

**SOCIAL CAPITAL AND ENTREPRENEURIAL
INTENTIONS OF UNIVERSITY STUDENTS OF
RURAL AREAS: MEDIATING ROLE OF
PSYCHOLOGICAL CAPITAL**



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CERTIFICATE

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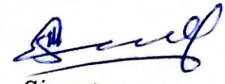
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ABSTRACT

Nowadays, researchers consider that social context and entrepreneur behavior play a vital role in the development of a society. Physical capital and human capital alone are inadequate to predict and end the entrepreneurial issues, hence, it is indispensable to study social capital and psychological capital to find the antecedents of entrepreneurship. Entrepreneurship is thought to be very crucial for the rural development which can address economic woes by tackling the problems of rural emptiness. Thus, this study aimed at finding a relationship between social capital, psychological capital and entrepreneurial intention of university students of rural areas (GB). For this, data were randomly collected from the students studying all over the country, structural equation modeling was used to find the relationship and bootstrapping and regression were used to find the mediating role of psychological capital. For the analysis and estimation of data, SPSS 26 and Amos 26 were used. Findings of the study reveal that there is a significant relationship between social capital and entrepreneurial intention and psychological capital mediates the relationship between social capital and entrepreneurial intention.

Keywords: Social capital, psychological capital, entrepreneurial intentions

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CHAPTER 1

INTRODUCTION

Both developed and developing nations regard entrepreneurship as an important element of their economies, and governments of the impoverished countries consider entrepreneurship a principal tool to encourage economic enhancement and tackle grim economic and social hurdles (Ozaralli & Rivenburgh, 2016). Entrepreneurship is included among the driving aspects which stimulate the socio economic development (Coulibaly et al., 2018). Entrepreneurship succeeded in drawing attention as pivotal contributor to economic development because entrepreneurship, alongside creating employment, boosts up spending, assists in transfer of knowledge and introduces innovation in the market (Meyer & de Jongh, 2018). These days, overall organizational competitiveness is well depicted by the entrepreneurship capabilities therefore, part played by entrepreneurs is indispensable in the organizational growth (Robles & Zárraga-Rodríguez, 2015). Similarly, influence of entrepreneurship on the enhancement of economic growth was highlighted by various researchers (Doran et al., 2018; Urbano et al., 2019) and other researchers were of the view that the role of entrepreneurship is of paramount significance in organizational culture, which in turn assures the organizational success (Rohani & Amani, 2016).

Innovative entrepreneurship is essential for the growth of markets and businesses as it provides new employment opportunities and provides a conducive environment for dynamic market structure. Hence, entrepreneurship as an academic discipline tries to find out ways to convert opportunities into reality by knowing the fact that, who actually harness, generate and exploit goods and services (Venkataraman, 2019). Entrepreneurship is an important and increasing phenomenon worldwide. Entrepreneurial activity plays its part in reducing

unemployment through job creation as well as it helps a country to develop a sustainable and competitive economic activity. Entrepreneurial activity can be enhanced at individual, societal and country level and educational institutions are important as they play an indispensable part in encouraging entrepreneurship through entrepreneurial education, vocational trainings and innovativeness. Universities are considered as flag bearers of innovative ideas and transmission of knowledge which ultimately helps in bringing latest and innovative thinking into the society. By emboldening development of entrepreneurs, reduction of unemployment can be achieved. Universities can be deemed as important players for those young people who seek new opportunities and enter labor market. Entrepreneurial activity is seen as a continuous process that develops with the passage of time. There is also a debate over the gender's role in this process, as it is yet to be determined that which gender (male or female) makes a successful entrepreneur because in the literature entrepreneurship is depicted as a field which is dominated by male and female are to large extent underrepresented in this field of entrepreneurship (Markussen & Røed, 2017). Hence from the previous literature it is evident that women are underrepresented in this field as well and in third world countries, Pakistan in particular, it is vital to give representation to women in entrepreneurship so that they impart in the economic process through new ventures and businesses. Unless we make the field of entrepreneurship gender neutral profession and free from static profiles of individual, we cannot compete with the developed nations. So, entrepreneurship is one of the great predictors and keys for economic development which fixes the issues of unemployment and poverty.

Entrepreneurial intentions have garnered extensive focus after the introduction of theory of planned behavior. The theory of planned behavior describes that intentions are determined and influenced by perceived behavior control, subjective norms and attitudes which in turn lead to action (Ajzen, 1991). Perceived behavior control and self-efficacy are

similar words and perceived behavior control positively affects the entrepreneurial intentions (Malebana, 2016). It is obvious from the above arguments that there are psychological factors which determine the entrepreneurial intentions of individual. In particular, entrepreneurial intentions of individuals can be determined by the psychological capital in the rural settings. To embolden the people to become entrepreneurs, it is imperative for academics and practitioners to get acquainted with the factors that form intentions of potential entrepreneurs and elements which trigger entrepreneurship (Esfandiar et al., 2019).

Nonetheless the fact that Psychological capital is a novel concept in developing countries, scholars have explored the linkages between job performance and psychological capital under the mediating effect of work attitude (Kappagoda et al., 2014), part played by psychological capital in the organizational behavior and academic adjustment (Liran & Miller, 2019), examining the factors which alter the entrepreneurial intentions of university students in Pakistan, drawing particular heed towards perceived social norms and social behavior (Azhar et al., 2010) and integrated social capital and entrepreneurial intentions using model of theory of planned behavior (Buttar, 2015). Meanwhile researchers have studied by inculcating limited components of cognitive factors in their studies. Sequeira et al. (2007) explore that if social networks are coupled with the self-efficacy, the chances of entrepreneurial intentions of starting a start-up enhance. Authors highlighted role of self-efficacy which is one component of psychological. Raof et al. (2019) also incorporated the mediating role of self-efficacy and argued that social capital of the university students affects their entrepreneurial intentions via the mediating role of self-efficacy. Keeping in view the above scientific work, it is clear that not all the components of psychological capital are inculcated in the studies. Hence, the synergy of four principal facets of psychological capital, i.e., hope, resilience, confidence (self-efficacy) and optimism, and social capital and entrepreneurial intentions among students of rural areas is under researched. To put it simple,

research on the sociocognitive factors which shape the entrepreneurial intentions of students of rural areas is required.

1.1 Background of the Study

The phenomenon of entrepreneurship has garnered much focus both in developed as well as developing nations. Unemployment, youth unemployment in particular, is a very serious issue that countries all over the world face and remained a principal concern for third world countries and Pakistan. International youth unemployment rate was noted 13.6% of the youth labor force in 2019 and the rate of unemployment of youth of Pakistan keeps on rising and reached 10.4% in 2017-18 ([Siddiqa, 2021](#)). This grim situation of youth unemployment clearly depicts that there is a mismatch between job requirements and the qualifications of students. Hence, graduates should be encouraged to opt for entrepreneurship which will decrease youth unemployment and provide opportunities to others as well. Likewise, in spite of its global recognition, countries like Pakistan did not pay due importance to entrepreneurship ([Zreen et al., 2019](#)). This is due to the absence of attention paid to entrepreneurship by governments and policymakers. Still, Pakistan is endeavoring to enhance the economic growth and boost new ventures. Global entrepreneurship index was noted 15.64 indexes in 2018 and among 135 countries, Pakistan was placed in 118th rank which is not a good sign if we compare with the USA which is at first place of the list with index 83.61 indexes ([Anjum et al., 2019](#)).

Till now, large body of scientific work is available which explains the importance of entrepreneurship for the economic growth and development ([Coulibaly et al., 2018](#)), but there is a need to pay greater attention to the entrepreneurial intentions and key precursors of entrepreneurial intentions as there is a paucity of research on the predictor of entrepreneurial intentions among the students. Most of the scholarly work in Pakistan has explored the

influence of entrepreneurial motivation on the entrepreneurial intentions and entrepreneurial behavior ([Alam et al., 2019](#)), investigated the role of self-efficacy, perceived desirability on the entrepreneurial intentions of students ([Soomro et al., 2020](#)) and influence of social capital on the entrepreneurial intentions ([Raoof et al., 2019](#)).

In compliance with this, there is greater need of research on the social and psychological factors as key antecedents in developing entrepreneurial intentions among students in rural setting. This will help understand and highlight the psychological aspects of individuals who want to embark on nascent start-ups and to explore the role of social capital and psychological capital (including the facets confidence, hope, optimism and resilience) in the formation of intentions among students in rural settings will be the principal focus of this thesis. In short, there is a need to study the social and psychological aspects of residents of rural setting to get better insight of the precursors of entrepreneurial intentions so, a composite study which should include socio-cognitive aspects is needed to help and understand the key antecedents of entrepreneurial intentions.

1.2 Research Gap

There is dearth of evidence which focus on the synergy of social capital, psychological capital and entrepreneurial intentions of university students of rural areas. Hence, there is a gap in scientific literature regarding combined study regarding the relationship of social and psychological capital and entrepreneurial intentions in the context of rural areas of Pakistan (Gilgit-Baltistan) and this study will endeavor to fill this gap.

1.3 Problem Statement

Lately, phenomena of entrepreneurship drew much attention regardless of lack of provision of due importance to entrepreneurship by countries like Pakistan ([Zreen et al., 2019](#)). Still scholars have worked in the domain of social capital and entrepreneurial

intentions in Pakistan (Raouf et al., 2019) but there is a dire need of composite study in the rural areas of Pakistan which should incorporate the sociocognitive (social and psychological capital) and entrepreneurial intentions of potential entrepreneurs. There is dearth of evidence which focus on the synergy of social capital, psychological capital and entrepreneurial intentions of university students of rural areas. Hence, there is a gap in scientific literature regarding combined study of social and psychological capital and entrepreneurial intentions in the context of rural areas of Pakistan (Gilgit-Baltistan) and this study will endeavor to fill this gap.

1.4 Research Objectives

1. To analyze the social and psychological factors that influence the entrepreneurial intentions of university students of rural areas.
2. To examine the role played by social capital in shaping the entrepreneurial intentions of University students of rural area.
3. To examine the mediating role of various facets of psychological capital (Hope, confidence, resilience and self-efficacy) on social capital and entrepreneurial intentions among university students of rural area.

1.5 Research Questions

1. How entrepreneurial intentions among the university students of rural areas can be lifted by incorporating the psychological capital and social capital.
2. Does psychological capital play a mediating role in the relationship between social capital and entrepreneurial intentions.

1.6 Significance of the Study

Gilgit-Baltistan being the transit of mega project CPEC, can harness benefits through several business and employment opportunities. Flow of tourism in general, and CPEC in

particular, have manifold influences on the young population of Gilgit-Baltistan. In such conditions, it is of the essence to comprehend the salience of social capital, psychological capital and entrepreneurial intentions of potential entrepreneurs of the region. To this end, this study will assist those who aim at boosting entrepreneurship via the lens of social and psychological factors which are antecedents of entrepreneurial intentions through providing empirical literature. Moreover, this study will lay a roadmap in front of policymakers and development practitioners to develop a mechanism to implement psychological capital and social capital to enhance the entrepreneurial intentions. Additionally, there is a pressing need to encourage entrepreneurship education and innovative ideas in the educational institutions of the region. In sum, this study will make contribution to existing body of scientific work by highlighting the synergy of social capital, psychological capital and entrepreneurial intentions of students of rural areas.

1.7 Social Capital

Social capital is defined as the traits of societal organization, like trust, norms and connections or networks, that can boost smooth working of society by assisting coordinated actions (Putnam, 1993, as cited in Robison, 2002). So the specific aspects societal organizations are; trust, civic engagement and networks and norms of reciprocity which boost the efficiency of society. Social capital speaks about ability of a person to draw benefits from the memberships, networks, social structures ([Davidsson & Honig, 2003](#)). Another comprehensive definition presented by [Inkpen and Tsang \(2005\)](#) explain that social capital is an asset derived from web of various valuable relationships owned by a person or organization. So, in our case, social capital is taken as an independent variable or a predictor whose affect will be tested on the dependent variable.

1.8 Psychological Capital

Psychological capital refers to individuals mental state, who displays positive behavior and exhibits increased level of job performance ([Costa & Neves, 2017](#)). [Luthans et al. \(2004\)](#) describe psychological capital by stating that psychological capital comprises of “who you are” rather than what you know or who you know. The concept of psychological capital is step ahead of social and human capital and to be very specific, there are four facets of psychological capital; hope, confidence, resilience and optimism. Authors have explained confidence as a cognitive resource which shows individual convictions about ones potential, hope as a motivational cognitive asset, optimism as one’s explanatory way of good happenings and bad happenings and resilience as a tendency to bounce back from a worse happening. So, in our study, psychological capital is taken as a mediator which mediates the relationship between social capital and entrepreneurial intention.

1.9 Entrepreneurial Intention

Entrepreneurial intention is considered as an active or vigilant condition of mind that forces individual attention and expertise towards planned entrepreneurial action ([Do & Dadvari, 2017](#)). Intentions are planned behavior that focuses on behavior of beginning a new business, entrepreneurial intentions also consider the overall vision of founder of any growing organization ([Krueger Jr et al., 2000](#)). Hence, it can be stated that intention is a state of mind which draws person’s attention towards any action and entrepreneurial intention is a state of mind which draws attention towards entrepreneurial action. Entrepreneurial intention is our dependent variable and the impact of social capital and mediator will be yet to discover.

CHAPTER 2

LITERATURE REVIEW

Nowadays, researchers pay considerable attention to the role of social perspective and entrepreneurial behavior in the uplift of global economy. Nevertheless, there is a need of research as there is dearth of research on the social perspective and entrepreneurial intentions in the domain of economics and business studies (Liñán & Santos, 2007). Equally important is psychological context for the entrepreneurship performance of entrepreneurs. Psychological capital is a resource which provides entrepreneurs with the feelings of invulnerability to various problems or risks hence, for the improvement of entrepreneurs, psychological context of individual is necessary (Yousaf et al., 2015).

2.1 Theory

The significance of role of intentions was examined by Ajzen and it is very helpful to mention the theory of planned behavior in the development of entrepreneurial intentions. ([Ajzen, 2005](#)) shed light on the importance of intentions and argues that an individual develops intention to get involved in certain behavior, this intention is converted into action at a proper time and opportunity supposing the fact that behavior is voluntarily controlled, hence, the attempt made will produce a required act. Moreover, [Ajzen \(1991\)](#) points out that intentions affect behavior because they gain the motivational factors which indicate the willingness of individual to perform or try. So, stronger performance can be seen as a result of stronger intention to involve in any behavior.

According to the theory of planned behavior, intentions of an individual derive motivational element of a behavior and rely on three aspects: Attitude, subjective norms and behavioral control beliefs ([Ajzen, 1991](#)). When a person perceives that to what extent he/she

would be a successful entrepreneur or his/her thinking about performing a specific behavior is perceived behavioral control, this aspect is related to one of psychological capitals component self-efficacy. This component of the theory also states that the results of decisions are influenced by person's own behavior rather than outside elements. Subjective norms is represented by the social pressure on an individual to perform a specific behavior, hence it comes from outside contrary to perceived behavioral control which stress on the person's own behavior. Last element is attitude which shows that to what extent a person makes an appraisal or evaluation of behavior; it is evident that person's evaluation or appraisal to become an entrepreneur influences the intentions. So, this study takes theoretical base from the theory of planned behavior to fully understand the antecedents of entrepreneurship.

According to the theory of planned behavior, intentions depend on three components; attitude, subjective norms and behavioral control beliefs. This study partially used the theory and relies on the behavioral control (which is same as psychological capital) as a mediator between social capital and entrepreneurial intentions of university students. The reason this study focuses on the behavioral control is that, as this study intends to find a mediating role of psychological capital so the relation of behavioral control with intentions was relevant to this study. Hence, getting underpinning from the theory, this study introduces the psychological factors in the relationship between social capital and entrepreneurial intentions.

2.2 Theory of Planned Behavior and Entrepreneurial Intentions

To understand a more clear image of entrepreneurial intentions, previous researches use either Shapero's Model of Entrepreneurial Event (Shapero & Sokol, 1982) or Theory of Planned Behavior (Ajzen, 1991). (Shapero & Sokol, 1982) model is better if one intends to do research specifically on entrepreneurship as this model relies on the premise that intentions are obtained from desirability and feasibility and tendency to act on opportunities.

Meanwhile, Theory of Planned behavior inculcates psychological factors and this model could be applied in other fields as well.

Furthermore, this theory proposes some other elements like, evaluation of educational experience, business environment and support knowledge are vital in getting insight about entrepreneurial intentions. These factors may impact the intentions of people either directly or indirectly by affecting the behavioral control, social norms and attitude. Hence it is vital to have a meaningful insight about the above mentioned elements which could contribute to the literature by exploring more elements of Theory of Planned Behavior. Basu and Virick (2008) investigate that entrepreneurial attitude is being positively influenced by the educational support, which ultimately positively influences the entrepreneurial intentions of students. Studies have also explored that if students acquire knowledge about important mechanisms, there are greater odds of becoming entrepreneurs (Sieger et al., 2011). In addition, a study by (Turker & Selcuk, 2009) suggests that entrepreneurial intentions of people are also influenced by the structural supports. This study points out that if institutions and universities facilitate students in provision of entrepreneurial knowledge and encouragement to make entrepreneurship a career, the odds of opting for entrepreneurial career could enhance. Hence, apart from financial capabilities and family background, it is necessary for a person to pay due consideration to the entrepreneurial knowledge and educational support which may influence the entrepreneurial intentions.

Kautonen et al. (2013) highlight the significance of theory of planned behavior (TPB) in the study of overall economic behavior, like entrepreneurship, and their findings unfolded that the intentions are important antecedents for a person to get involved in entrepreneurial behavior. Souitaris et al. (2007) made an effort to make contributions to theory of planned behavior and pointed out that entrepreneurship education boosts the intentions to set up a new business. Making it clear the importance of entrepreneurial intentions for the start of

business. Yang (2013) conducts a study to test the validity of theory of planned behavior and unearthed the findings which state that theory of planned behavior can be used to forecast entrepreneurial intention among the students in China.

Theory of planned behavior has been used in the research, entrepreneurial research in particular, by various scholars (Liñán & Chen, 2009; Lortie & Castogiovanni, 2015). So shedding light on the importance of entrepreneurial intentions is imperative to know about the overall perception of people to start their business and it could be handy in proposing the policy makers to focus on the factors which affect the entrepreneurial intentions of students.

2.3 Social Capital and Entrepreneurial Intentions

The notion that intentions are partially developed as a result of social and human capital has manifold implications for the potential as well as actually existing entrepreneurs (Hindle et al., 2009). Authors further restated that for the individuals who are searching for entrepreneurial opportunities, social and human capitals were deemed as important factors. Personal abilities are not only elements which assure the success of any person, to enhance the chances of success, entrepreneurs need to involve in team work and engage with other groups as well (Pedraja R & Rodríguez P, 2004).

Social capital speaks about ability of a person to draw benefits from the memberships, networks, social structures (Davidsson & Honig, 2003). The sum of social capital that an individual or entrepreneurs are successful in accumulating largely relies on an individual's social ability. In line with this, it is significant for an entrepreneur to make a great first impression, understand others precisely, adjust to several social conditions and be inspiring (Baron & Markman, 2000). So it is clear that if a person is weak at human capital or physical capital, he/she can compensate this deficiency with a great and impressive social capital. Likewise, there are various other benefits of social capital which comprise of exposure to

ample opportunities available to the individual, which would not be available to people with limited social networks (Piazza-Georgi, 2002). Social capital has ample benefits which could be harnessed from other people and hence, engagement with people in the networks also provides emotional support.

Changes in relationship develop social capital which relies on elements like trustworthiness and social conditions (Coleman, 1988). He highlighted the importance of social capital by asserting that social capital is equally assisting productivity as physical capital and human capital do. Putnam (1995) describes that social capital mentions about attributes of social settings namely trust, norms and networks which develop cooperation, teamwork and coordination for overall benefits. Social capital can be a suitable alternative for fraternity in present day and it will be redundant in the domain of political debate in twentieth century (NEWTON, 1997).

Through the means of its various components, social capital influence people for interchange of knowledge and involvement in knowing process hence, it develops intellectual capital (Nahapiet & Ghoshal, 1998). Social capital is an asset which is implanted in social structure and social capital include resources implanted in social structure, availability of this social asset at individual level and usage of this resource by people (Lin, 2017). Entrepreneurial managers who hold greater contact networks can produce value beyond human capital, Burt (2004) asserts that these managers can handle information with great efficacy as compare to bureaucratic control hence, entrepreneurial managers can propose solutions easily.

Inkpen and Tsang (2005) explain that social capital is an asset derived from web of various valuable relationships owned by a person or organization, authors elaborated the private as well as public context of social capital.

Intentions are planned behavior that focuses on behavior of beginning a new business, entrepreneurial intentions also consider the overall vision of founder of any growing organization (Krueger Jr et al., 2000). Entrepreneurial intention is considered as an active or vigilant condition of mind that forces individual attention and expertise towards planned entrepreneurial action (Do & Dadvari, 2017). In the study, (Schlaegel & Koenig, 2014) endeavor to integrate the two theories on human intentions by employing meta-analysis of entrepreneurial intentions of 98 studies that included 114000 participants and unfolded that relying only on the two main theories which described intention is not adequate, more insightful research is required to completely comprehend how intentions could be converted into actions. There is a growing body of written work which proposes that entrepreneurial action are developed as a result of entrepreneurial intention (Zhang et al., 2014).

Meanwhile, a study by Bogatyreva et al. (2019) throws light on the role of cultural context in the conversion of entrepreneurial intentions into the actual entrepreneurial action and asserts that the transformation of entrepreneurial intentions into entrepreneurial action is dependent on cultural context. By adopting sample of 364 students in china whose major was sports, Hu and Ye (2017) came to the findings that entrepreneurial intentions are well predicted by entrepreneurial self-efficacy and entrepreneurial alertness, which in turn develop the entrepreneurial behavior among students. Similarly, Fini et al. (2012) categorize the antecedents of entrepreneurial intentions and pointed out that individual characteristics, cognitive traits, personal expertise, prior knowledge and demographics are the antecedents of entrepreneurial intentions. Authors also considered that organizational factors and influence from surroundings are also precursors of entrepreneurial intentions. Zampetakis et al. (2011) try to find out the relationship among creativity and entrepreneurial intentions and came up with the findings from survey of 180 business students that showed the more people consider themselves to be more creative, the higher they possess entrepreneurial intentions.

Sedeh et al. (2020) put their efforts to find relationship among national social capital, entrepreneurial ability and entrepreneurial intentions and based their study on theory of planned behavior. Their findings reveal that social capital boosts the impact of entrepreneurial ability on entrepreneurial intentions to embark on new ventures. To be precise, the study unfolds that civic engagement and memberships in organizations etc strengthen the impact of entrepreneurial ability on entrepreneurial intentions. It can be inferred from the above study that social capital has a positive influence on entrepreneurial intentions of people.

Human resource and knowledge resource are considered as key factors for economic growth and innovation (Kai et al., 2009). But the condition where above mentioned resources are accessible, the major factor for developing nascent business, generation of innovation for new ventures and encouraging competitive advantage is social capital (Fabová & Janáková, 2015). Therefore, Social capital is considered as a reinforcement agent that emboldens the trust and expectations.

Other studies in the field of social capital and entrepreneurial intentions draw our focus. A study by Campopiano et al. (2016) on the family social capital and motives related to environment tries to address the role of social capital on the intensity of engagement in the entrepreneurial process and new businesses. This study is unique because it provides new information about the idea of support by family through the lens of bridging and bonding social capital, entrepreneurial activity and the role of environmental motives is deemed as a principal contribution of this paper. Moreover, findings of the study suggest that among other factors, family is one of the main institutions to foster entrepreneurship via making accessible the bonding and bridging social capital and results also suggest that entrepreneurship is important value to effectively contribute to pursue responsible environmental processes.

Another comprehensive study by Vuković et al. (2017) explores the role of bridging and bonding social capital on the entrepreneurial intentions by employing a structural equation modeling. Findings of the study mark that both the components of social capital (bridging and bonding social capital) determine entrepreneurial intention. Those who have less bonding social capital could compensate by having stronger bridging social capital. Authors also argue that in the achievement of self-employment, bridging social capital plays a key role among young people and also put forward their suggestion to boost the effectiveness of entrepreneurial education.

Throwing light on trust and entrepreneurial process, Shi et al. (2015) provide empirical evidence to know about trust as a social capital and its impact on entrepreneurial activity. Findings of the study figure out a positive association between the entrepreneurial activity and trust, findings also suggest that there is a positive association between competence trust and greater openness in sourcing entrepreneurial opportunities.

Employing theory of planned behavior and using sample of six hundred graduates from turkey and Pakistan, Buttar (2015) explores the part played by sociocognitive factors in the development of entrepreneurial intentions among students. Findings of the study unfold that entrepreneurial intentions of students are being influenced by social capital via cognitive factors. The study is as major contribution to the literature as it finds the linkages between social capital, cognitive factors and entrepreneurial intentions.

Aside from social aspects which determine entrepreneurial intentions of university students, there is a strong need to explore cultural aspects among university students which determine their entrepreneurial intentions. Studies have spotlighted the cultural aspects among the students which influence their entrepreneurial intentions. Shiri et al. (2017) used theory of planned behavior to sort out the cultural aspects and extend the theory by

incorporating the cultural valuation of entrepreneurship. The findings show that social valuation is important to get greater knowledge about entrepreneurial intentions of agricultural students. This is an important and pertinent study as it ingrains the cultural values in the theory of planned behavior. These cultural elements are close environment of individual and larger sociocultural aspects which influence the career choices and make the notion concrete that intentions to become entrepreneur could be received from the culture and society, or in other words, it is indispensable to study the cultural values to get knowledge about the entrepreneurial intentions of university students. This study also has policy implications for Pakistan's perspective as we are also agricultural and developing country and there is a pressing need to explore such cultural and social values to understand the precedents of entrepreneurial intentions of university students.

The relationship between social capital and entrepreneurial intentions has been studied in past and among them, study of (Liñán & Santos, 2007) is valuable. Linan and Santos find out that social capital influences the entrepreneurial intentions of individual and also appeal future researchers to draw their focus towards more research in this field by incorporating the drivers of trust and confidence. Chia and Liang (2016) conducted a study to find relationship between social capital and entrepreneurial intentions. For this, authors administered a survey in Taiwan and examined 213 subjects and came to the result that both types of social capital (bridging and bonding social capital) had a remarkable impact on the entrepreneurial intentions of students. Gelaidan and Abdullateef (2017) tried to empirically analyze the interconnection of relational support and academic support and entrepreneurial intentions of university students and deduced that both relational support and academic support can affect the entrepreneurial intentions among university students.

The attributes of local community are vital for development of new ventures, hence there is significant role of regional social capital in the enhancement of entrepreneurship as

the findings of Weiss et al. (2019) reveal that there is a dire need to develop regional social capital through development of cultural diversity, associational activities and enhancement of social trust. Ali and Yousuf (2019) probe the impact of community social capital on the entrepreneurial intentions of a specific community in Gilgit-Baltistan by taking a sample of 325 participants and reached the results that entrepreneurial intentions of individuals are positively influenced by the social capital. Authors were of the view that the developing entrepreneurial intentions in the rural areas will enhance their perceptions of starting new businesses and can play their part in family livelihood.

H1: Social capital has a positive influence on the entrepreneurial intentions of students of Gilgit-Baltistan.

2.4 Psychological Capital and Entrepreneurial Intentions.

Individual do not develop intentions only on the basis of the belief that they can become entrepreneurs, but psychologically they discover the concept of becoming an entrepreneur (Fuller et al., 2018). Put it simply, the idea of psychological capital or cognitive factors are important in developing entrepreneurial intentions. This study draws attention towards the argument that in the entrepreneurial intentions and venture creation, role of cognitions, personality and self-efficacy is indispensable. Psychological capital refers to individuals mental state, who displays positive behavior and exhibits increased level of job performance (Costa & Neves, 2017).

Luthans et al. (2004) describe psychological capital by stating that psychological capital comprises of “who you are” rather than what you know or who you know. The concept of psychological capital is step ahead of social and human capital and to be very specific, there are four facets of psychological capital; hope, confidence, resilience and optimism. Authors have explained confidence as a cognitive resource which shows individual

convictions about ones potential, hope as a motivational cognitive asset, optimism as one's explanatory way of good happenings and bad happenings and resilience as a tendency to bounce back from a worse happening.

Hope is considered as a human capability that assists not to be disappointed and keep going forward with goals in mind and reduce unbearable conception of future (Bailey & Snyder, 2007). Hope is also considered as a motivational agent that is achieved from thinking about successful and sense of meeting goals. Hence, people having higher hope are individuals who are having higher motivational to start an initiative or a task. People who look forward or anticipate for good things are considered optimists (Carver & Scheier, 2002). In reality, optimist always weighs what he/she can get and what he/she cannot get in life and optimism is related to the evaluation of possible achievable and unachievable results by an individual. Hence, optimists attribute all favorable happening as an internal events and unfavorable as external events which are not permanent.

Researchers explain the concept self-efficacy (efficacy), proposing the implications of self-efficacy for the organizational working environment, as "one's conviction (or confidence) about his or her abilities to mobilize the motivation, cognitive resources, and courses of action needed to successfully execute a specific task within a given context" (Luthans et al., 2007). Hence, it is clear that self-efficacy is individual's confidence which he/she places in his/her abilities which finally mobilize his/her motivation. It is important to explore the influence of self-efficacy on performance of individual in an organizational environment. Individual's ability to revert back to an initial position from an adverse condition is known as resilience (Waller, 2001). So in simple words resilience is an ability or attribute of an individual to adapt to initial condition from an adversity or failure instead of living through the trauma. Hence, resilience is a mental state which is achieved and becomes stronger through individual interactions with other people in the society.

Travis and Freeman (2017) employed a self regulation perspective to sort out the undiscovered link between the self-efficacy and entrepreneurial intentions. Authors suggest that both proactive personality and self-efficacy interconnect to forecast a peculiar change in entrepreneurial intentions. Contreras et al. (2017) made an effort to find out how entrepreneurial intentions are related to the business students' psychological capital. To this end, authors used scales of four facets of psychological capital which are; hope, resilience, optimism and self-efficacy. According to the findings, there was a positive relation between all the facets of psychological capital and entrepreneurial intentions.

Baluku et al. (2016) highlighted the significance of all four facets of psychological capital in the entrepreneurial success of small level enterprises and inferred that all the facets of psychological capital are imperative for the success of small scale enterprises.

Ephrem et al. (2019) added to the existing scientific literature by exploring that entrepreneurial intentions are positively influenced by psychological capital. The study also disclosed that there is positive impact of perceived social norm on entrepreneurial intentions of final year students. Another empirical study done by Ghani et al. (2013) on the university students in Tehran showed that psychological capital comprising of its four facets; hope, resilience, optimism and efficacy, investigated that psychological capital has a significantly positive impact on entrepreneurial intentions of university students in Tehran. Similarly, Jin (2017) trying to sort out the influence of psychological capital on the entrepreneurial intentions of nascent start-ups and also its impact on the start-up performance, disclosed findings that entrepreneurial intentions of nascent start-ups was positively influenced by the three components (hope, resilience and self-efficacy) of psychological capital.

Similar to social and human capital, psychological capital is also associated with the development, well-being and accomplishments of a person. Because all the capitals have their

peculiar contributions and attributes toward enhancing the well-being of a person as well as a society. Motivational factor, which is a mental state of a person, is a psychological capital and this motivational factor affects the decision making of an individual to become an entrepreneur (Williams & Williams, 2014). Hence, it is evident from the literature that there is a principal role of psychological capital in the development of new entrepreneurs and underdeveloped countries need to pay more heed to this aspect to reduce unemployment by opening more windows of opportunities to aspiring entrepreneurs. Other studies came up with the results which state that entrepreneurship is influenced by the social context, and social environment plays a key role in the development of various strategies (Borges et al., 2016). Hence, without the confluence of social capital and psychological capital, we cannot understand the antecedents of entrepreneurial intentions and achieve larger objectives of development. Or in other words, the authors put their efforts to sort out the association between the environment and the development of entrepreneurship. So it is crucial to study the social context and environmental factors to fully understand the predictors of entrepreneurship or in other words social and psychological capital are equally necessary for the development of entrepreneurship.

Exploring the role of social capital, psychological capital and entrepreneurial outcomes among the migrants, Ma et al. (2018) disclose that psychological capital plays a greater role than social capital. The authors reveal that psychological capital shows greater significant positive influence than social capital on entrepreneurial environment of migrants. Moreover, the findings of the study also suggest that psychological capital imparts more significantly on the identification of entrepreneurial opportunity of the migrants than social capital. Hence, the discussion above suggests that psychological capital, if not greater than social capital, equally contributes in the field of entrepreneurship.

A study by Ip et al. (2017) strives to find out the antecedents of entrepreneurial intentions and sort out that empathy, self-efficacy and perceived social support have linkage with the entrepreneurial intentions. Authors also emphasized on the need of social entrepreneurship and research on the social entrepreneurship in Asian countries to understand the comprehensive picture of this topic. Meanwhile a study by Popescu et al. (2016) investigates the influence of psycho-behavioral traits on entrepreneurial intentions of university students in Romania and categorized creativity, risk taking capabilities and locus of control as the psycho-behavioral traits. Author came up with the findings which disclose that these traits contribute towards the entrepreneurial intentions. So, from the above studies it is obvious that psychological capital and psycho-behavioral traits are essential to examine or determine the entrepreneurial intentions of university students.

A study conducted by Oyugi (2015) to find mediating role of self-efficacy on the relation between entrepreneurial intentions and education of university students came up with the findings which cemented the notion that there is a mediating role of self-efficacy, which is a tenet of psychological capital. Findings of the study disclosed that there is a significant association between entrepreneurial intentions and education and self-efficacy plays a role of mediator. The study explores the fact that importance of entrepreneurial education is paramount for the development of entrepreneurial intentions and self-efficacy, and entrepreneurial educations should be made compulsory in institutions through introducing entrepreneurial courses. On one hand, it will make students sufficient to become job creators and on the other hand, it will reduce unemployment through job creation. Hence, apart from investigating a part played by self-efficacy as a partial mediator, this study has tremendous policy implications for the academia and policy makers.

Explaining the role of self-efficacy and personal resources and the influence of these on entrepreneurial intentions among university students in West Africa, Atitsogbe et al.

(2019) bring forward some interesting information. Findings of the study affirm that there is an association between self-efficacy and entrepreneurial intentions of students and suggest that entrepreneurial intentions need to be studied with different context, as it could be more context-dependent. Similarly, another pertinent study conducted by Bux and Honglin (2015) highlights the importance of psychological aspects of students on their entrepreneurial intentions. Psychological factors comprise of self-confidence, tendency to risk taking, tolerance to ambiguity and need for achievement, which show a significant influence on students' entrepreneurial intentions. No significant difference was noticed between business students and agriculture students and male and female students regarding their entrepreneurial intentions to become entrepreneurs. So this study may be a guidance which shows that both male and female could display entrepreneurial intentions to become entrepreneurs, and highlights that entrepreneurship is not dependent on gender.

Zhao et al. (2020) came up with some surprising findings in their study on entrepreneurial intentions and psychological capital of students which state that there is indirect influence of psychological capital on students' entrepreneurial intentions through the mediating role of social, human and financial capital. They were of the view that traditional capital directly influences the entrepreneurial intentions of university students in china, while psychological capital does not directly influence the entrepreneurial intentions.

More recently, Yalap et al. (2020) highlighted the influence of both communication skills and psychological capital of students on the development of entrepreneurial intentions in Turkey. To this end, authors garnered data from 369 undergraduate students of public universities and state that self-efficacy (one of the facets of psychological capital) and communication skills positively impact entrepreneurial intentions of undergraduate students. A similar research was conducted by Sebor and Tantiukoskula (2011) to throw light on the entrepreneurial intentions of college going students and the results showed notable

relationship between students' entrepreneurial intentions and their psychological capital. In addition, the findings also unfolded that male students reported higher level of entrepreneurial intentions than female students and opting for an entrepreneurship subject emboldens entrepreneurial intentions of student to become entrepreneur. Jianglin et al. (2013) undertook a research to investigate the social and psychological factors and their relationship with entrepreneurial intentions. authors noted two important points, firstly, authors argue that in long-run, entrepreneurial intentions are positively impacted by psychological capital while in short-run, entrepreneurial intentions were adversely influenced by psychological capital.

An extensive study was carried out by Bullough et al. (2014) to investigate the influence of resilience and self-efficacy on the entrepreneurial intentions of people in adverse environment like war. Findings of the research unveiled some interesting points which state that nonetheless under the situation of war, if individual are resilient and have self-efficacy, they develop entrepreneurial intentions to embark on new businesses and perceived danger was seen to be unrelated with the entrepreneurial intentions. Bullough and Renko (2013) also spotlighted the role of resilience in entrepreneurs amid challenging times. By employing multiple regression analyses to check the linkage, authors pointed out that in both Afghanistan and USA, resilience and self-efficacy are precursors of entrepreneurial intentions to start a new business.

H2: Psychological capital has a positive influence on the entrepreneurial intentions of students of Gilgit-Baltistan.

2.5 Social Capital and Entrepreneurial Intentions: Mediating Role of Psychological Capital

Most of the researches undertaken previously pay attention to positive influence of social capital on entrepreneurial intentions (Chia & Liang, 2016; Liñán & Santos, 2007),

psychological capital and entrepreneurial intentions (Jin, 2017; Yalap et al., 2020) but there is need to do composite research by incorporating all three variables of social capital, psychological capital and entrepreneurial intentions.

Zaremohzzabieh et al. (2019) carried out a meta-analysis to investigate the connection of Theory of planned behavior and entrepreneurial intentions and state that entrepreneurial intentions are influenced by social capital through perceived behavioral control. In the opinion of M. Malebana (2016), perceived behavioral control and self-efficacy, one of the components of psychological capital, of individual are same concepts and further states that perceived behavioral control mediates the effect of social capital on entrepreneurial intentions.

Likewise, Mahfud et al. (2020) reported that the concept of psychological capital, comprising of hope, resilience, self-efficacy and optimism, and the idea of perceived behavioral control are similar. Their comprehensive study also unearthed that the influence of social capital on entrepreneurial intentions is being mediated by psychological capital and appeal the advocates of vocational education and training to inject the social capital and psychological capital to enhance the entrepreneurial intentions.

Findings of Ephrem et al. (2019) disclosed that the relationship between entrepreneurial intentions and perceived social norm was mediated by psychological capital. A qualitative study by Gao et al. (2021) investigated both the role of social capital support in triggering or enhancing the entrepreneurial passion as well as psychological capital's mediating role in the association between entrepreneurial passion and family support. Authors underlined that entrepreneurial passion is considered as one of the antecedents of entrepreneurial behavior or entrepreneurial performance, so it is important to study entrepreneurial passion to have better picture of entrepreneurial behavior. This study

increased and adds to the existing literature on entrepreneurial passion which assists in understanding the elements in development of new entrepreneurs.

Roxas and Azmat (2014) undertook a research to explore the influence of social capital on the rural communities' entrepreneurial intention in Philippine and have done surveys of 496 people living in five communities. Authors explored direct and indirect impact of social capital on the entrepreneurial intentions and the findings suggest that perceived self-efficacy mediates the relationship of community social capital on the entrepreneurial intentions of people residing in the communities. Further, Baluku et al. (2019), studied the part played by two elements of psychological capital (optimism and self-efficacy) as a mediating role in intentions and entrepreneurial mentoring relationship among 1272 young people of Germany and East Africa and deduced that both facets (optimism and self-efficacy) of psychological capital are positively related to entrepreneurial intentions of young individuals.

Lately, HA et al. (2020) devised a model to investigate the links among social capital, self-efficacy and entrepreneurial intention. The study revealed that entrepreneurial intentions are positively influenced by social capital, self-efficacy and perceived desirability. Alongside discovering direct influence of social capital and self-efficacy on entrepreneurial intention, the research also made it clear that there exists mediating role of self-efficacy on entrepreneurial intention and social capital relationship and also brought forward some suggestions for policy practitioners and academics to foster entrepreneurship among the students of Vietnam. Tatarko and Schmidt (2013) in their research on individual social capital and entrepreneurial intentions asserted that people who have intend to embark upon their own businesses, had more resources in form of networks and relationships and these resources influence their intentions via perceived behavioral control.

Raof et al. (2019) have undertaken a research to highlight the influence of social capital (through the mediating role of self-efficacy) on the entrepreneurial intentions of university students in Pakistan. For this purpose, data was garnered from 5 universities in Islamabad and Lahore and after analyzing data, researchers argued that entrepreneurial intentions are positively affected by social capital. Meanwhile, this effect was more noticeable in the presence of mediating role of self-efficacy. Hence, authors iterated to provide environment in universities which boosts self-believe and confidence of students.

Other studies draw the attention of relationship between social capital and psychological capital. Meanwhile our study also seeks to find a meaningful relationship between the two variables. Khosroshahi et al. (2012) investigate the relationship between psychological capitals with social capital in Tabriz university. The results showed that there is a positive and significant relationship between psychological capital and its components with the social capital. On the other hand, the results revealed that the psychological capital and its components can predict changes in social capital significantly. Also, the people who have better psychological capital have better and higher and social capital. moreover, in a recent study, [Mahfud et al. \(2020\)](#) came up with similar findings which state there is significant relationship between social capital and psychological capital. Hence, on the basis of above studies I develop hypothesis 3.

H3: Social capital has a positive influence on the psychological capital of students of Gilgit-Baltistan.

H4: Psychological capital mediates the effect of social capital on the entrepreneurial intention of students of Gilgit-Baltistan.

2.6 Conceptual Model of the Study

On the basis of the above literature review, this study develops a model. Social capital is taken as an independent variable and entrepreneurial intention as a dependent variable and psychological capital comprising of its four tenets acts as a mediator. The study will find relationship between all the three construct using data obtained from the relevant respondents. The study has developed the under given model and it is obvious from literature that there is a relationship among these constructs and after running pertinent test, we would be able to reveal the exact relation. As far as the research literature is concerned, many scholars have worked on the relationship among these three constructs (Fuller et al., 2018; Raouf et al., 2019). Hence, keeping the existing literature in focus, this study develops a conceptual model to find relationship between social capital entrepreneurial intentions and mediating role of psychological capital among university students of rural areas (GB). Figure 2.1 represents conceptual model of the study.

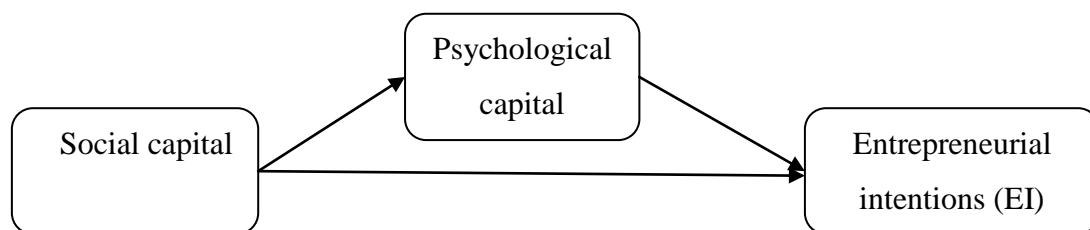


Figure 2.1: Conceptual Model

2.7 Summary of the Chapter

Chapter two presents literature review on social and psychological capital and entrepreneurial intentions. This chapter includes theory of planned behavior, social capital

and entrepreneurial intentions, psychological capital and entrepreneurial intentions, social capital and entrepreneurial intentions: mediating role psychological capital and three hypotheses. Conceptual of model of the study is also presented in this chapter.

CHAPTER 3

METHODOLOGY

In the previous chapters, we throw light on the relationship between social capital, psychological capital and entrepreneurial intentions. Majority of research was based on the primary data and quantitative strategy. This chapter explains research methodology and tries to address research design, population target, potential sample size, sampling, instruments and data analysis techniques.

3.1 Research Design

Most of the scientific work on entrepreneurial intentions used quantitative strategy, used student as a subject and for the collection of data, questionnaires were either adopted or adapted (Raouf et al., 2019; Soomro et al., 2020). In line with these, this study also chooses to conduct a quantitative study. Primary data from the university students is collected through the instruments which are adopted.

3.2 Population

The population target for the study is university (Economics/business) students from Gilgit-Baltistan. The targeted students may be studying in the universities of Gilgit-Baltistan or studying outside Gilgit-Baltistan, in other cities of Pakistan. There are a few reasons of choosing economics/business students as a population in this research. Firstly, I myself am a student of business economics and choosing a population of economic/business studies helps me a lot in understanding the intentions towards entrepreneurship, as students of economics/business directly or indirectly take a course on business education. Secondly, students of economics/business are more inclined towards entrepreneurship and entrepreneurial intentions could be well predicted by employing economics/business students

as a population. Also Soomro et al. (2020) examined the entrepreneurial intentions of business students in public sector universities in Pakistan and revealed the positive relationship perceived feasibility and self-efficacy on entrepreneurial intentions. Lastly, due to limited resources and accessibility, university students of economics/business is chosen as a population, and hopeful about future research by including more students from other fields of study. It is made sure that the respondents be citizens of the locale (Gilgit-Baltistan) this study has chosen.

3.3 Potential Sample Size

This study adopts instruments for the collection of data and targeted 270 respondents as a potential sample size out of which 250 correct responses were collected which is a reasonable sample size.

As there is no exact and fix sample size, researchers need to determine adequate sample size according to their requirements. As this study employs Regression model to determine relationship between predictors and dependent variable, so Schmidh (1971) proposed a minimum subject-to-predictor rule which tells that the minimum ratio between subject and parameter can be 25 to 1. So, the sample size of 250 is appropriate and enough as per our requirements.

3.4 Sampling

For the collection of data the study has employed convenience sampling, data was collected using instruments mentioned above because students chosen are assumed to be the true representatives of population and hence, questionnaires were distributed among the university business/economics students. The reason to employ this method of sampling is because as target population of the study is business/economics students and it is convenient,

easy and less expensive to approach the respondents and collect data from the students which are ultimately considered as a representative sample of the overall population.

The required data for the research were garnered from the students and online questionnaires were disseminated to students studying at various universities of Pakistan. Out of the targeted population of 270 students, 250 successful responses were received from the respondents. For this, convenience sampling was used; initially target population was determined, instrument was distributed to the defined population and final acceptable responses were collected. A good response rate of 92.5% was found in the survey.

3.5 Techniques for Data Analysis

To conduct data analysis, Structural equation modeling (SEM) is employed and SPSS is used as an analysis tool for statistics and descriptive and development of graphs. Amos 26 is employed to find the path diagram of variables. Amos 26 is effective in finding relationship between variables and can give estimates and model of fit in case of complex models which involve more than one variable and mediators.

SEM is an effective multivariate technique and in case of complex relationships between variable, latent variables in particular, it is more effective than simple regression. In case of mediation where it is difficult to find relation among all the variables by simple regression, SEM develops path diagrams (direct and indirect) of variables and mediator and separately finds the relation of all the variables involved systematically.

3.6 Scales and Measurements

All study variables are estimated using the instruments adopted from previous studies. These instruments were personally acquired from the authors directly via email. As these instruments were available in English language and there was no difficulty in understanding

the questions. Social capital is independent variable, psychological capital mediator and entrepreneurial intention is dependent variable in this study.

3.6.1 Social Capital

Finally, for the collection of data, the study employed a questionnaire developed by Wang et al. (2014). The instrument comprises of 16 items to be responded on five-point likert scale (none to all). A sample item from the questionnaire is “How many of your coworkers/fellows will definitely help you upon your request.”

3.6.2 Psychological Capital

To measure psychological capital, this study used psychological capital questionnaire (PCQ) developed by Luthans et al. (2007). PCQ has 24 items. Item 1-6 are efficacy/confidence adapted subscales, items 7-12 are hope, 13-18 are resilience and 19-24 are optimism. Sample question from the instrument is “I feel confident analyzing a long-term problem to find a solution.” To get responses, six-point Likert scale (strongly disagree to strongly agree) was adopted.

3.6.3 Entrepreneurial Intention

To measure the entrepreneurial intentions, entrepreneurial intention questionnaire by ([Liñán & Chen, 2009](#)) was employed. This instrument is relevant with my study because it used theory of planned behavior to develop entrepreneurial intentions questionnaire and its target population was students as well. The questionnaire contains 6 items assessed on the basis of seven-point Likert scale (total disagreement to total agreement). A sample question is “My professional goal is becoming an entrepreneur.”

3.7 Locale of the Study

Gilgit-Baltistan was chosen as a locale for this study. Gilgit-Baltistan is a north most region of Pakistan with an area of 72,971 km² and having population of 1.44 million (Riaz et

al., 2018). Generally, youth of Gilgit-Baltistan pay less focus on entrepreneurship as the way of earning and livelihood. There is also lack of sufficient universities and institutions to teach courses of entrepreneurship, entrepreneurship education, and entrepreneurial intentions. So, it is needed to shed light on the social capital, psychological capital and entrepreneurial intentions of students of this region.

3.8 Ethical Considerations

Responsibility towards their profession, respondents and following some high ethical values involved in research is an important aspect of researchers which cannot be brushed off. Meanwhile, ethical considerations came to the limelight and became a mandatory part in the field of research. Keeping this in view, this study would present some ethical consideration which is necessary to be mentioned.

While collecting data, respondents were informed about the research, its importance and implications. No respondent was forced or coerced to take part in the survey rather we collected data completely on the basis of informed consent. The study ensures the voluntary participation of individuals in the research process and it was at the disposal of respondent to withdraw from the process at any stage. Prior to the start of filling questionnaire, all the necessary information was delivered to the respondents to avoid any confusion. Language used in the research is of paramount importance. In this study it is assured that no discriminatory, non-professional or unsuitable language was used. The respondents in the study were students hailing from Gilgit-Baltistan studying in various universities of Pakistan and respondents were not pressurized or forced, assuring their free decision making to take part in the research.

Moreover, Privacy, confidentiality and secrecy of individual are also vital among the ethical values of research. In this study, it is ensured that the study respects respondents and

will not disclose information related to respondents, their anonymity and confidentiality is top priority of the study. In addition, almost all the researches get help from the existing literature and previous studies. This study also acknowledges the works of other authors and acclaims it through proper in-text citations APA referencing.

3.9 Summary of the Chapter

Chapter 3 represents methodology of the study which presents research design, target population, population sample size, sampling, techniques for data analysis and scales and measurements used in the study. Ethical consideration is also presented in this chapter.

CHAPTER 4

RESULTS

This chapter provides complete information on demographic profiling of the respondents which comprises of gender, age, qualification, business experience and source of income of respondents. Moreover this chapter will give information about descriptive analysis, normality and reliability of data, correlation among variables and regression analysis.

4.1 Demographic Statistics

Table 4.1 shows demographic profiling of the respondents in the study, which comprises of gender, age, qualification, business experience in years and sources of income. Total of 270 was targeted for the study, and out of acceptable final sample of (n=250), majority of the respondents 140 (56%) are male followed by 109 (43.6%) female and only 1 (0.4%) preferred not to say. Regarding age, majority of respondents 127 (50.8%) fall in the age category (26 – 30) followed by age category (18 – 25), (31 – 40) and (41 – 50) with 106 (42.4%), 13(5.2%) and 4(1.6%) respondents respectively. In terms of education, majority of respondents 107(42.8%) were doing their bachelors followed by masters, Mphil and other with 70(28%), 69(27.8%) and 4(1.6%) respondents respectively. Total of 155(62.0%) respondents opted for no business experience in years followed by less than 1 year, 1 – 5 years, 6 – 10 years and above 10 years with 52(20.8%), 37(14.8%), 5(2%) and 1(0.4%) years of business experiences respectively. Majority of respondents 104(41.6%) depend on their families for their livelihood and opted for “none” as the source of Income/livelihood followed by part time employment, family business and full time employment with 87(34.8%), 34(13.6%) and 25(10%) respondents respectively.

Table 4.1*Demographic Statistics*

Gender	Male (56%)	Female (43.6%)	Prefer not to say (0.4%)		
Age	(18 – 25) (42.4%)	(26 – 30) (50.8%)	(31 – 40) (5.2%)	(41 – 50) (1.6%)	
Education	Bachelors (42.8%)	Masters (28%)	Mphil (27.8%)	Others (1.6%)	
Business experience in years	None (62.0%)	less than 1 (20.8%)	1 – 5 (14.8%)	6 – 10 (2%)	above 10 (0.4%)
Livelihood/Income	None (41.6%)	part time employment (34.8%)	family business (13.6%)	full time employment (10%)	

4.2 Descriptive Analysis

Descriptive statistics in the study state that the mean value of social capital is 3.63 and standard deviation is 1.148. These statistics in table 4.2 state that majority of the participant in the survey opted for the agree option, as there are 5 options in the question on the likert scale of 1 to 5 and 3.63 means, mean value is moving towards agree option. Meanwhile,

standard deviation shows that the data is not largely scattered from mean and most students agree with the social capital component of my study.

Similarly, the mean value of psychological capital is 4.57 and standard deviation is 1.336 which also reveals some similar results. As there are six options on the questionnaire of psychological capital ranging from 1 strongly disagree to 6 strongly agree. Mean value 4.57 tends towards 5 which is agree option. Standard deviation is 1.336 which states that the variance in the data is less. Hence, in this part, majority of respondent choose to agree. Finally, similar results were witnessed in the entrepreneurial intentions part as well.

Table 4.2

Descriptive statistics

Variables	K	M	SD	α	Range	
					Actual	Potential
SC	16	3.63	1.148	.75	31-73	16-80
PC	24	4.57	1.336	.89	70-129	24-144
EI	6	5.32	1.500	.82	7-40	6-42

Note. SC=Social Capital, PC=Psychological Capital, EI=Entrepreneurial Intention

4.3 Normality of Data

Skewness and Kurtosis are two parameters to check the normality of the data. In the case of this study, values of skewness fall within the range of +2 to -2 and values of kurtosis fall within the range of +3 to -3 which are considered average values. Skewness values for

Social capital is -0.726, psychological capital is -0.941 and entrepreneurial intention is -1.423 which fall within the range of average skewness values. Similarly, kurtosis for social capital is -0.434, psychological capital is -0.709 and entrepreneurial intention is 1.508 which are also normal. Hence, values of skewness and kurtosis are within the defined ranges so we can say that the data fulfill the normality conditions and we don't need to detect extreme outliers. Table 4.3 represents the skewness and kurtosis of data which give information about the normality of data.

Table 4.3

Normality of Data

	N statistic	Skewness		Kurtosis	
		Static	Std.Error	Static	Std.Error
SC	250	-.726	.154	-.434	.307
PC	250	-.941	.151	-.709	.301
EI	250	-1.423	.154	1.50	.30
Valid N	250				

Note. SC=Social Capital, PC=Psychological Capital, EI=Entrepreneurial Intention

4.4 Reliability Analysis

To check reliability of instruments used to measure social capital, psychological capital and entrepreneurial intention, cronbach's alpha was conducted. The alpha value lies between 0.747 and 0.886. Cronbach's alpha value for all the items of social capital = 0.747, psychological capital = 0.886 and alpha for entrepreneurial intention was 0.819. As the value greater than 0.7 is deemed as accepted value so it can be stated that the survey conducted in

the study is reliable. Hence, three variables are reliable enough: show good consistency between all the items, to calculate the entrepreneurial intentions, social capital and psychological capital of university students of rural areas. Table 4.4 shows the cronbach's alpha of the variables used in the study which shows reliability of the instruments.

Table 4.4

Reliability Analysis of Variables

Variable	Cronbach's alpha
Social Capital	0.747
Psychological Capital	0.886
Entrepreneurial Intention	0.819

4.5 Correlation among Variables

Bivariate correlation is used to figure out correlation between the variable used in the study. Bivariate correlation is used to sort out either a linear relation exists between variables or not and its value can be between -1 and +1. Results of correlation test in our study showed that there is strong correlation between psychological capital and social capital (.619), moreover, high correlation between entrepreneurial intention and psychological capital (.510) was witnessed. Finally, there was significant correlation between entrepreneurial intention and social capital (.420). Keeping in view the above stats of correlation, it is obvious that there is a positive and significant impact of social capital and psychological capital on entrepreneurial intentions of university students of rural areas. Correlation of each variable with itself is greater than correlation with other variables which assures validity of the

variable's measurement. Table 4.5 depicts the correlation matrix among the variables used in the study.

Table 4.5

Correlation among Variables

Variables	SC	PC	EI
SC	1		
PC	.619**	1	
EI	.420**	.510**	1

*Note.***Correlation coefficient is significant at 0.01 level (two-tailed); N=250; SC=Social Capital, PC=Psychological Capital, EI=Entrepreneurial Intentions

4.6 Regression Analysis

The study conducts structural equation modeling to find relationship among variables. In the regression analysis, the relationship between social capital and entrepreneurial intention, social capital and psychological capital and psychological capital and entrepreneurial intention were determined.

The results of this simple regression have proved that entrepreneurial intention is being predicted by social capital or social capital impacts entrepreneurial intention significantly. In terms of relationship between social capital and psychological capital, there were somehow similar results and revealed that social capital impacts psychological capital and lastly, the relationship between psychological capital and entrepreneurial intention was tested and revealed that psychological capital impacts entrepreneurial intention.

The results of first simple regression are given below in the table 4.6. R and R-square are the values which tell how many percent of dependent variable is being explained by the independent variable (social capital) or simply put, these values tell us about the correlation between the dependent variable and independent variable. In our case, R is 0.42 which states that 42 percent of entrepreneurial intention is explained by social capital. Meanwhile, value of beta tells us about the degree of change in dependent variable due to one unit change in predictor or independent variable. In our case it is 0.334 which is greater than 0.2 and shows a good effect.

Table 4.6

First Simple Regression

	R	R ²	Sig	B	F	T
IV			<0.001			4.55
Entrepreneurial Intention	0.42	.17	0.001	0.33	53.00	7.28

Similarly the second regression between social capital and psychological capital was conducted and same results were drawn. There was direct and significant impact of social capital on psychological capital. R value in this regression is 0.619 which reveals that 61 percent of psychological capital is explained by the independent variable which is social capital. Table 4.7 shows the results of second regression which is conducted to check the association between social and psychological capital. Similarly our second hypothesis (H2) is

also accepted, which shows that there is a positive association between social and psychological capital.

Table 4.7

Second Simple Regression

	R	R ²	Sig	B	F	T
IV			<0.001			6.36
Psychological capital	0.61	0.38	0.001	0.61	153.9	12.4

Finally, we conducted regression on psychological capital and entrepreneurial intention, and came up with similar results which state that there is a significant and direct relationship between psychological capital and entrepreneurial intention. Value of beta is 0.202. R value in this case is 0.51 and R-square is 0.26, which reveal that 51 percent of entrepreneurial intention is predicted by psychological capital. Results of regression between the two variables are shown below. Table 4.8 given below shows the regression between psychological capital and entrepreneurial intention.

Table 4.8

Third Simple Regression

	R	R ²	Sig	B	F	T
IV			<0.001			3.96
Entrepreneurial intention	0.51	0.26	<0.001	0.202	87.2	9.34

To test mediation of psychological capital, we adopted the most used and famous test of mediation, which is called bootstrapping. So we try bootstrapping to find insights about how much influence the mediator has in the relationship, by observing the standardized indirect effect of mediator and standardized total effect. Using bootstrapping is the most effective test to find the mediation (Cheung & Lau, 2008). Hence we applied bootstrapping by using 5000 bootstrapping samples and 95 percent confidence level. This test made it confirm that psychological capital played a role of mediator between social capital and entrepreneurial intention.

The statistics of bootstrapping test are given below in the table 4.9. The coefficient of relation between social capital and psychological capital is 1.24 which says that one unit increase in social capital results in 1.24 units increase in psychological capital, which is pretty good relation. The t-value is also significant because the p-value is below 0.05. The coefficient for social capital and entrepreneurial intention is 0.33 which tells us that one unit change in social capital results in 0.33 unit change in entrepreneurial which is also good relation. Finally, the coefficient for psychological capital and entrepreneurial intention is 0.16

which is also an acceptable relationship and there is significance. The total effect is relation between social capital and entrepreneurial intention without mediator being involved and its coefficient is 0.334 and t value is significant as p value is less than 0.05. The point of interest is the path of indirect effect, which shows the relation is analyzed with mediator being involved. The coefficient in this path is 0.20 with CI (0.12~0.29) which has no zero. These statistics show that psychological capital is partially mediating relationship between social capital and psychological capital; it is not fully mediating because the direct path is also significant (0.13, t=2.44, p=0.015).

Table 4.9

Results of Bootstrapping Test

	SC and EI	SC and PC	PC and EI
Direct effect	0.134, P=0.015	1.24, P=0.00	0.16, P=0.00
Indirect effect (Mediated by PC)	0.20, P=Significant		
Total effect	0.33, P=0.00		

Note. SC=Social Capital, PC=Psychological Capital, EI=Entrepreneurial Intention

Statistics of the bootstrapping reveal that psychological capital is a good mediator which influences the relationship between social capital and entrepreneurial intention of university students of rural areas. More important is that there is a need to make a significant

effort to boost the psychological capital of university students to enhance their entrepreneurial intentions which ultimately emboldens them to start new ventures or businesses. As social capital as a predictor and psychological capital as a mediator are major precursors of entrepreneurial intention of university students of rural areas, so both should be taken into consideration to trigger their entrepreneurial intentions.

Furthermore, the study conducted path analysis using Amos 26 which also revealed that the model is fit, and all the estimates social capital and psychological capital, social capital and entrepreneurial intention and psychological capital and entrepreneurial intention are good and significant (0.619, 0.16, 0.40). Both the paths (direct and indirect) show that there is a significant association between social capital and entrepreneurial intention and also the association between social capital and entrepreneurial intention is mediated by psychological intention. The statistics of various paths representing relationships between variables used in our study is depicted below in figure 4.1

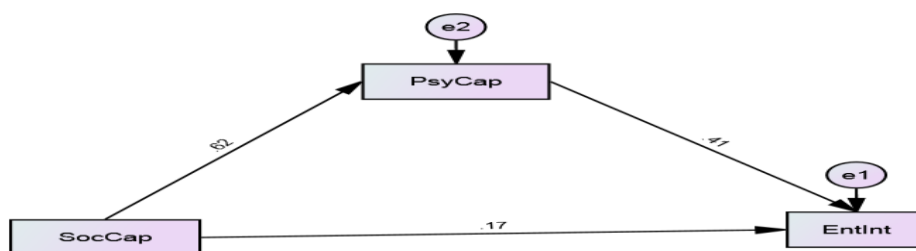


Figure 4.1: Path Analysis using Amos

4.7 Summary of Results

Table 4.1 shows demographic profiling of the respondents in the study, which comprises of gender, age, qualification, business experience in years and sources of income. Total of 270 was targeted for the study, and out of acceptable final sample of (n=250), majority of the respondents 140 (56%) are male followed by 109 (43.6%) female.

Table 4.2 depicts Descriptive statistics in the study state that the mean value of social capital, psychological capital and entrepreneurial intention are 3.63, 4.57 and 5.32 respectively. standard deviations are 1.148, 1.336 and 1.5 respectively. These statistics state that majority of the participant in the survey opted for the agree option.

Table 4.3 shows that values of skewness fall within the range of +2 to -2 and values of kurtosis fall within the range of +3 to -3 which are considered average values. Table 4.4 shows that the instruments are reliable as the alpha value lies between 0.747 and 0.886. Table 4.5 shows correlation matrix and results of correlation test in our study showed that there is strong correlation between psychological capital and social capital (.619), entrepreneurial intention and psychological capital (.510) and entrepreneurial intention and social capital (.420).

Table 4.6 is about the first simple regression. Values of R and beta (0.42, 0.334) tell us that there is a good effect between social capital and entrepreneurial intention. Table 4.7 tells us the relationship between social capital and psychological capital. There is significant impact of social capital on psychological capital as R and beta value in this regression is 0.619. Table 4.8 shows stats of third simple regression which shows there is a significant relation between psychological capital and entrepreneurial intention, as the values of R and beta are 0.51 and 0.20 respectively. Table 4.9 explains results of bootstrapping. The relation is analyzed with mediator being involved. The coefficient in this path is 0.20 with CI

0.12~0.29) which has no zero. These statistics show that psychological capital is partially mediating relationship between social capital and psychological capital; it is not fully mediating because the direct path is also significant (0.13, $t=2.44$, $p=0.015$). Finally, figure 4.1 shows path analysis using AMOS which also reveals that the model is fit, and all the estimates social capital and psychological capital, social capital and entrepreneurial intention and psychological capital and entrepreneurial intention are good and significant (0.619, 0.16, 0.40).

CHAPTER 5

DISCUSSION AND CONCLUSION

5.1 Discussion

Entrepreneurship plays a principal role in uplifting the overall economic development by decreasing the chunk of unemployed young students by providing them business and venture opportunities. To end the economic woes of the young population, it is crucial to analyze the nexus of social capital, psychological capital and entrepreneurial intention. The main hurdle lies in the entrepreneurial intention and psychological aspect of people who despite studying business courses at universities, are unable to pursue entrepreneurship and embark upon new business ventures. Literature in the domain of social capital and entrepreneurial intention suggests that it is vital to increase the entrepreneurial intentions of people to impact their behavior. Intentions receive motivation factor and this motivation factor impacts behavior, which shows that individual strive to convert behavior into practice (Liñán & Santos, 2007). This states that the odds of performance will be higher when there is higher intention to start a behavior. So, above all, intentions of a person towards any behavior are necessary. Hence, it is imperative to have knowledge of antecedents of entrepreneurial intentions to encourage more entrepreneurs and recommend policies to enhance entrepreneurship.

The primary objectives of this study were to investigate the intensity to which social capital of university students influence their entrepreneurial intentions as it is a motivational antecedent for the entrepreneurship. Second, the study strives to infuse the psychological capital in the model which would also test the usage of theory of planned behavior in the context of a rural area which offers finite entrepreneurship opportunities. The study also

considers role of government and non-government institutions as a main players in giving encouragement to the students who seek entrepreneurship careers. Respondents of the study consider psychological and social capital as viable precursors of entrepreneurial intentions and also perceive that their close environment as well as society plays key role in developing entrepreneurial intentions. Meanwhile, students of the rural areas with high interactions with their close environment and society showed greater willingness to become entrepreneurs. Findings of the study also stress on the role of governmental support for those who see entrepreneurship as a career, as this would embolden younger generations to become innovative entrepreneurs and also reduce unemployment through giving jobs to jobless individuals in the society. Furthermore, findings of the study pointed out the need of governmental institutions, NGOs and other investors to make investments in the entrepreneurship education through instilling technology and digitalization in the old system and bringing creativity and networking.

Degrees in business studies and economics make students ready to undertake their careers in new business ventures and entrepreneurship which have two fold impacts on students as well as on the community. On this matter, understanding the precursors of entrepreneurship among university students is mandatory. Getting conceptual underpinnings from the Theory of planned behavior (Ajzen, 1991), it is agreeable that intentions affect behavior and entrepreneurial intentions of university students depend on social and psychological capital. Meanwhile, book review of Fukuyama's *Trust: the social virtues and the creation of prosperity* by Quddus et al. (2000) suggests that Fukuyama categorized USA, Germany and Japan as high trust countries and corporations in these societies are comparatively larger than corporations in Italy, France, Hong Kong and Taiwan. The aforementioned study unearthed the notion that social capital plays a principal role in the economic payoff.

Hence, social capital and psychological capital are essential capitals for people who want to become entrepreneurs. Preparing social entrepreneurs among the new generations by harnessing social and psychological capital and entrepreneurial intention is need of the time. This would address the problem of increasing unemployment rate as well as provide livelihood to people associated with it, and it is necessary to sort out a viable mechanism to understand and the entrepreneurial intention of university students through the lens of social and psychological capital.

Thus, findings of this study have some implications for relevant people to increase the trend of students towards entrepreneurship and business ventures by increasing the entrepreneurial intentions. This could be done by paying a considerable focus on social capital and psychological capital. As the findings suggest that social and psychological capital are the major antecedents of entrepreneurial intentions of university students. Furthermore, social community programs or economic programs which work on giving employment and opportunities via entrepreneurship, whether it is government funded or undertaken by NGO, may take into consideration the social and psychological capital to strengthen the entrepreneurial intentions.

There is a big chunk of educated youth in need of opportunities and livelihood in Gilgit-Baltistan. Meanwhile, being a rural setting, communities are more socially integrated, people are hospitable and adaptable to any change being experienced. Hence policymakers may introduce community based programs and initiative which could give economic benefits by hitting social capital, resilience, hope, self-efficacy and confidence. In addition, Gilgit-Baltistan is the gateway to CPEC and act as a vital corridor and bridge between humongous economies of China and rest of the world, Europe in particular. To this end, government may assist local communities in developing their own creative economy. This creative economy could be developed by investing in local architecture, making exportable local products and

arts and crafts, and help the local communities make these products accessible to international markets. This can be achieved in a viable way if a due attention is paid on social and psychological capitals by engagements in social integrations and personal cognitive grooming. Helping communities through paying focus on the tenets of psychological capital (resilient, self-trust, hopeful and confident), social capital and their entrepreneurial intentions, is critical to embolden successful entrepreneurs.

As research questions of the study were first, how entrepreneurial intentions among the university students of rural areas can be lifted by incorporating the psychological capital and social capital. Second, does psychological capital play a vital role in altering the entrepreneurial intentions of university students of rural areas. These questions were addressed as our findings suggest that all three hypotheses were accepted. Our findings revealed that entrepreneurial intentions of university students depend on social and psychological capital so to enhance their entrepreneurial intentions, there is a key role of entrepreneurial education and knowledge, and government institutions and NGOs in bolstering the psychological capital and social engagements. As we have seen that preparing social entrepreneurs among new generations by harnessing social and psychological capital and entrepreneurial intentions is possible if potential entrepreneurs understand the entrepreneurship. So to make them acquainted with entrepreneurship, it is necessary to engage them through social vocational programs and trainings, offer courses related to entrepreneurship, teach entrepreneurship at pre-secondary and secondary levels and inculcate in children the importance of innovation and digitalization. In short, it is important to engage students socially and psychologically by encouraging them to become entrepreneurs. The results of this study revealed social capital, has a significant positive relationship with the entrepreneurial intention of university (business and economics) students of rural areas (GB). On one hand, social capital has a significant direct impact on the entrepreneurial intention of

students and on the other hand, social capital impacts entrepreneurial intention through psychological capital as a mediator. Social bonds and social networks in the society or within a specific community are very important, as these networks trigger knowledge transfer, sharing of resources and boost employment through provision of new business and venture opportunities. Thus social capital gives an impetus to those who want to become entrepreneurs and boost the entrepreneurial intentions which finally pushes these aspiring people to become successful entrepreneurs.

Second research question was about mediating role of psychological capital in altering entrepreneurial intentions of university students of rural areas. Regarding this question second and third hypotheses were also accepted which means that there is an adequate role of psychological capital in determining entrepreneurial intentions of university students and it played a role of mediator in relationship between social capital and entrepreneurial intentions. So, it is highly suggested that at university level, students should be taught courses which should focus on their mental and cognitive well-being and not force or coerce them in any condition. Meanwhile, there should be vocational trainings at community and societal level to cope with mental stress and psychological resource should be taken into consideration. Academia, vocational training experts and development and educational practitioners must instill psychological capital in the students and potential entrepreneurs to embolden them to become entrepreneurs.

The results of this study reveal that social capital has a significant positive relationship with the entrepreneurial intention of university (business and economics) students of rural areas (GB). Table 4.5 shows correlation matrix and results of correlation test in our study show that there is strong correlation between entrepreneurial intention and social capital (.420). Table 4.6 is about the first simple regression and values of R and beta (0.42, 0.334) tell us that there is a good effect between social capital and entrepreneurial intention.

This study, in conformity with ([Liñán & Santos, 2007](#)) and ([Chia & Liang, 2016](#)), reveals that social capital has a significant and direct influence on entrepreneurial intention of university students of rural areas (GB) and our first hypothesis (H1) is accepted.

Furthermore, from the results of table 4.8 and 4.9 it is evident that psychological capital has a positive influence on the entrepreneurial intentions of students of Gilgit-Baltistan. As in table 4.8, there is a strong correlation between entrepreneurial intention and psychological capital (.510) and 4.9 shows there is mediation of psychological capital. hence, from these results and in line with previous studies of [Contreras et al. \(2017\)](#), [Ephrem et al. \(2019\)](#) and Ghani et al. (2013) the second hypothesis (H2) is accepted.

Moreover, Table 4.5 shows correlation matrix and results of correlation test in our study show that there is strong correlation between psychological capital and social capital (.619). Table 4.7 tells us the relationship between social capital and psychological capital. There is significant impact of social capital on psychological capital as R and beta value in this regression is 0.619. Hence, taking into consideration the above stats and study of Khosroshahi et al. (2012), H3 is accepted.

Finally, in other findings of this study we witnessed an indirect influence of social capital on entrepreneurial intentions through the Amos path analysis and bootstrapping. table 4.9 explains results of bootstrapping. The coefficient in this path is 0.20 with CI 0.12~0.29) which has no zero. Keeping these states and studies of ([Raouf et al., 2019](#)) and [Mahfud et al. \(2020\)](#), H4 is accepted.

During the collection of data, I had conversations with the respondents as well. These conversations revealed that entrepreneurial intentions of university students depend on social and psychological capital to enhance their entrepreneurial intentions. Similarly, I had conversations with some relevant persons of organizations which are working on

socioeconomic development in rural areas include; Aga Khan Rural Supports Program (AKRSP) and Karakoram Area Development Organization (KADO). These people stressed on a policy to do counseling of students to enhance entrepreneurial intentions through boosting social capital and psychological capital of students.

5.2 Conclusion

This study has investigated the importance of social capital in determining the entrepreneurial intention of university students of Gilgit-Baltistan by conducting a quantitative approach. For this, 250 responses were collected from students of Gilgit-Baltistan studying in various universities all around Pakistan. Findings of the study disclosed that social capital, psychological capital and entrepreneurial intentions are associated with each other. There is a direct relation between social capital and entrepreneurial intention as well as indirect association through the path of mediating role of psychological capital, as psychological capital partially mediates between social capital and entrepreneurial intention of university students of Gilgit-Baltistan. We employed bootstrapping to test the mediation between social capital and entrepreneurial intention and came up with findings which revealed a significant mediation of psychological capital. These findings of significant mediation by psychological capital further strengthen the theory of planned behavior which states that entrepreneurial intentions are determined by psychological elements.

This study makes it clear that university students from the rural areas of Pakistan see entrepreneurship as a viable path to end their unemployment and also consider it a suitable path to the job market. This study also shed light on the role of government, NGO's, universities and other private institutions in enhancing and facilitating those who seek to be full time entrepreneurs. Role of the aforementioned players is very vital; as these institutions are involved in the decision making and remain in touch with the students, policy makers,

donors and other stake holders in this aspect. Hence, this study could be handy for the policy makers and universities for creations of job via entrepreneurship and academic institutions and policy makers could focus on the provision of inclusive, conducive and efficient environment to potential entrepreneurs through vocational trainings, programs and entrepreneurial education. Once entrepreneurial skills and education are infused in the potential entrepreneurs, it would be easy to harness their skills and contributions for the economic development of the society. Another equally important and fundamental measure is to supervise these programs and not leave the whole responsibility on the potential entrepreneurs. Because monitoring and evaluating any program is very crucial for its success. Female management in any process needs to be assured, and in this case decreasing underrepresentation of female participation in the field of entrepreneurship is paramount for the economic development.

The study contributes to the scientific literature on entrepreneurial intentions, social capital and psychological capital as it develops a link between the abovementioned variables and more importantly, it gave insight about the entrepreneurial intentions of university students of rural areas by inculcating the construct of psychological capital in the conceptual model. Meanwhile, the study has a paramount importance for the academia of rural area associated with the entrepreneurship, business studies, social, psychological capital and entrepreneurial intentions. Thus I believe that more studies should focus on extensive linkage between the aforementioned constructs to encompass all the areas of entrepreneurial intentions, social and psychological capital to have better insight. There is an urgent need to recognize the contribution of entrepreneurial intentions, social capital, psychological capital and entrepreneurship education of university students for the development of a society. This could be achieved by introducing entrepreneurial education and entrepreneurial courses in the institutions which will equip students to become entrepreneurs and job creators. Meanwhile,

there is a need to bring these courses in the educational curriculum of our country so that its importance could be acknowledged at national level.

In closing, it is suggested that teachers inculcate the element of hope, resilience, self-efficacy and confidence in students who are studying courses of entrepreneurship and aspiring to become entrepreneurs in future. Moreover, it is recommended that development practitioners, NGOs working on the socio-economic prosperity and entrepreneurship and government sector must focus on social and psychological capital of the prospective entrepreneurs to boost their entrepreneurial intentions. Furthermore, governments should ensure social networks, participation in local community and engagements in recreational activities to enhance entrepreneurial intentions. To enhance community based tourism and handle problems of rural emptiness, it is imperative to work on community based tourism and cultural tourism which ensure provision of local food, art and craft, historical architecture, music and lifestyle to foreign and national visitors. Experiencing and sharing these cross-traditional and cross-cultural experiences would make the concise local industry more creative and further embolden the social capital and entrepreneurs will rethink on novel ideas.

5.3 LIMITATIONS AND FUTURE RESEARCH

5.3.1 Limitations

There are certain limitations of this study. First and foremost is, this study has collaborated only university students. Therefore future research should include other groups as well, comprising of entrepreneurs, teachers and trainers and owners of locally settled businesses. This would help draw a better picture of the barriers and precursors of entrepreneurial intentions in the rural settings. Secondly, there should be specific compendium of thematic analysis or qualitative work on the said topic. Social capital, psychological capital and entrepreneurial intentions can be better analyzed through a

qualitative research as well, which could open new windows in the field of social economics. Thirdly, future research is required on the topic by using other models/theories of intentions and social learning as well, these theories are Social Learning by (Bandura & Walters, 1977) and Entrepreneurial Event model by (Shapero & Sokol, 1982) to grasp better understanding of entrepreneurial intentions. Lastly, it would be best to develop new instruments keeping in view the rural settings or to use more specific instruments. As this study used instruments for psychological capital by Luthans et al. (2007) which is general and the instrument for social capital by Wang et al. (2014) which is also general. So for better insight and understanding of the nexus between social, psychological capital and entrepreneurial intention, it is recommended to either develop or use more specific instruments.

5.3.2 Future Research

This research is a little effort to explore the social and psychological aspects of university students of rural areas which is not adequate to understand the complete antecedents of entrepreneurial intentions. There is a need of future research which should incorporate cultural values of the society in the research as cultural values are important elements which determine the intensity to which society considers entrepreneurial process appealing or not. These cultural values comprise of an individual direct environment and element of the environment and larger sociocultural values/society's culture.

As the components of social and psychological capital and entrepreneurial intentions are latent and it is not enough to study such latent variables through quantitative research strategy. So, it is needed and recommended to have a research in future using qualitative strategy to have a better understanding of these latent construct. As this research has adopted the previously developed instruments for the collection of data which could also be made better by developing indigenous instruments, it could be time consuming but could serve the purpose better.

The study has used business students as respondents as there could be other people beyond our target population who seek entrepreneurship as their career. So, in future research is needed to employ business and non-business students as a target population and if possible everyone (resident of Gilgit-Baltistan) should be incorporated in the research, as entrepreneurship is education neutral field. Similarly, there is also a pressing need to separately study female entrepreneurship in the rural areas, as in the rural setting and masculanized society, female face lots of barriers to make entrepreneurship as their career.

More importantly, role of government and political machinery is vital to ensure the provision of entrepreneurial knowledge and education to the people, it is also needed to have a comprehensive research on the role of these institutions in the development of entrepreneurship among the individuals. So, in future it is recommended to take case studies of a few organizations or institutions and study their role in development of entrepreneurship and entrepreneurial education. There are initiatives and programs initiated by either government or NGOs which aim at making poverty stricken population of rural areas self-sufficient and economically independent. So, these initiatives and programs require future research while infusing social, psychological and cultural aspects in the research.

Additionally, the aspects of social capital as well as psychological capital are vital in understanding the entrepreneurial intentions so in this regard, it is crucial to conduct a research applying all the tenets of social and psychological capital separately. This will give a clearer image of the role of social and psychological capital as precursors of entrepreneurial intentions.

Finally, this study has used Theory of Planned Behavior by (Ajzen, 1991) which focuses on the social and psychological aspects of an individual toward the intentions. There are other models which are very pertinent if one wants to have a specific research on

entrepreneurship. For instance, Entrepreneurial Event Model (Shapero & Sokol, 1982). So, it is also suggested to have a research by employing the Entrepreneurial Event Model by Shapero and Sokol to open new windows in the field of entrepreneurship. To have more insight about social aspect one can employ social learning theory (Bandura & Walters, 1977). In this theory author proposes that social values or elements are necessary for learning, children in particular. So, to understand entrepreneurship, it is necessary to understand entrepreneurial intentions and this theory could assist. Moreover, self-efficacy was an important element Bandura discussed in his social learning theory and self-efficacy is deemed as a major component of psychological capital.

5.4 POLICY IMPLICATIONS AND POLICY RECOMMENDATIONS

5.4.1 Policy Implications

Self-employment and entrepreneurship among the citizens of rural areas are deemed as very crucial aspects of any economy which have attained a scant attention of Pakistan's governments. Due to this, the entrepreneurial capabilities among the students go untapped in rural areas and there is a need to pay attention to this. Government as well as private organizations pay attention to do counseling about enhancing the social capital and psychological capital of students. Alongside government, non-government organization are working on socioeconomic development in rural areas include; Aga Khan Rural Supports Program (AKRSP), Karakoram Area Development Organization (KADO) and Accelerate Prosperity (AP). These organizations need to devise a policy to do counseling of students to enhance entrepreneurial intentions through boosting social capital and psychological capital of students. This counseling will finally enhance the entrepreneurial intentions of students and motivate them to start art and craft, cultural tourism and local architecture among the aspiring entrepreneurs which will strengthen the local industry.

Secondly, getting leverage from the strong social capital and social integration in the rural communities, government can get help from psychological consultants, academia and independent entrepreneurship practitioners to organize entrepreneurial awareness programs among students of rural areas which will enhance their entrepreneurial intentions. Degrees offering management sciences, IT, commerce, economics and business studies must infuse social capital and psychological capital in their degrees so that, having knowledge and research in this domain will help bolster entrepreneurial intentions of its graduates. Finally, government in liaison with NGOs, and locally settled businesses should work on development of joint ventures or programs, getting leverage from the values of social norms, social ties and social cohesion which would bolster the entrepreneurial intentions among the residents of rural areas.

5.4.2 Policy Recommendations

Besides passive listening and learning, active learning is important for students, for those who seek entrepreneurship in particular. Entrepreneurship demands social interaction, networking, relevant expertise and business acumen, so there is a need to introduce jigsaw method and cooperative or practical learning to be introduced in the universities. Jigsaw method provides instruments to the entrepreneurship teachers which assist in designing creative lessons which results in student-oriented/lead innovative learning and tap the subtle abilities hidden in successful entrepreneurs (Holloway et al., 2008). These skills comprise of person's strengths and weaknesses, expression of his/her ideas effectively and engaging in collective outcomes.

Hence, there is a need to introduce active learning in the institutions of Pakistan to encourage students-lead learning and help students to make them familiar with the nuances of entrepreneurship. There should be interaction of students with the successful entrepreneurs

and organizations after their active classes as well so that the reflection and implementation of theory should be applied in practice.

Additionally, studies have highlighted the role of business simulation in combination with active learning at all levels of education. These methods would enhance the decision making skills and creative skills of students by adopting their natural tendencies towards technology (Barišić & Prović, 2014). Furthermore, authors have investigated the importance of business simulation as it gives space in which learning is occurred when any task is practically simulated. On one hand, knowledge is gained through this simulation process and on the other hand, creativity and skills are witnessed.

Therefore, implementation of student based innovative and practical learning, active learning and business simulation are very crucial for the development of entrepreneurs in Pakistan. Without adopting these techniques, it would be very difficult to gain critical thinking abilities, cooperative capabilities and interpersonal engagement. As these skills are very important to develop psychological as well as social capital and must be practiced at institutional level in Pakistan.

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APPENDICES

Appendix A

Informed Consent

I am Shah Fahad, research student of Mphil, at PIDE. The partial fulfillment of my degree requires conducting a research thesis, for this purpose I am conducting a research on the topic “social capital and entrepreneurial intentions of university students of rural areas: mediating role of psychological capital.”

It is my pleasurable expectation and I request you to give your honest responses on the questionnaire attached. Your participation in this research study is voluntary and I assure you that your identity will not be revealed and your name or any confidential information will not be used in any report.

Thank you.

Appendix B

Demographic Information

Gender	Male	Female	Prefer not to		
Age	18-25	26-30	31 – 40	41 – 50	
Education	Bachelors	Masters	Mphill	Others	
Business experience	None	less than 1	1 – 5	6 – 10	above 10
Livelihood/Income	None	part time employment	family business	full time employment	

Appendix C

Social Capital

No	question	5	4	3	2	1
1	How do you rate the number of your friends?	A lot	More than average	average	Less than average	A few
2	How do you rate the number of your country fellows/old classmates?	A lot	More than average	average	Less than average	A few
3	Among your coworkers/fellows, how many you can trust?	All	most	some	A few	none
4	Among your relatives, how many you can trust?	All	most	some	A few	none
5	Among all your relatives, neighbors, friends, co-workers, and classmates, how many have broad connections with others?	All	most	Some	A few	None
6	Among all your family members, relatives, neighbors, friends, co-workers, and old classmates, how many are with a professional job?	All	Most	Some	A few	None
7	How many of your coworkers/fellows will definitely help you upon your request?	All	Most	Some	A few	None
8	How many of your friends will definitely help you upon your request?	All	Most	Some	A few	None
9	How do you rate the number of cultural, recreational and leisure	A	More than	Average	Less than	A

	groups/organizations in your community?	lot	average		average	few
10	How do you rate the number of governmental, political, economic and social groups/organizations in your community?	A lot	More than average	Average	Less than average	A few
11	How many of these groups and organizations possess broad social connections?	All	Most	Some	A few	None
12	How many of these groups and organizations possess great social influence?	All	Most	Some	A few	None
13	How many of the cultural, recreational and leisure groups/organizations represent your interests?	All	Most	Some	A few	None
14	How many of the governmental, political, economic and social groups/organizations represent your interests?	All	Most	Some	A few	None
15	How many of the governmental, political, economic and social groups/organizations will help you upon your request?	All	Most	Some	A few	None
16	How many of the cultural, recreational and leisure groups/organizations will help you upon your request?	All	Most	Some	A few	None

Appendix D

Psychological capital

	Strongly disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree						
	1	2	3	4	5	6						
1	I feel confident analyzing a long-term problem to find a solution.						1	2	3	4	5	6
2	I feel confident in representing my work area in meetings with management.						1	2	3	4	5	6
3	I feel confident contributing to discussions about the organization's strategy.						1	2	3	4	5	6
4	I feel confident helping to set targets/goals in my work area.						1	2	3	4	5	6
5	I feel confident contacting people outside the organization (e.g., suppliers, customers) to discuss problems.						1	2	3	4	5	6
6	I feel confident presenting information to a group of colleagues.						1	2	3	4	5	6
7	If I should find myself in a jam at work, I could think of many ways to get out of it.						1	2	3	4	5	6
8	At the present time, I am energetically pursuing my work goals.						1	2	3	4	5	6
9	There are lots of ways around any problem.						1	2	3	4	5	6
10	Right now I see myself as being pretty successful at work.						1	2	3	4	5	6
11	I can think of many ways to reach my current work goals.						1	2	3	4	5	6
12	At this time, I am meeting the work goals that I have set for myself.						1	2	3	4	5	6
13	When I have a setback at work, I have trouble recovering from it, moving on						1	2	3	4	5	6
14	I usually manage difficulties one way or another at work.						1	2	3	4	5	6
15	I can be "on my own," so to speak, at work if I have to.						1	2	3	4	5	6
16	I usually take stressful things at work in stride.						1	2	3	4	5	6
17	I can get through difficult times at work because I've experienced difficulty						1	2	3	4	5	6

	before.						
18	I feel I can handle many things at a time at this job.	1	2	3	4	5	6
19	When things are uncertain for me at work, I usually expect the best.	1	2	3	4	5	6
20	If something can go wrong for me work-wise, it will.	1	2	3	4	5	6
21	I always look on the bright side of things regarding my job.	1	2	3	4	5	6
22	I'm optimistic about what will happen to me in the future as it pertains to work.	1	2	3	4	5	6
23	In this job, things never work out the way I want them to.	1	2	3	4	5	6
24	I approach this job as if "every cloud has a silver lining."	1	2	3	4	5	6

Appendix E

Entrepreneurial Intention

1	I am ready to make anything to be an entrepreneur.	1	2	3	4	5	6	7
2	My professional goal is becoming an entrepreneur.	1	2	3	4	5	6	7
3	I will make every effort to start and run my own firm.	1	2	3	4	5	6	7
4	I'm determined to create a firm in the future	1	2	3	4	5	6	7
5	I have very seriously thought in starting a firm	1	2	3	4	5	6	7
6	I've got the firm intention to start a firm some day	1	2	3	4	5	6	7