrepreneurial aspirations were investigated using hypotheses 6a and 6b (H6a and H6b). There is sufficient evidence to conclude that both perceived desirability and perceived feasibility have a substantial impact on entrepreneurial intentions because the p-values for both hypotheses were determined to be lower than the significance level.

The results of the hypothesis testing generally show that normative environment, perceived desirability, and perceived feasibility have a significant influence in influencing entrepreneurial inclinations, however regulatory environment and cognitive environment do not. Additionally, the findings imply that perceptions of attractiveness and viability serve as mediators in the connection between institutional context and entrepreneurial inclinations.

4.7 Major Findings

The major findings are summarized as:

- The sample consisted of 407 respondents, with 56.5% male and 43.5% female.
- The majority of the respondents were aged between 26-31 (48.9%), followed by 20-25 (31.4%) and 31-35 (19.7%).
- Most of the respondents had a Bachelor's degree (55.8%), followed by Master's degree (36.4%) and above Masters (7.8%).
- The largest group of respondents worked in private organizations (42.3%), followed by Nepal government (17.7%), NGO/INGOs (12.8%), international organizations (12.8%), and self-employed (14.5%).
- The majority of the respondents had 0-5 years of work experience (78.1%), followed by 6-11 years (14.0%) and 11-15 years (7.9%).
- The most common monthly income range was Nrs 30,000 - 50,000 (39.3%), followed by Nrs 50,000 - 1,00,000 (27.5%), Nrs 15,000 - 30,000 (24.3%), and Nrs 1,00,000 - 5,00,000 (8.8%).

- 43.7% of the respondents reported having family members who are entrepreneurs or had been entrepreneurs, while 56.3% did not.
- The descriptive statistics on the regulatory environment related to starting a new venture includes seven variables related to government support and assistance, government contracts, and support from local, provincial, and federal governments. The mean scores for all variables range from 2.867 to 3.479, with the highest mean score associated with the support provided by organization of businesses, like FNCCI, CNI, NCC Etc., while the lowest mean score is for the support provided by the federal government. The standard deviation ranges from 1.111 to 1.262, indicating that there is significant variability in responses across the sample.
- Findings from the normative environment components with an average score of 3.732 and a standard deviation of 0.9824 imply that converting innovative ideas into businesses is highly admired in the nation. Achieving success is considered as requiring innovative and creative thinking, which has an average value of 3.631 and a standard deviation of 1.0228. The average score for entrepreneurs in the nation is 3.55, and their standard deviation is 1.0033. Also, with an average value of 3.619 and a standard deviation of 1.0481, individuals in the nation have a significant deal of admiration for those who launch their own businesses.
- From the cognitive environment constructs related to entrepreneurship in Nepal shows that individuals in Nepal have a moderate level of knowledge about how to protect a new venture legally, with an average value of 3.189 and a standard deviation of 0.9881. Similarly, individuals who start new ventures in Nepal have a moderate level of knowledge on dealing with risk and managing risk, with mean scores of 3.263 and 3.314, respectively. The table also shows that most people in Nepal know where to find information about markets for their services, with an average value of 3.197 and a standard deviation of 1.149.
- The data from the desirability constructs indicates that the respondents had a moderate level of desire to start a new venture, with an average value of 3.462. Similarly, the participants showed a similar level of tension (mean score of 3.479) and enthusiasm (mean score of 3.504) when considering starting a new business or venture.

- The descriptive statistics of feasibility in the context of entrepreneurship shows that the participants had an average value of 3.708 and a standard deviation of 0.936 when asked if they knew enough to start a venture. However, they had a lower mean score of 3.486 with a higher standard deviation of 1.096 when asked if it would be very easy to start a new business. When asked about their certainty of success in entrepreneurship, the participants had an average value of 3.528 with SD of 0.987, and an average value of 3.676 with SD of 1.006 when asked if they were sure of themselves to become an entrepreneur. Finally, the participants had an average value of 3.641 with SD of 1.016 when asked if they would not be overworked as an entrepreneur.
- The descriptive statistics of entrepreneurial intention indicates that the respondents had a positive attitude towards entrepreneurship, with an average value of 3.74 for the determination to create an entrepreneurial venture in the future. The respondents also reported having seriously considered starting a business, with an average value of 3.838. Furthermore, the data revealed a strong intention to start a venture in the future, with an average value of 4.273. Respondents also expressed a strong professional goal to be an entrepreneur, with an average value of 4.172. They were also willing to make every effort to start and run their own venture, with an average value of 4.246. The respondents' qualification was found to contribute positively to their interest in starting a venture, with an average value of 4.246. They also reported being ready to do anything to be an entrepreneur, with an average value of 4.233. Finally, the respondents had a strong intention to start their own venture before they started studying, with an average value of 4.076.
- The correlation analysis reveals that there is a significant positive correlation between Entrepreneurial Intention and all the other variables. Specifically, the highest correlations are found between Entrepreneurial Intention and Feasibility (0.379**), Cognitive Environment (0.272**), and Normative Environment (0.332**). These findings suggest that individuals who perceive a supportive regulatory, normative, and cognitive environment and believe they have the skills and resources to launch a new venture are more likely to have an entrepreneurial intention. The correlation between Entrepreneurial Intention and Desirability is relatively lower (0.235**), indicating that while desirability is important, it is not the only factor that determines entrepreneurial intention. Furthermore, the correlation between Entrepreneurial Intention and

Regulatory Environment is also relatively low (0.294**), implying that although a supportive regulatory environment is crucial, it may not be as vital as other factors such as cognitive and normative environments, and feasibility.

- The standardized coefficients indicate the relative importance of independent variables in predicting the dependent variable, with Feasibility having the highest coefficient of 0.227, followed by Normative Environment at 0.140 and Desirability at 0.135. The t-values and significance levels show that Feasibility, Desirability, and Normative Environment are statistically significant predictors of Entrepreneurial Intention, with t-values of 4.186, 2.919, and 2.573, respectively. However, Regulatory Environment and Cognitive Environment are not statistically significant predictors as their significance levels are greater than 0.05.
- The results from sobel test shows that there is a significant mediating effect of desirability and fesiability on the relationship between regulatory, normative, and cognitive environment, and entrepreneurial intention as indicated by the low p-values which are less than 0.05. All mediating variables (desirability, feasibility) have significant mediating effects on the relationship between the regulatory, normative, and cognitive environment and entrepreneurial intention although, the mediating effect of desirability variable is less comparing to feasibility.

CHAPTER V

DISCUSSION, CONCLUSIONS AND IMPLICATIONS

The chapter five presents a summary of discussion of the results, conclusions, and implications. Furthermore, suggestions for future studies are provided based on the findings of this research.

5.1 Discussion

This study aims to explore how the institutional environment affects the entrepreneurial intention of young people in Nepal, and to determine the mediating role of desirability and feasibility in the link between normative, cognitive, and regulatory environments and entrepreneurial intentions. The research is grounded in the institutional theory, which focuses on the normative, cognitive, and regulatory factors that shape the institutional environment.

The first hypothesis stated that the regulatory environment has a significant impact on entrepreneurial intentions. The results show a p-value of 0.151, which indicates that the impact of regulatory environment is not significant in mapping the entrepreneurial inclination of youths. Some research suggests that regulatory environment and policies can have a significant impact on entrepreneurial activities (Busenitz, 1999; Tan & Tan, 2005). However finding of this is consistent with some previous studies that suggest that the regulatory environment does not significantly affect entrepreneurial intentions (Elert et al., 2015; Urbano et al., 2017; Urban & Kujinga, 2017). Therefore, the impact of regulatory environment on entrepreneurial intentions may not be straightforward and requires further investigation.

The second hypothesis proposed that the normative environment has a significant impact on entrepreneurial intentions, and the results show a p-value of 0.018, indicating that the hypothesis is accepted. This implies that the normative environment, including social norms and cultural values, has a considerable impact on the intention to start a business among individuals. This finding aligns with previous research that has shown that normative factors, can positively influence entrepreneurial intentions (Urban & Kujinga, 2017; Liñán et al., 2011; Wannamakok & Chang, 2019; Krueger et al., 2000;).

The third hypothesis hypothesized that the cognitive environment has a significant impact on entrepreneurial intentions. However, the results show a p-value of 0.274, indicating that there is

no significant impact of cognitive environment on entrepreneurial ambition of youths. This finding is consistent with some previous research that has shown that cognitive factors, such as entrepreneurial education and experience, do not significantly affect entrepreneurial intentions (Liñán et al., 2011; Urbano et al., 2017; Urban & Kujinga, 2017). Although some prior research has suggested that cognitive factors, such as attitudes and self-efficacy, have a significant impact on entrepreneurial intentions (Liñán & Fayolle, 2015; Zhao et al., 2005)

The study tested H4a, H4b, and H4c to investigate the mediating role of desirability between institutional regulatory, normative, and cognitive environments and entrepreneurial intentions. The study found that all three hypotheses were accepted, with p-values of 0.0041, 0.0069, and 0.047, respectively. These findings suggest that the desirability of entrepreneurship plays a significant role in mediating the impact of the regulatory, normative, and cognitive environments on entrepreneurial intentions. This result is consistent with previous studies that have highlighted the significance of perceived desirability in shaping entrepreneurial intentions (Liñán et al., 2011; Krueger et al., 2000; Wannamakok & Chang, 2019). Furthermore, research has also shown that the perceived attractiveness of entrepreneurship as a career option is a key factor in the decision to pursue entrepreneurship (Thompson et al., 2009).

H5a, H5b, and H5c were accepted in this study, indicating that feasibility mediates the association between institutional regulatory, normative, and cognitive environments and entrepreneurial intentions. The p-values were 0.000, 0.000, and 0.0000, respectively, indicating strong evidence for the mediating effect of perceived feasibility. These findings are in line with previous research that has emphasized the significance of perceived feasibility in determining entrepreneurial ambitions (Krueger et al., 2000; Liñán et al., 2011; Urban & Kujinga, 2017). Moreover, research has highlighted the significance of feasibility as a critical factor in the decision-making process of entrepreneurs (Krueger et al., 2000; Shane & Venkataraman, 2000).

H6a and H6b examined the impact of desirability and feasibility on entrepreneurial mindsets of the youth in nepal. The results indicate that both hypotheses are supported, with p-values of 0.0040 and 0.0000, respectively. This result suggests that desirability and feasibility have a positive effect on entrepreneurial inclination. This finding is in line with previous studies that have identified perceived desirability and feasibility as critical factors affecting entrepreneurial intentions (Krueger et al., 2000; Liñán et al., 2011; Wannamakok & Chang, 2019). Among

desirability and feasibility, it is found that feasibility has the highest significant impact on mapping the entrepreneurial intention of youths of Nepal. Furthermore, research has shown that entrepreneurs with a strong mindset are more likely to overcome challenges and persist in their entrepreneurial pursuits (Chen et al., 2011).

Overall, the results of the hypothesis testing indicates that the normative institutional environments, as well as perceived desirability and feasibility, significantly affect entrepreneurial intentions in Nepal where the feasibility is found to have greater impact and followed by desirability and normative environment. However, the regulatory institutional environment and cognitive institutional environment needs the mediation of desirability and feasibility to affect the entrepreneurial intention of youths in Nepal. The result of the statistical tests also shows that the perceived feasibility and desirability moderates the link between all three aspects of institutional environments and the entrepreneurial ambitions of youths in Nepal.

5.2 Conclusions

The research conducted in Nepal investigated the influence of institutional environments on entrepreneurial intentions. The findings reveal that the normative environment has a significant and positive effect on entrepreneurial intentions, while regulatory and cognitive environments do not have any impact. Moreover, the study confirms that perceived desirability and feasibility act as mediators between institutional environments and entrepreneurial intentions. Notably, perceived feasibility was observed to have a more robust mediating effect compared to perceived desirability.

The results of this study are in line with earlier research that has highlighted the significance of normative elements, such as societal norms and values, in influencing entrepreneurial intentions (Urban & Kujinga, 2017; Wannamakok & Chang, 2019). Moreover, the results align with institutional theory, which suggests that organizations are influenced by the norms, values, and regulations of the wider social and cultural environment (Scott, 2014).

The study's contributions to the literature lie in its examination of the impact of institutional environments on entrepreneurial intentions in a developing country context. Specifically, the findings highlight the need for policymakers to focus on creating a supportive normative environment that fosters a culture of entrepreneurship. This can be achieved through the

promotion of entrepreneurship education and training, as well as by recognizing and celebrating successful entrepreneurs as role models.

Furthermore, the study's identification of perceived feasibility and perceived desirability acts as a strong mediator between institutional environments and entrepreneurial intentions suggests that interventions aimed at increasing the perceived feasibility of entrepreneurship may be particularly effective. Such interventions may include the provision of resources and support, such as access to finance and mentorship, as well as efforts to reduce regulatory barriers to entrepreneurship.

Overall, the study highlights the importance of taking a holistic view of the institutional environment when seeking to understand the factors that shape entrepreneurial intentions. By considering the normative, cognitive, and regulatory dimensions of the institutional environment, policymakers and practitioners can develop more effective interventions to promote entrepreneurship and economic development.

5.3 Implications

The implications of this research are significant for policymakers, educators, and entrepreneurs, as they provide insights into the factors that influence entrepreneurial intentions. The findings suggest that the normative environment, regulatory environment, and cognitive environment are all important factors that influence entrepreneurial intentions. These factors can be shaped and influenced by policymakers and educators, and they can also be used by entrepreneurs to develop strategies for increasing their own entrepreneurial intentions.

For policymakers and educators, the findings suggest that creating a supportive environment for entrepreneurship is essential. This can be achieved by providing funding, training, and mentorship opportunities, as well as creating policies that support entrepreneurship. For example, policies that encourage entrepreneurship, such as tax incentives or simplified regulations, can create a favorable regulatory environment. Similarly, policies that encourage social norms that support entrepreneurship, such as promoting the success of entrepreneurs in media, can create a favorable normative environment. Finally, policies that promote entrepreneurial education can help to create a favorable cognitive environment by providing entrepreneurs with the knowledge and skills they need to succeed.

For entrepreneurs, the findings suggest that they can increase their entrepreneurial intentions by focusing on the perceived desirability and feasibility of their ventures. This can be achieved by developing a clear understanding of their customers' needs and wants, as well as developing a strong value proposition for their ventures. Additionally, entrepreneurs should focus on developing a clear understanding of the resources and capabilities needed to bring their ventures to fruition. This can include developing a strong network of partners and investors, as well as developing expertise in areas such as marketing and finance.

The findings of this study are consistent with previous research on the factors that influence entrepreneurial intentions. For example, studies have shown that social norms, including those related to entrepreneurship, can have a significant impact on individual behavior (Liñán & Santos, 2007). Similarly, studies have shown that regulatory factors, such as taxation and regulation, can have a significant impact on the success of new ventures (Wang & Chen, 2017). Finally, studies have shown that cognitive factors, such as self-efficacy and perceived feasibility, can have a significant impact on entrepreneurial intentions (Chen et al., 1998).

In conclusion, this study has shown that the normative environment, regulatory environment, and cognitive environment are all important factors that influence entrepreneurial intentions. These findings have significant implications for policymakers, educators, and entrepreneurs, as they suggest that creating a supportive environment for entrepreneurship, focusing on the perceived desirability and feasibility of ventures, and developing expertise in key areas such as marketing and finance can all help to increase entrepreneurial intentions. Overall, the findings of this study contribute to our understanding of the factors that influence entrepreneurial intentions and provide guidance for individuals and organizations looking to promote entrepreneurship.

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