

The Impact of Risk-taking Propensity and Entrepreneurial Attitude on Entrepreneurial Intent through mediating role of Government commitment: Data from Algeria Entrepreneurial Companies?

L'hocine Walid¹ & Yasmine Ould Chikh²

¹School of Management, Wuhan University of Technology, Wuhan, P.R. China, 430070

walid.lhocine@hotmail.fr

²School of Management, Wuhan University of Technology, Wuhan, P.R. China, 430070

Yasmine.oldch@outlook.fr

Abstract: *This study examines the impact of risk-taking propensity and entrepreneurial attitude on entrepreneurial intent in Algeria, using government commitment as a mediator. This study thoroughly explains how government commitment influences entrepreneurs' entrepreneurial intentions. A survey questionnaire was utilized to collect data from various entrepreneurial enterprises in Algeria, which were later verified to be accurate for analysis. The approaches used to examine the relationships between the study variables were path coefficients, reliability, regression, and correlation analysis. There is a significant positive impact of risk-taking propensity on entrepreneurial intent, entrepreneurial attitude on entrepreneurial intention, and risk-taking propensity with mediation effect of government commitment on entrepreneurial goal and an entrepreneurial attitude with mediation effect of government commitment on entrepreneurial intent. Finally, this work discusses various consequences, limitations, and future research directions.*

Keywords: risk-taking propensity; entrepreneurial attitude; entrepreneurial intent; government commitment

1. INTRODUCTION

Entrepreneurship is crucial to the economy's advancement, and this has long been understood. Entrepreneurship fosters economic progress by launching new businesses. Entrepreneurship presents various opportunities that can be taken advantage of by securing the requisite government commitments. Since it enables universities to position themselves as active participants and advances the local economy and social climate, entrepreneurship is particularly crucial for universities. Entrepreneurship education could thereby enhance entrepreneurial activity [1]. Government commitment is essential in encouraging businesses to take more risks and become more entrepreneurial. Many factors have emerged as compelling during education to establish one's firm, and the primary objective of government commitment is to promote entrepreneurial companies to become sustainable business environments.

The process of launching a firm is referred to as entrepreneurship. An entrepreneur is a person who establishes a new business, takes on the majority of the risks, and enjoys the majority of the rewards. Entrepreneurs are typically characterized as innovators of fresh concepts, goods, services, and business models. Entrepreneurship is establishing a new

business, managing a new firm, and pursuing an original, inventive opportunity to expand quickly and successfully. Entrepreneurship is the imaginative pursuit of business opportunities. Achieving one's ultimate goals in business requires the ability and ingenuity of the entrepreneur to take the initiative and engage in constructive ways. A company must be founded via entrepreneurship to produce goods and sell them on the market to generate the most profit. A business owner is someone who establishes their own business. An entrepreneur is a person with the abilities and perspective to start a business, whether it produces goods or renders services, and profit from it [2]. The establishment of an entrepreneurial culture is a critical element of social and economic growth.

Government commitment aims to make entrepreneurship a crucial component of a country's socioeconomic development. Many governments emphasize the significance of entrepreneurship for their region's economic and social development by positioning themselves as active agents. It's essential to evaluate the characteristics that support entrepreneurial behavior to encourage students to engage in entrepreneurial activities. Entrepreneurship, according to academics, is the outcome of the interaction of cognitive qualities like knowledge and skill with motivational

factors. Therefore, entrepreneurship education can improve entrepreneurial activity because it encourages students to use their knowledge and abilities and take entrepreneurial action [3].

Since entrepreneurship improves risk-taking propensity, entrepreneurial attitude, and entrepreneurial skills (which include traits, behavior, and abilities), it inspires people to take risks. As a result, it fosters businesses with uncertainty, trouble, and disruption, and this support from the government is significant for empowering entrepreneurial intention. This study aims to investigate the risk-taking propensity and entrepreneurial mindset offered by government commitment to enhance the entrepreneurial intent of the students so that they could improve their county's economy and become role models by creating opportunities rather than working jobs. This will help the country's economy by reducing the amount of unskilled labor available. Government involvement will also be emphasized, and they play a significant role not only in the academic world but also in the real world and on actual grounds. Economic growth and sustainable development are achievable if this strategy is used in letter and spirit. Up to this point, numerous empirical studies have evaluated the degree to which participants' attitudes toward and comprehension of entrepreneurship are likely to influence their future desire to own their own businesses [4].

This study focuses on how willing the government is to take entrepreneurial risks. The current study analyzes the propensity for risk-taking of entrepreneurial businesses that are both privately held. This study advances our knowledge of how entrepreneurs launch enterprises. Additionally, rather than concentrating on the external economic environment's inducements, the "why" of entrepreneurship is investigated by examining students' internal driving forces [5]. Entrepreneurial aspirations should be higher the more likely they are to discuss risks, as the entrepreneurial process typically involves Risk due to the possibility that entrepreneurial tendencies may confront uncertainty [6]. The following research questions form the basis of this study:

- (1) "Do entrepreneur intentions differ due to risk propensity differences?"
- (2) Does an entrepreneur's risk aversion influence entrepreneurial goals?
- (3) How can government commitment develop an entrepreneurial mindset?

The main objective is, therefore, to ascertain whether there is a relationship between students' risk-taking propensity and their entrepreneurial aspirations, as well as the causes of the variations in entrepreneurial intentions and risk-taking propensity from private enterprises [7]. Entrepreneurial businesses are becoming more integrated into the commercial world, and cross-platform industrial collaboration is now commonplace. Investigating potential entrepreneurs' risk and intention levels and how government support affects their future businesses is crucial. These are the main goals of this study consequently. This study will first explore the ideas of intention and readiness to accept Risk in the survey, define

some basic concepts relevant to our theoretical framework, and discuss the analyses and finding

2. LITERATURE REVIEW

Risk-taking propensity, entrepreneurial attitude, the role of government commitment in entrepreneurship, and entrepreneurial intent are among the notions of entrepreneurship discussed in the literature from an economic, theoretical, and stakeholder perspective [8]. Most definitions of entrepreneurship include starting a new company with innovative plans and concepts and selling goods and services. Entrepreneurs are those who own their businesses [9]. Another definition of entrepreneurship is the capacity and readiness to launch and run a new firm in the face of danger and uncertainty in exchange for financial reward [10]. For developing nations to progress, it is crucial to comprehend entrepreneurship. Many societies have not given entrepreneurship much weight.

Entrepreneurial activity can be pursued by people who exhibit particular psychological traits. Most confident individuals are open to taking chances to accomplish their professional goals. Entrepreneurship produces a successful business structure that makes a variety of business opportunities available to others [11]. The theory of planned behavior is predicated on the assumption of an individual's desire and capacity to make a conscious choice for the advancement of their career. According to planned behavior, each person has certain conduct they want to carry out that is influenced by three things. These things are called antecedents of motivation. Individuals are encouraged to engage in behaviors that inspire them to take advantage of chances by the positive effects of their actions [9]. Social norms around it shape an individual's favorable attitude toward entrepreneurship. Informing, educating, and preparing students for the launch of new businesses through structured lessons is called entrepreneurship education. Entrepreneurial spirit influences the development of entrepreneurial behaviors within people is a crucial subject that has to be answered [12].

In addition, entrepreneurial conduct is more likely to come across as a search for possibilities and a willingness to take risks to attain specific goals [5]. Entrepreneurs have the drive, foresight, creativity, familiarity with the changing market trends, and aptitude to translate an idea into a successful firm. These people appear to be risk-takers, but since they are knowledgeable about these topics, they take more calculated risks than they could otherwise [13]. Entrepreneurship promotes knowledge, raises awareness of entrepreneurship as a career option, and changes attitudes toward entrepreneurship.

Entrepreneurship's goal is to arouse dormant entrepreneurs. It entails creating an environment where entrepreneurs can have the chance to start their businesses [14]. Due to changes in the job situation in several nations around the world during past years, the importance of entrepreneurship has expanded dramatically. The government offers a variety of incentives to help people start businesses and succeed [15]. Awaken latent entrepreneurs and, more

significantly, increasing public awareness of entrepreneurship as a career option are the two fundamental goals of entrepreneurship. Studies based on a thorough meta-analysis of entrepreneurial results show a strong correlation between entrepreneurship and entrepreneurial results.

Essential skills are developed through entrepreneurship, and it supports starting new businesses. Numerous studies have found that encouraging ongoing business connections between companies can improve entrepreneurship. By recognizing entrepreneurs' roles, companies may confidently influence entrepreneurial performance. The more highly society regards entrepreneurship as a viable career option; the more motivated people will be to engage in entrepreneurial activity. Following these analyses, a decision was made regarding the importance of the government's commitment to accelerating the success of a new community and corporate entrepreneurs.

2.1 Hypotheses development conceptual framework

First, confirm that you have the correct template for your paper. Download the template from the website www.ijeais.org/ijamsr. To determine the impact of risk-taking propensity and entrepreneurial attitudes on entrepreneurial intent based on research objectives, theoretical and empirical literature reviews using a moderating variable university: The following hypothesis was proposed.

H1: Risk-taking propensity has been found to affect entrepreneurial intent positively.

H2: Entrepreneurial attitude has been found to affect entrepreneurial intent significantly positively.

H3: Government commitment has found a significant positive effect on entrepreneurial intent.

H4: Government commitment mediates significantly the relationship between Risk taking propensity and entrepreneurial intent.

H5: Government commitment mediates the relationship between entrepreneurial and entrepreneurial intent significantly

Figure 1. Conceptual framework model

3. METHODOLOGY

Private enterprises in Algeria are the subject of this study, and they were chosen using a convenient random selection technique. The businesses involved in manufacturing company entrepreneurship are selected as a sample for this study. The businesses are approached to collect the data through survey questionnaires. Initially, 240 questionnaires were distributed to different managers and associated positions. Of those 240 questionnaires, 210 were discovered to be fully completed and ready for further study. To generalize the findings of this study to the population, the response rate, which was 88%, was excellent. To create a questionnaire for this study, measuring scales relating to the study variables were employed in conjunction with the

literature. The demographic inquiries are the first to appear on the survey.

Risk-taking propensity and an entrepreneurial attitude are independent variables that can be assessed using benchmark assessment tools. The dependent variable is entrepreneurial intent, whereas the mediation variable is government commitment. On a five-point Likert scale, responses to each question are intended to be recorded. Data is gathered from particular manufacturers. The respondents are the company owners, managers, and supervisors. PLS-SEM is used for data analysis such as descriptive statistics, factor analysis, reliability analysis, correlation analysis, and regression analysis.

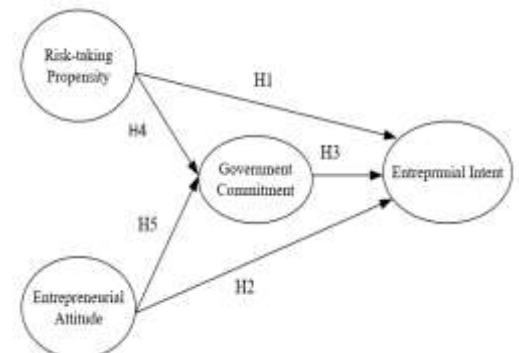
4. EMPIRICAL RESULTS

4.1 MEASUREMENT MODEL ANALYSIS

The component of the model that looks at how latent variables and their measures relate is called the measurement model. To prove the validity and reliability of the constructs, we use the measurement model. In PLS-SEM, analyzing the validity and dependability of indicators begins with the measurement model [16].

4.2 Reliability and validity Test

This study uses PLS-SEM statistical software to evaluate the validity and reliability of all relevant questionnaire items. The measurement model investigated the validity and reliability through factor loadings, Cronbach's alpha, composite reliability, convergent validity, and discriminant validity. [17]. As a result, Table 1 below shows the study's concurrent validity findings. Internal consistency of scale items as measured by Cronbach Alpha and composite reliability measure [18]. Cronbach Alpha and composite reliability (C.R.) should be more than 0.70, according to the general norm. On the other hand, factor loadings and the average variance extracted (AVE) should be higher than 0.50. Cronbach Alpha and C.R. values are higher than 0.70 in the current study, as shown in table 2, demonstrating the stability

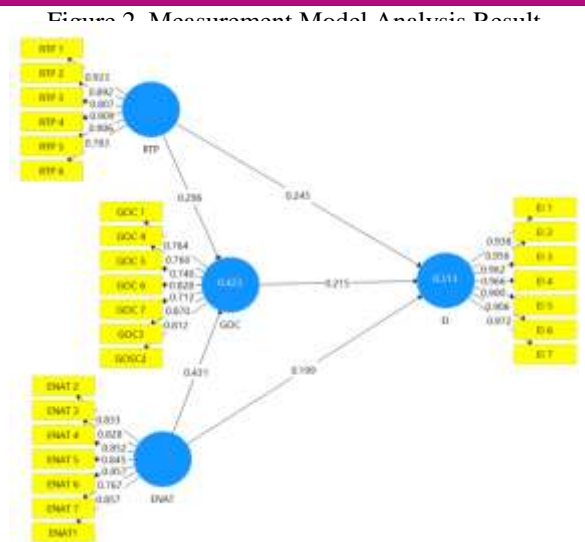


and dependability of the sample data. Additionally, the results showed that the values of AVE and factor loadings are significantly greater than 0.50, indicating strong item correlations and genuine convergent validity.

Table 1. Reliability and validity test analysis

Constructs	Items	Factor. L	CA	CR	(AVE)
EI	EI1	0.938	0.979	0.983	0.89
	EI 2	0.956			
	E.I. 3	0.962			
	EI 4	0.966			
	EI 5	0.9			
	EI 6	0.906			
	EI 7	0.972			
ETP	RTP1	0.923	0.95	0.876	0.76
	RTP2	0.892			
	RTP3	0.807			
	RTP4	0.909			
	RTP5	0.906			
	RTP6	0.783			
ENAT	ENAT1	0.857	0.928	0.941	0.697
	ENAT2	0.833			
	ENAT3	0.828			
	ENAT4	0.852			
	ENAT 5	0.845			
	ENAT 6	0.857			
	ENAT 7	0.767			
GOC	GOC1	0.764	0.901	0.919	0.618
	GOC2	0.812			
	GOC3	0.87			
	GOC4	0.766			
	GOC5	0.74			
	GOC6	0.828			
	GOC7	0.712			

Note: EI = Entrepreneur Intent; RTP = Risk taking Propensity; GOC = Government Commitment; ENAT = Entrepreneurial Attitude



4.3 Discriminant validity

The study also performed a statistical analysis of discriminant validity in addition to the reliability and concurrent validity tests. The goal was to verify that no two items measuring the same thing inside the same construct are equivalent, leading to data redundancy. To establish discriminant validity in SMART-PLS, three methods were used [19] first, the study examined the discriminant validity using the Fornell-Larcker correlation [20]. Fornell and Larcker's principle states that discriminant validity is guaranteed if an individual construct's square root is higher than that construct's correlation with other constructs as seen in Table 2, there is no problem with discriminant validity because the squared AVE value in the bold diagonal is bigger than the inter-construct correlation.

Table 2. Correlations Matrix and discriminant validity results analysis

	EI	ENAT	GOC	RTP
EI	0.943			
ENAT	0.473	0.835		
GOC	0.47	0.605	0.786	
RTP	0.48	0.588	0.549	0.872

Note: E.I. = Entrepreneur Intent; RTP = Risk-taking Propensity; GOC = Government Commitment; ENAT = Entrepreneurial Attitude.

4.4 Hypothesis Testing

The inner models' postulated associations are evaluated once the outer models' reliability and validity have been established and the multi-collinearity problem has been checked. Table 3 shows the outcome of the direct effects of independent variables on the dependent variable in this situation. The path coefficient's significance level can be calculated using t-statistic

values and their magnitude sign, +1. The t-value should be in the 1.96 range or higher as a general guideline.

The bootstrapping technique was utilized to determine the significance of each structural path in the study. In the first hypothesis (H1), a risk-taking proclivity (RTP) is expected to contribute positively to a manufacturing company's entrepreneurial purpose (E.I.). As shown in Figure 3 and Table 3, (RTP) has a positive and substantial influence on E.I. (= 0.245, t = 4.217, p-value = 0). As a result, the investigation supported the notion (H1). The study suggested in H2 that entrepreneurial attitude positively contributes to entrepreneurial intent. The findings demonstrated that (ENAT) substantially influences entrepreneurial intention at the estimation values (= 0.199, t = 2.226, p-value 0.026). This indicates that increasing (ENAT) by one unit boosts a company's entrepreneurial intent, and the investigation verified the theory (H2). Furthermore, in H3, the study argued that government commitment) positively mediates the association between Risk taking propensity and entrepreneurial intent, as well as the relationship between entrepreneurial attitude and entrepreneurial intention of enterprises in Algeria.

The findings demonstrated that government commitment had a significant and positive mediation effect on entrepreneurial intent ($\beta = 0.215$, t-value = 1.98, p = 0.048). Similarly, government commitment positively and significantly increases risk-taking propensity ($\beta = 0.296$, t-value = 6.066, p-value = 0) and entrepreneurial attitude ($\beta = 0.431$, t-value = 7.076, p-value = 0). Therefore, H4 and H5 are also significant. To summarize, the evidence demonstrates that the model's direct hypothesis and mediation effect are important relationships.

Note: E.I. = Entrepreneur Intent; RTP = Risk-taking Propensity; GOC = Government Commitment; ENAT = Entrepreneurial Attitude.

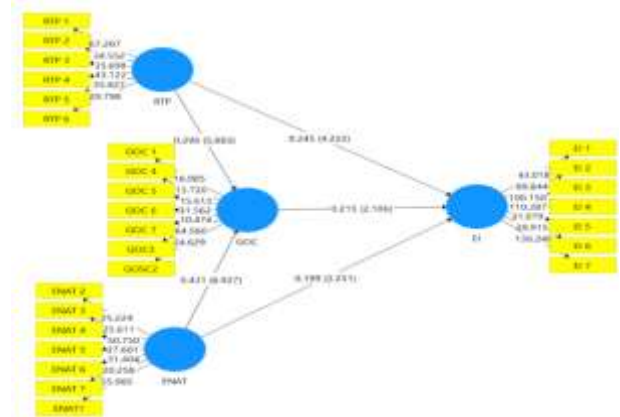


Figure 3. Standardized path coefficients and significance of the structural equation model

The word “data” is plural, not singular.

5. DISCUSSIONS AND CONCLUSION

This study concluded that risk-taking proclivity and entrepreneurial mindset had a substantial positive impact on entrepreneurial intent and the effect of the government commitment role. This study revealed the risk-taking tendency to be stronger than the entrepreneurial mentality. According to this, government commitment is beneficial in developing an entrepreneurial culture, which creates jobs for society, reduces unemployment, and contributes to the country's economic progress and prosperity. In the presence of government commitment, the influence of all independent factors has dramatically increased.

This study, like many others, has limitations. The study's limitations include a small sample size and a focus on one part of the purposeful cluster. Due to funding limits, a few companies are approached to collect data. Large sample sizes may provide different results due to the tiny sample size. Furthermore, data was gathered only from students with no prior experience with entrepreneurship and who were practically never active in the company. This study also makes some recommendations for future research. First, future studies can be conducted by gathering data from a large sample size. Future research may analyze this mixed-gender study using a broader range of samples. Qualitative research might yield more specific results. This study investigated several variables. Prospective studies may employ several sets of variable combinations. Future research will allow us to explore other moderators and mediators to understand better the phenomenon of independent and dependent variables,

Table 3. Summary of hypothesized results

H		β	T-value	p-value	Decision
H1(+)	RTP → EI	0.245	4.217	0	Supported
H2(+)	ENAT → EI	0.199	2.226	0.026	Supported
H3(+)	GOC → EI	0.215	1.98	0.048	Supported
H4(+)	RTP → GOC	0.296	6.066	0	Supported
H5(+)	ENAT → GOC	0.431	7.076	0	Supported
Explained variance for each dependent variable (R ²)					
	GOC	42			
	E.I.	31			
Mediation Effect of Government Commitment					
GOC	RTP -> GOC -> EI	0.064	2.219	0.027	Supported
GOC	ENAT -> GOC -> EI	0.093	1.808	0.071	Supported

6. ACKNOWLEDGMENT

We are appreciative for endless coordination support of Algeria's SMEs Managers and the municipal Administration higher officials for their effectiveness of guidance to this task.

7. REFERENCES

- [1] Mahmood, G., et al., Impact of Entrepreneurship Competencies on Entrepreneurship Motivation among Pakistani Students: Entrepreneurship Education as Moderation. *Journal of AccountingvFinance in Emerging Economiesv*2021. 7(2): p. 497-510.
- [2] Huang-Saad, A., et al., Examining current practice in engineering entrepreneurship education. 2020, SAGE Publications Sage CA: Los Angeles, CA. p. 4-13.
- [3] Alharbi, J., H. Almahdi, and A. Mosbah, The impact of entrepreneurship education programs (EEPs) on the entrepreneurial attitudes among higher education students. *International Journal of Management, EconomicsvSocial Sciencesv*2018. 7(3): p. 245-271.
- [4] Colombelli, A., et al., Entrepreneurship Education: The Effects of Challenge-Based Learning on the Entrepreneurial Mindset of University Students. *Administrative Sciencesv*2022. 12(1): p. 10.
- [5] Kwong, C., et al., How entrepreneurial are social entrepreneurship education providers? The role of universities' entrepreneurial ecosystems in the provision of elective social entrepreneurship courses to business students. *Studies in Higher Educationv*2022. 47(5): p. 1046-1056.
- [6] Alharbi, J., H. Almahdi, and A. Mosbah, The impact of entrepreneurship education programs (EEPs) on the entrepreneurial attitudes among higher education students. *International Journal of Management, EconomicsvSocial Sciencesv*2018. 7(3): p. 245-271.
- [7] Stewart Jr, W.H. and P.L. Roth, Risk propensity differences between entrepreneurs and managers: A meta-analytic review. *Journal of applied psychologyv*2001. 86(1): p. 145.
- [8] Purwanto, R., et al., Study the importance of business ethics and ethical marketing in digital era. *Journal of Critical Reviewsv*2019. 6(5): p. 150-154.
- [9] Mei, H., C.-H. Lee, and Y. Xiang, Entrepreneurship education and students' entrepreneurial intention in higher education. *Education Sciencesv*2020. 10(9): p. 257.
- [10] Liu, M., et al., Increasing teaching effectiveness in entrepreneurship education: Course characteristics and student needs differences. *LearningvIndividual Differencesv*2022. 96: p. 102147.
- [11] Liguori, E., et al., The entrepreneurship education imperative: Introducing EE&P. 2018, Sage Publications Sage CA: Los Angeles, CA. p. 5-7.
- [12] Liguori, E., et al., Entrepreneurship as a career choice: intentions, attitudes, and outcome expectations. *Journal of Small BusinessvEntrepreneurshipv*2020. 32(4): p. 311-331.
- [13] Huang-Saad, A., et al., Examining current practice in engineering entrepreneurship education. 2020, SAGE Publications Sage CA: Los Angeles, CA. p. 4-13.
- [14] Hassan, A., et al., Entrepreneurial intention of Indian university students: the role of opportunity recognition and entrepreneurship education. *Education+ Trainingv*2020.
- [15] Haddoud, M.Y., et al., Assessing the role of entrepreneurship education in regulating emotions and fostering implementation intention: evidence from Nigerian universities. *Studies in higher educationv*2022. 47(2): p. 450-468.
- [16] Al-Mekhlafi, A.-B.A., et al., impact of safety culture implementation on driving performance among oil and gas tanker drivers: A partial least squares structural equation modelling (PLS-SEM) approach. *Sustainability* 2021. 13(16): p. 8886.
- [17] Hair Jr, J.F., et al., Advanced issues in partial least squares structural equation modeling. 2017: saGe publications.
- [18] Ab Hamid, M., W. Sami, and M.M. Sidek. Discriminant validity assessment: Use of Fornell & Larcker criterion versus HTMT criterion. in *Journal of Physics: Conference Series*. 2017. IOP Publishing.
- [19] Henseler, J., C.M. Ringle, and M. Sarstedt, A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the academy of marketing science* 2015. 43(1): p. 115-135.
- [20] Nasution, M.I., M. Fahmi, and M.A. Prayogi. The Quality of Small and Medium Enterprises Performance Using the Structural Equation Model-Part Least Square (SEM-PLS). in *Journal of Physics: Conference Series*. 2020. IOP Publishing