"Influential Factors and Entrepreneurial Intentions: The Mediating Role of Self-Efficacy among Management Students in Butwal Sub-Metropolitan City, Nepal"

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Abstract

The study aims to analyze the effect of influential factors (need for achievement, locus of control, instrumental readiness, situational factor) on entrepreneurial intentions. It seeks to identify how different dimensions of influential factors influence entrepreneurial intentions. Moreover, the study seeks to examine the mediating role of self-efficacy on the relationship between influential factors and entrepreneurial intentions. The study adopted a quantitative approach, gathering responses from 277 master's students of Tribhuvan University affiliated campuses in Butwal sub-metropolitan city, Nepal using a structured questionnaire, a convenience sampling method. Data was analyzed using PLS-SEM software with different tools like assessment of measurement items, Model fit, IPMA and implemented bootstrapping technique for hypothesis testing. The results revealed that self-efficacy plays a vital mediating role in the relationship between locus of control and entrepreneurial intention. Likewise, instrumental readiness has a strong direct effect on entrepreneurial intention. It is evident that these factors are the major contributors to the entrepreneurial intention. Therefore, the management of Tribhuvan University affiliated campuses should consider these aspects to enhance the entrepreneurial intention. By understanding and reformulating policies based on these factors, there is a higher possibility of improving entrepreneurial intention.

Keywords: *Entrepreneurial intention, self-efficacy, locus of control, instrumental readiness, need for achievement and situational Factors.*

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I. Introduction

In the current era of a rapidly transforming global economy, entrepreneurship has emerged as much more than a business activity; it is a beacon of human progress, resilience, and innovation. Especially in developing regions like Nepal, where traditional employment opportunities are often scarce and economic uncertainty remains a constant shadow, the drive to create something new is a vital lifeblood for societal growth (Acs & Szerb, 2007; Audretsch, 2012). The city of Butwal exemplifies this dynamic energy. As a burgeoning sub-metropolitan hub, it is witnessing a surge in interest among management students who are no longer content with being mere job seekers. These young individuals are eager to carve out their own entrepreneurial paths, driven by a desire to contribute to their community and secure their own futures.

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However, the human journey from having an entrepreneurial aspiration to the actual act of business creation is rarely a straight line. It is a path fraught with complexities, shaped by a confluence of individual traits, environmental conditions, and situational challenges (Lüthje & Franke, 2003; Gerba, 2012). At the heart of this intricate web lies a deeply human element: self-efficacy. This is a person's fundamental belief in their own capacity to execute the actions required to reach a goal. It has emerged as a critical mediator, acting as the internal "engine" that determines whether influential factors actually translate into genuine entrepreneurial intentions (Boyd & Vozikis, 1994; Bandura, 1997).

To understand this process, we must first define the conscious state of the human mind known as entrepreneurial intention. This is the mental resolve that precedes and directs the decision to start a new venture (Krueger et al., 2000). These intentions are nourished by a variety of influential factors. Some are internal, such as the human "need for achievement," an internal locus of control, and a natural tolerance for risk. Others are external, including the surrounding environmental conditions access to resources, the strength of support networks, and the general socio-economic stability of the region (Lüthje & Franke, 2003; Gerba, 2012). In the entrepreneurial context, self-efficacy is the specific conviction that a human being can successfully launch and sustain a business despite the odds (Boyd & Vozikis, 1994).

The roots of this concept are traced back to Social Cognitive Theory, which posits that a human's perceived capability is central to their motivation and action. It suggests that we do not act based on what we are capable of, but rather on what we believe we are capable of. The Theory of Planned Behavior reinforces this, suggesting that while intentions are the most immediate predictors of behavior, self-efficacy serves as the crucial bridge that turns a thought into a plan (Ajzen, 1991).

Despite the recognized importance of entrepreneurship for job creation, a persistent and frustrating "intention-action gap" remains, particularly among university students in developing countries (Gerba, 2012). While many students express a fiery passion for entrepreneurship, only a small fraction ever convert these intentions into actual business ventures. This gap is often blamed on external barriers like a lack of capital or unsupportive social norms (Bullough et al., 2014). However, a less visible but equally significant obstacle is low self-efficacy. Low self-belief can stifle human initiative, reduce persistence in the face of hardship, and foster a paralyzing fear of failure. Research consistently shows that individuals with high self-efficacy are more likely to take

the first step, persist through setbacks, and ultimately realize their goals (Bandura, 1997). Conversely, those with low self-efficacy may succumb to feelings of helplessness and avoidance, failing to act on their dreams even when resources are available.

This dynamic is especially pronounced in contexts like Nepal, where political and economic volatility heightens the perception of risk. Management students in Butwal face specific challenges, including limited access to financial resources, a lack of business mentorship, and an educational system that sometimes fails to provide experiential learning. Furthermore, socio-cultural attitudes in the region may still stigmatize failure, discouraging the bold risk-taking necessary for innovation. Together, these obstacles do not just dampen intentions; they contribute to the high rates of unrealized potential among our youth (Paudel, B. C., & Ranabhat, D. 2023).

While the role of self-efficacy has been explored in various global contexts, there is a notable gap in understanding how these human dynamics unfold within the unique socio-economic realities of developing countries experiencing instability (Al-Qadasi et al., 2023a). Most existing studies have been conducted in stable, Western environments, overlooking the distinct motivations and support structures that shape a student in Butwal. This study is warranted because it addresses this gap, providing context-specific insights that can inform how we teach and support our future leaders.

Ultimately, conducting this research offers substantial benefits to all stakeholders. For entrepreneurs and mentors, it provides a window into the factors that shape the young mind. For students, it underscores the importance of building internal confidence and resilience. For policymakers, it offers a roadmap for creating an enabling environment improving access to resources and enhancing educational programs that strengthen human self-efficacy (Elnadi & Gheith, 2021). By fostering this internal belief system, we can bridge the gap between aspiration and action, promoting a vibrant entrepreneurial landscape that contributes to the lasting economic growth of Nepal.

Objectives of the Study:

- To analyze the effect of need for achievement, locus of control, instrumental readiness, situational factors on Entrepreneurial intention.
- To analyze the perception of the respondents with regard to the construct of the study by examining their average response level.

- To determine which factors, act as necessary conditions for the dependent variable by identifying the minimum level that must be present for the outcomes to occur.
- To examine the mediating effect of self-efficacy on the relation between influential factors and Entrepreneurial intention.

I. Literature Review

Need for achievement and entrepreneurial intention

The relationship between the need for achievement and entrepreneurial intention has been widely supported by both theoretical and empirical studies. Theoretically, McClelland's Need for Achievement Theory (1961) suggests that individuals with a high need for achievement are more likely to engage in entrepreneurial activities as they seek personal success, set challenging goals, and take calculated risks. Similarly, Ajzen's Theory of Planned Behavior (TPB) (1991) provides a framework explaining how the need for achievement influences entrepreneurial intention through attitudes, subjective norms, and perceived behavioral control. Additionally, Shane and Venkataraman's (2000) Opportunity Recognition Theory posits that individuals with strong achievement motivation are more likely to identify and exploit entrepreneurial opportunities, further linking the need for achievement to entrepreneurial intention.

Empirically, numerous studies have validated this relationship. For instance, a study by Rauch and Frese (2007) conducted a meta-analysis and found that achievement motivation was a significant predictor of entrepreneurial behavior. Similarly, a study by Zhao, Seibert, and Hills (2005) revealed that individuals with high achievement motivation demonstrated stronger entrepreneurial intentions and were more likely to engage in business ventures. Additionally, research by Entrialgo, Fernández, and Vázquez (2000) found that the need for achievement was a crucial determinant of entrepreneurial intention among university students, reinforcing the notion that intrinsic motivation plays a central role in shaping entrepreneurial aspirations. Further, a study by Obschonka et al. (2015) using longitudinal data confirmed that achievement motivation significantly influences the transition from entrepreneurial intention to action. These findings collectively provide strong theoretical and empirical support for the argument that individuals with a high need for achievement are more likely to develop entrepreneurial intentions and pursue business opportunities.

H_1: There is a significant relationship between need for achievement and entrepreneurial intention.

Locus of control and entrepreneurial intention

The relationship between locus of control and entrepreneurial intention has been extensively explored through both theoretical and empirical research. Theoretically, Rotter's (1966) Locus of Control Theory suggests that individuals with an internal locus of control who believe they can influence outcomes through their actions are more likely to engage in entrepreneurial activities. This aligns with McClelland's Need for Achievement Theory (1961), which argues that individuals with a strong internal locus of control are driven by personal accomplishment and responsibility, increasing their entrepreneurial intention. Moreover, Ajzen's Theory of Planned Behavior (TPB) (1991) emphasizes perceived behavioral control, which is closely linked to locus of control, as individuals with an internal orientation believe in their ability to overcome challenges and achieve entrepreneurial goals. Shane and Venkataraman's (2000) Individual-Opportunity Nexus Theory further supports this relationship, positing that individuals who perceive control over their environment are more likely to identify and exploit entrepreneurial opportunities.

Empirical studies reinforce these theoretical claims. For instance, Mueller and Thomas (2001) found that individuals with an internal locus of control exhibited higher entrepreneurial intentions across different cultural contexts. Similarly, a study by Rauch and Frese (2007) provided meta-analytic evidence that internal locus of control is a significant predictor of entrepreneurial success and startup intentions. Research by Fayolle, Liñán, and Moriano (2014) further confirmed that internal locus of control positively influences entrepreneurial intention among university students, suggesting that those who perceive themselves as in control of their future are more inclined to pursue entrepreneurship. Additionally, a longitudinal study by Obschonka et al. (2018) demonstrated that an internal locus of control plays a crucial role in transforming entrepreneurial intention into actual business creation. These findings collectively highlight that individuals with an internal locus of control are more confident in their abilities, proactive in decision-making, and persistent in overcoming obstacles factors that significantly contribute to entrepreneurial intention.

H_2: There is a significant relationship between locus of control and entrepreneurial intention.

Instrumental readiness and entrepreneurial intention.

The relationship between instrumental readiness and entrepreneurial intention is supported by both theoretical and empirical studies. Theoretically, Shapero and Sokol's (1982) Entrepreneurial Event Model (EEM) highlights that entrepreneurial behavior is influenced by perceived desirability, perceived feasibility, and the presence of necessary resources referred to as instrumental readiness.

This concept aligns with Ajzen's (1991) Theory of Planned Behavior (TPB), which emphasizes that entrepreneurial intention is shaped by attitudes, subjective norms, and perceived behavioral control, with instrumental readiness playing a key role in enabling individuals to act on their entrepreneurial intentions. Additionally, Bird's (1988) Model of Entrepreneurial Intentionality suggests that access to financial, social, and educational resources enhances an individual's confidence and preparedness to start a business. Furthermore, Shane and Venkataraman's (2000) Individual-Opportunity Nexus Theory posits that individuals with greater access to resources are better positioned to recognize and exploit entrepreneurial opportunities, reinforcing the importance of instrumental readiness in shaping entrepreneurial intentions.

Empirical studies further validate this relationship. Research by Van Auken, Fry, and Stephens (2006) found that access to financial and informational resources significantly influenced students' entrepreneurial intentions. Similarly, a study by Tsai, Chang, and Peng (2016) demonstrated that entrepreneurial training and resource availability positively affected entrepreneurial self-efficacy and intention. Additionally, Liñán and Chen (2009) provided empirical evidence that perceived feasibility closely linked to instrumental readiness was a strong predictor of entrepreneurial intention among university students. Another study by Karimi et al. (2017) found that access to entrepreneurial education, mentorship, and financial support enhanced individuals' confidence in pursuing business ventures. These findings suggest that instrumental readiness, in the form of financial resources, education, mentorship, and access to networks, plays a crucial role in fostering entrepreneurial intention by reducing perceived barriers and increasing confidence in entrepreneurial success.

H_3: There is a significant relationship between instrumental readiness and entrepreneurial intention.

Situational factors and entrepreneurial intention

The relationship between situational factors and entrepreneurial intention is well-supported by both theoretical and empirical research. Theoretically, Shapero and Sokol's (1982) Entrepreneurial Event Model (EEM) posits that entrepreneurial intention is influenced by perceived desirability, perceived feasibility, and situational factors such as economic conditions, social support, and access to resources. This is further supported by Ajzen's (1991) Theory of Planned Behavior (TPB), which emphasizes that external conditions, including institutional support and market opportunities, shape entrepreneurial intention through attitudes, subjective norms, and perceived

behavioral control. Krueger's (2000) Cognitive Model of Entrepreneurial Intent also highlights that situational factor, such as prior exposure to entrepreneurship, financial security, and government policies, influence how individuals perceive the feasibility and desirability of starting a business. Additionally, Shane and Venkataraman's (2000) Opportunity Recognition Theory suggests that entrepreneurship is driven by the interplay between individual characteristics and external situational factors, such as economic policies, industry trends, and access to funding.

Empirical studies further confirm the influence of situational factors on entrepreneurial intention. A study by Liñán and Chen (2009) found that perceived feasibility and social norms both influenced by external conditions were significant predictors of entrepreneurial intention among university students. Similarly, Kibler (2013) demonstrated that regional economic conditions and entrepreneurial ecosystems play a crucial role in shaping individuals' entrepreneurial aspirations. Research by Turker and Selcuk (2009) indicated that perceived support from the government, financial institutions, and educational programs significantly influenced entrepreneurial intention. Furthermore, a study by Roxas, Cayoca-Panizales, and de Jesus (2008) found that institutional support, including access to training, funding, and networking opportunities, positively affected students' entrepreneurial intentions. Moreover, Bae, Qian, Miao, and Fiet (2014) conducted a meta-analysis and confirmed that entrepreneurship education, a key situational factor, significantly enhances entrepreneurial intention by improving perceived behavioral control and self-efficacy. These findings collectively suggest that situational factors such as financial support, economic conditions, social influences, government policies, and entrepreneurial education play a crucial role in shaping entrepreneurial intention by altering individuals' perceptions of feasibility and desirability in starting a business.

H_4: There is a significant relationship between situational factors and entrepreneurial intention

Self-efficacy mediates need for achievement and entrepreneurial intention.

The mediating role of self-efficacy in the relationship between need for achievement and entrepreneurial intention is well-supported by both theoretical and empirical research. Theoretically, Bandura's (1986) Social Cognitive Theory (SCT) posits that self-efficacy, or an individual's belief in their ability to perform specific tasks, is a key mechanism through which personality traits, such as the need for achievement, translate into goal-directed behavior, including entrepreneurship. This aligns with McClelland's (1961) Need for Achievement Theory, which suggests that individuals with high achievement motivation set challenging goals, but their ability

to act on these goals depends on their confidence in their entrepreneurial capabilities. Furthermore, Ajzen's (1991) Theory of Planned Behavior (TPB) explains that self-efficacy (closely related to perceived behavioral control) strengthens entrepreneurial intention by increasing individuals' belief in their ability to start a business. Additionally, explicitly integrates self-efficacy as a mediating factor, arguing that individuals with high achievement motivation develop entrepreneurial intentions only when they have strong self-efficacy.

Empirical studies provide substantial evidence for this mediation effect. A study by Zhao, Seibert, and Hills (2005) confirmed that self-efficacy significantly mediates the relationship between need for achievement and entrepreneurial intention, as individuals with high achievement motivation are more likely to form entrepreneurial intentions when they believe in their ability to succeed. Similarly, Baum and Locke (2004) found that self-efficacy played a crucial role in transforming achievement motivation into entrepreneurial action, as individuals with higher self-efficacy were more likely to persist in their entrepreneurial endeavors. In another study, Tsai, Chang, and Peng (2016) demonstrated that self-efficacy mediated the relationship between personal motivation (including need for achievement) and entrepreneurial intention among university students. Moreover, a meta-analysis by Miao, Qian, and Ma (2017) confirmed that self-efficacy acts as a bridge between psychological traits and entrepreneurial intention, reinforcing that individuals with strong achievement motivation are more likely to develop entrepreneurial intentions when they possess high self-efficacy. These findings collectively highlight that while the need for achievement is a key driver of entrepreneurial intention, its impact is significantly enhanced when individuals have strong entrepreneurial self-efficacy, making self-efficacy a critical psychological mechanism in this relationship.

H_5: Self efficacy mediates the relationship between need for achievement and entrepreneurial intention.

Self-efficacy mediates locus of control and entrepreneurial intention.

The mediating role of self-efficacy in the relationship between locus of control and entrepreneurial intention is well-supported by both theoretical and empirical research. Theoretically, Bandura's (1986) Social Cognitive Theory (SCT) posits that self-efficacy, or one's belief in their ability to execute tasks successfully, acts as a key psychological mechanism through which personality traits, such as locus of control, influence goal-directed behavior like entrepreneurship. Individuals with an internal locus of control (Rotter, 1966) believe they can control their own outcomes, but

their entrepreneurial intentions are strengthened when they also have high self-efficacy, reinforcing their confidence to start a business. Ajzen's (1991) Theory of Planned Behavior (TPB) also suggests that perceived behavioral control closely linked to self-efficacy translates an individual's belief in personal control (locus of control) into entrepreneurial intention. Additionally, Boyd and Vozikis' (1994) Model of Entrepreneurial Intentions explicitly integrates self-efficacy as a mediating factor, arguing that an internal locus of control fosters self-efficacy, which in turn strengthens entrepreneurial intention.

Empirical research strongly supports this mediating effect. For example, a study by Rauch and Frese (2007) found that individuals with an internal locus of control had higher entrepreneurial intentions, but this effect was significantly mediated by self-efficacy, as those who lacked confidence in their abilities were less likely to act on their perceived control. Similarly, Zhao, Seibert, and Hills (2005) provided empirical evidence that self-efficacy plays a crucial mediating role between locus of control and entrepreneurial intention, confirming that individuals with an internal locus of control were more likely to develop entrepreneurial intentions if they had strong self-efficacy. Additionally, a study by Nowiński and Haddoud (2019) on university students found that self-efficacy fully mediated the relationship between locus of control and entrepreneurial intention, indicating that the belief in one's ability is a necessary factor for individuals with high personal control beliefs to pursue entrepreneurship. Furthermore, research by Ferreira, Raposo, and Rodrigues (2012) confirmed that individuals with an internal locus of control were more likely to exhibit entrepreneurial intentions, but only when they had high self-efficacy, reinforcing the idea that perceived capability enhances the effect of control beliefs. These findings suggest that while an internal locus of control provides a foundation for entrepreneurial intention, self-efficacy plays a critical role in translating this belief into action, making it an essential psychological mechanism in the entrepreneurial process.

H_6: Self efficacy mediates the relationship between locus of control and entrepreneurial intention.

Self-efficacy mediates instrumental readiness and entrepreneurial intention.

The mediating role of self-efficacy in the relationship between instrumental readiness and entrepreneurial intention is well-supported by both theoretical and empirical research. Theoretically, Bandura's (1986) Social Cognitive Theory (SCT) suggests that self-efficacy, or an individual's belief in their ability to execute entrepreneurial tasks, plays a central role in

transforming external resources (instrumental readiness) into entrepreneurial action. Instrumental readiness, which includes access to financial, educational, and social resources, enhances self-efficacy by providing individuals with the necessary tools and knowledge to feel confident in their entrepreneurial capabilities. Ajzen's (1991) Theory of Planned Behavior (TPB) also supports this relationship, as perceived behavioral control a construct closely related to self-efficacy acts as a mediator between access to resources and entrepreneurial intention. Additionally, Shapero and Sokol's (1982) Entrepreneurial Event Model (EEM) suggests that perceived feasibility, which is influenced by instrumental readiness, drives entrepreneurial intention, and self-efficacy strengthens this perception by reinforcing an individual's confidence in utilizing available resources to start a business. Boyd and Vozikis' (1994) Model of Entrepreneurial Intentions further emphasizes that self-efficacy serves as a key mechanism through which access to instrumental resources translates into entrepreneurial motivation and action.

Empirical studies provide strong support for this mediation effect. For instance, Zhao, Seibert, and Hills (2005) demonstrated that self-efficacy significantly mediated the relationship between access to entrepreneurial resources and entrepreneurial intention, indicating that individuals with higher instrumental readiness were more likely to develop entrepreneurial intentions when they had strong self-efficacy. Similarly, a study by Van Auken, Fry, and Stephens (2006) found that students with access to financial and informational resources exhibited higher entrepreneurial self-efficacy, which in turn increased their entrepreneurial intention. In another study, Liñán and Chen (2009) confirmed that perceived feasibility—closely linked to self-efficacy—mediated the impact of resource availability on entrepreneurial intention. Additionally, Karimi et al. (2017) found that entrepreneurial education and training, key components of instrumental readiness, enhanced self-efficacy, which then led to stronger entrepreneurial intentions among university students. Research by Tsai, Chang, and Peng (2016) further demonstrated that access to mentorship and networking opportunities contributed to higher self-efficacy, which subsequently strengthened entrepreneurial intentions. These findings collectively highlight that while instrumental readiness provides the necessary foundation for entrepreneurship, self-efficacy plays a crucial role in translating these resources into entrepreneurial motivation, making it a key psychological mechanism in fostering entrepreneurial intention.

H_7: Self efficacy mediates the relationship between instrumental readiness and entrepreneurial intention.

Self-efficacy mediates situational factors and entrepreneurial intention

The mediating role of self-efficacy in the relationship between situational factors and entrepreneurial intention is well-supported by both theoretical and empirical research. Theoretically, Bandura's (1986) Social Cognitive Theory (SCT) posits that self-efficacy, or an individual's belief in their ability to succeed in entrepreneurial tasks, is shaped by external situational factors such as financial resources, education, social networks, and government support. These situational factors enhance or limit self-efficacy, which in turn influences entrepreneurial intention. Similarly, Ajzen's (1991) Theory of Planned Behavior (TPB) suggests that perceived behavioral control closely related to self-efficacy mediates the impact of external conditions on entrepreneurial intention by shaping an individual's confidence in their ability to start a business. Additionally, Shapero and Sokol's (1982) Entrepreneurial Event Model (EEM) emphasizes that situational factors affect perceived feasibility and desirability, with self-efficacy playing a critical role in determining whether individuals translate these perceptions into entrepreneurial action. Boyd and Vozikis' (1994) Model of Entrepreneurial Intentions further extends this perspective by explicitly incorporating self-efficacy as a mediator between external factors and entrepreneurial intention, arguing that access to resources and supportive environments primarily enhance entrepreneurial intention through increased self-efficacy.

Empirical research provides strong support for this mediation effect. For example, Zhao, Seibert, and Hills (2005) demonstrated that self-efficacy significantly mediated the relationship between access to entrepreneurial resources and entrepreneurial intention, indicating that individuals with supportive situational conditions were more likely to develop entrepreneurial intentions when they had high self-efficacy. Similarly, a study by Liñán and Chen (2009) found that perceived feasibility strongly influenced by situational factors such as educational support and financial access was mediated by self-efficacy in predicting entrepreneurial intention. Turker and Selcuk (2009) provided evidence that university students' access to institutional support, including entrepreneurship education and mentorship, enhanced their self-efficacy, which subsequently increased their entrepreneurial intention. Additionally, a study by Entrialgo and Iglesias (2017) confirmed that environmental support, including government policies and economic conditions, significantly influenced entrepreneurial intention through self-efficacy. Karimi et al. (2017) also found that exposure to entrepreneurship training and role models increased self-efficacy, which in turn strengthened entrepreneurial intention among students. Furthermore, Nowiński and Haddoud

(2019) demonstrated that perceived cultural and institutional support fostered entrepreneurial self-efficacy, which acted as a bridge between situational conditions and entrepreneurial intention. These findings collectively highlight that while situational factors create opportunities and constraints for entrepreneurship, self-efficacy plays a crucial role in determining whether individuals perceive these factors as enabling or limiting, making it a key psychological mechanism in the entrepreneurial decision-making process.

H_8: Self efficacy mediates the relationship between situational factors and entrepreneurial intention.

Self-efficacy and Entrepreneurial Intention

The relationship between self-efficacy and entrepreneurial intention is a cornerstone in entrepreneurship research, grounded deeply in psychological theory and consistently supported by empirical evidence. Theoretically, Bandura's (1986) Social Cognitive Theory provides the primary framework, asserting that an individual's belief in their capacity to execute specific actions self-efficacy profoundly influences their thoughts, motivation, and behavior. Within this context, entrepreneurial self-efficacy (ESE) refers to an individual's conviction in their ability to successfully perform various tasks associated with starting and managing a new venture, such as identifying opportunities, marshaling resources, and managing risks. High ESE leads to greater confidence, setting more ambitious goals, and increased persistence in the face of challenges, all of which are critical for developing a strong intention to pursue entrepreneurship (Bandura, 1997). Furthermore, the Theory of Planned Behavior (Ajzen, 1991) also indirectly supports this link, as ESE aligns closely with perceived behavioral control, where a stronger belief in one's ability to execute entrepreneurial actions directly translates into a higher intention to do so.

Empirically, a vast body of research consistently demonstrates a robust and positive relationship between self-efficacy and entrepreneurial intention across diverse populations and cultural contexts. Numerous studies have confirmed that individuals with higher levels of entrepreneurial self-efficacy are significantly more likely to form intentions to start a business (e.g., Boyd & Vozikis, 1994; Zhao et al., 2005). This relationship is not merely correlational; ESE often plays a crucial mediating role, meaning that other factors like entrepreneurship education, prior experience, or exposure to role models often influence entrepreneurial intention through their impact on an individual's self-efficacy (e.g., Souitaris et al., 2007; McGee et al., 2009). For instance, entrepreneurship education is effective not just because it imparts knowledge, but

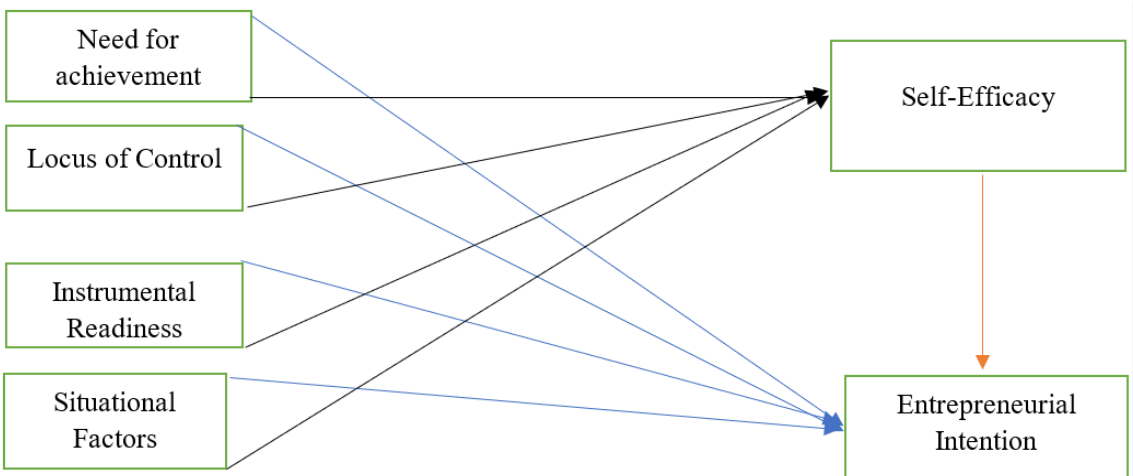
because it boosts students' confidence in their ability to apply that knowledge in a real-world entrepreneurial setting. The predictive power of ESE is well-established, making it one of the most reliable psychological predictors of an individual's inclination to embark on an entrepreneurial journey. This strong empirical validation underscores the practical significance of fostering self-efficacy, suggesting that interventions aimed at enhancing individuals' belief in their entrepreneurial capabilities can be highly effective strategies for promoting entrepreneurial activity and economic development.

H_9: There is significance effect of Self efficacy on entrepreneurial intention**.**

Research Framework

The research framework is the structure that illustrates the relationship among various variables. In this context, six variables are employed. Influential factor is measured by four indicators- Need for Achievement, Locus of Control, Instrumental Readiness, Situational factor as independent variables. Self-Efficacy serves as the mediating variable, while Entrepreneurial Intention is used as the dependent variable. The research framework of the study is outlined below:

Figure 1 - Research Framework



Note: Adopt from Al-Qadasi et al. (2023).

III. Research Methodology

Research design

A research design is a structured plan that guides data collection and analysis, shaping the study (Cooper & Schindler, 2003). This study adopts Descriptive Research Design and Explanatory Research Design to achieve its objectives.

Descriptive Research Design systematically presents characteristics, behaviors, or phenomena without altering variables. It identifies trends, patterns, and relationships within a population (Creswell, 2014). Explanatory research design is a methodological approach used to investigate cause-and-effect relationships between variables, aiming to clarify why certain phenomena occur. This type of research goes beyond descriptive or exploratory studies by testing hypotheses and identifying underlying mechanisms (Bhattacherjee, 2012; Creswell & Creswell, 2018). Likewise, Kerlinger (1986) highlights ex post facto research, where past independent variables are analyzed to assess their effects on dependent variables (Kerlinger, 1986; Pant, 202, p. 117). Common statistical methods include the Spearman Rank Order Coefficient, Phi Correlation Coefficient, Regression, t-test, Chi-square, and Analysis of Variance (Isaac, 1978; Pant, 2012, p. 118). By combining descriptive and Explanatory designs, this study effectively examines variable relationships and their impact (Kerlinger, 1986), ensuring a structured and systematic approach.

Population and sample

The population of this research study comprises all respondents within the research area. In this study, the chosen research area is Butwal Sub-Metropolitan City, and the population consists of all master's management students in different Tribhuvan University affiliated campus located in Butwal. The total number of students in this campus is 702 Therefore, the population of the study is identified as 702. The details of the campus and their respective number of students are presented in Table 1.

Table 1 - *Total Masters management student of Tribhuvan University affiliated campus in Butwal*

S.No	Name of Community Campus	Number of students
1	Lumbini Banijya Campus	357
2	New Horizon College	47
3	Siddhartha Gautam Buddha Campus	124
4	Butwal Multiple Campus	174
	Total	702

Note. Collected from Administration Department of Above Mention Campuses.

Sample is a part of a population or subset of population and denoted by n. The total sample size for this study has been obtained using the formulae developed by yamane (1967). In case of population size is known, the Yamane formula for determining the sample size is given by:

- n= N/1+Ne2

Where, n= sample size, N= Population size, and e= Margin of error (MOE), e=0.05 based on research condition. Thus, the sample size of the study is n = 255

Sampling method

The sampling method is chosen to select sample respondents from the overall population for data collection. In this context, the convenience sampling method is specifically used to approach the sample respondents. Given that the study focuses on the entrepreneurial intention of master's management students in Tribhuvan University-affiliated campuses in Butwal Sub-metropolitan city, the convenience sampling technique is deemed appropriate. This choice is made because it allows the researcher to engage with available students during their class hours or within the campus premises, ensuring a timely and practical data collection process. Given the specific focus and geographic proximity of the campuses, this method provides an efficient way to gather insights from those students who are most accessible and willing to participate in the study.

Nature and Sources of Data Collection

This study primarily relies on quantitative data, which were collected from primary sources. A structured questionnaire was designed to gather first-hand information directly from respondents.

Survey Instrument

A self-structured questionnaire was used as the survey instrument for data collection. It was developed based on operational definitions from previous literature. The questionnaire employs a seven-point Likert scale (7 = Strongly Agree, 6 = Agree, 5= Somewhat Agree, 4 = Neutral, 3= Somewhat Disagree, 2 = Disagree, and 1 = Strongly Disagree) to gather responses from participants.

A set of questions was designed to measure each independent, dependent, and mediating variable totaling 30 items. To ensure clarity and accuracy, a pilot test was conducted by distributing the questionnaire to a sample of 10 respondents. Out of 309 distributed questionnaires, 277 were fully completed, yielding a response rate of 89.64%.

Statistical Tools

The study employed various statistical tools appropriate to the nature of the collected data. Descriptive statistics, including mean and standard deviation (SD), were calculated to summarize and interpret respondents' answers. Analytical procedures included the assessment of

measurement items, evaluation of model fit, Importance-Performance Map Analysis (IPMA), and bootstrapping techniques to test the proposed hypotheses regarding the relationship between influential factor and entrepreneurial intentions.

IV. Results and Analysis

4.1 Descriptive Statistics - Measurement Items Assessment

Table 2 - *Assessment of Measurement Scale Items*

Variable	Items	Outer loadings	VIF	Mean	Standard deviation
Need for Achievement	NAC1	0.716	1.498	5.162	1.699
	NAC2	0.892	3.284	5.17	1.531
	NAC3	0.797	2.166	4.769	1.778
	NAC4	0.876	3.022	5.134	1.499
	NAC5	0.859	2.631	5.137	1.683
Locus of Control	LOC1	0.725	1.486	5.162	1.699
	LOC2	0.884	3.148	5.17	1.531
	LOC3	0.798	2.166	4.769	1.778
	LOC4	0.863	2.647	5.134	1.499
	LOC5	0.718	1.561	4.838	1.766
Instrumental Readiness	IR1	0.901	3.222	4.758	1.893
	IR2	0.883	3.105	4.368	1.984
	IR3	0.844	2.447	4.372	2.079
	IR4	0.813	2.281	3.906	1.958
	IR5	0.919	4.143	4.242	1.972
Situational Factors	SF1	0.814	2.732	4.415	1.95
	SF2	0.819	2.89	4.845	1.879
	SF3	0.915	3.995	4.209	1.898
	SF4	0.889	3.416	4.181	1.974
	SF5	0.819	1.893	3.242	1.893
Self-Efficacy	SE1	0.872	2.99	5.96	1.412
	SE2	0.911	3.934	5.801	1.506
	SE3	0.912	4.175	5.69	1.643
	SE4	0.722	1.817	5.018	1.787
	SE5	0.778	1.735	5.516	1.715
Entrepreneurial Intention	EI1	0.897	3.226	5.653	1.43
	EI2	0.903	3.665	5.141	1.71
	EI3	0.779	2.374	5.029	1.768
	EI4	0.856	2.605	5.152	1.844
	EI5	0.831	2.254	5.585	1.449

Note. Derived from Smart PLS 4 Software

Table 2 provides the standardized outer loadings, Variance Inflation Factor (VIF), mean, and standard deviation for the scale items used to measure the study's variables. According to (Sarstedt et al., 2017), outer loadings should ideally exceed 0.708 to confirm that an item significantly contributes to its respective construct. Additionally, the VIF values for all items range from 1.486 (LOC1) to 4.175 (SE3)**,** all below the critical threshold of 5.0, indicating no multicollinearity issues (Sarstedt et al., 2014). Consequently, all 30 items are retained for subsequent analysis, as the measurement model satisfies both reliability and validity criteria.

Most of the means are on the higher side of the scale representing agreeableness towards each statement. For standard deviation values are small indicating less deviation in responses. Therefore, the data are suitable for analysis.

Quality Criteria Assessment

Table 3 - *Construct Reliability and Validity*

Variables	alpha	CR (rho_a)	CR (rho_c)	AVE
Entrepreneurial Intention	0.908	0.92	0.931	0.73
Instrumental Readiness	0.922	0.933	0.941	0.762
Locus of Control	0.858	0.862	0.899	0.641
Need for achievement	0.885	0.886	0.917	0.689
Self-Efficacy	0.895	0.904	0.924	0.709
Situational Factors	0.908	0.949	0.93	0.726

Note. Derived from Smart PLS 4 Software

Table 3 contains the values of Cronbach's Alpha, Composite Reliability (CR), and Average Variance Extracted (AVE) to evaluate the convergent validity of the variables employed in this study. The Cronbach's Alpha coefficients for all items exceed the threshold of 0.705, signifying the adequate contribution of each scale item in the assessment of related constructs (Bland & Altman, 1997). Furthermore, the CR values for rho_A and rho_C surpass the minimum criterion of 0.70, denoting a robust measure of internal consistency (Saari et al., 2021; Hair et al., 2022). The AVE values also exceed the pivotal threshold of 0.50, suggesting that each variable accounts for more than 50 percent of the explained variance. This finding confirms the establishment of convergent validity (Hair et al., 2022). Subsequently, the outcomes depicted in the table as mentioned above satisfy all requisite of quality criteria measures.

4.2 Inferential Statistics

Discriminant Analysis

Table 4 - *Heterotrait-Monotrait Ratio of Correlation (HTMT) Matrix*

Variables	Entrepreneurial Intention	Instrumental Readiness	Locus of Control	Need for achievement	Self-Efficacy	Situational Factors
Entrepreneurial Intention						
Instrumental Readiness	0.477					
Locus of Control	0.737	0.411				
Need for achievement	0.728	0.449	0.744			
Self-Efficacy	0.808	0.541	0.763	0.75		
Situational Factors	0.384	0.792	0.42	0.466	0.472	

Note. Derived from Smart PLS 4 Software

Table 4 presents the Heterotrait-Monotrait (HTMT) ratio matrix, which assesses discriminant validity among the latent constructs. The HTMT values range from 0.384 (between Entrepreneurial Intention and Situational Factors**)** to 0.808 (between Entrepreneurial Intention and Self-Efficacy)**,** all falling below the conservative threshold of 0.85 (Henseler et al., 2015). While some studies suggest a more lenient cutoff of 0.90 (Gold et al., 2001), the observed values in this study comfortably meet the stricter criterion, confirming that each construct is empirically distinct (Voorhees et al., 2016). Notably, the strongest discriminant relationship exists between Self-Efficacy and Entrepreneurial Intention (0.808)**,** whereas the weakest is between Entrepreneurial Intention and Situational Factors (0.384)**.** These results robustly establish discriminant validity, as no HTMT ratio exceeds permissible limits, ensuring that the measurement model satisfies this critical validity requirement (Hair et al., 2022).

Table 5 - *Fornell-Larcker Criterion*

Variables	Entrepreneurial Intention	Instrumental Readiness	Locus of Control	Need for achievement	Self-Efficacy	Situational Factors
Entrepreneurial Intention	0.854					
Instrumental Readiness	0.458	0.873				
Locus of Control	0.662	0.371	0.801			

Need for achievement	0.664	0.408	0.775	0.83		
Self-Efficacy	0.748	0.507	0.67	0.669	0.842	
Situational Factors	-0.391	-0.851	-0.387	-0.431	-0.459	0.852

Note. Derived from SmartPLS 4 Software

Table 5 presents the results of the Fornell-Larcker Criterion, a widely recognized method for assessing discriminant validity in structural equation modeling (SEM) (Fornell & Larcker, 1981). This criterion requires that the square root of the average variance extracted (AVE) for each construct (displayed diagonally in the table) exceeds the absolute values of its correlations with all other constructs in the corresponding rows and columns. As shown in the table, the diagonal values for all constructs Entrepreneurial Intention (0.854), Instrumental Readiness (0.873), Locus of Control (0.801), Need for Achievement (0.83), Self-Efficacy (0.842), and Situational Factors (0.852) are consistently greater than the off-diagonal correlations in their respective rows and columns. For instance, the correlation between Self-Efficacy and Entrepreneurial Intention is 0.748, which is less than the square root of AVE for Self-Efficacy (0.842). Similarly, the negative correlation between Situational Factors and Instrumental Readiness (-0.851) remains below the diagonal threshold in magnitude (0.852). These results confirm that each construct captures a distinct portion of variance, thereby establishing discriminant validity and ensuring no empirical overlap between constructs (Hair et al., 2010). The findings align with SEM best practices, demonstrating that the measurement model robustly differentiates between latent variables.

Model Fit Assessment

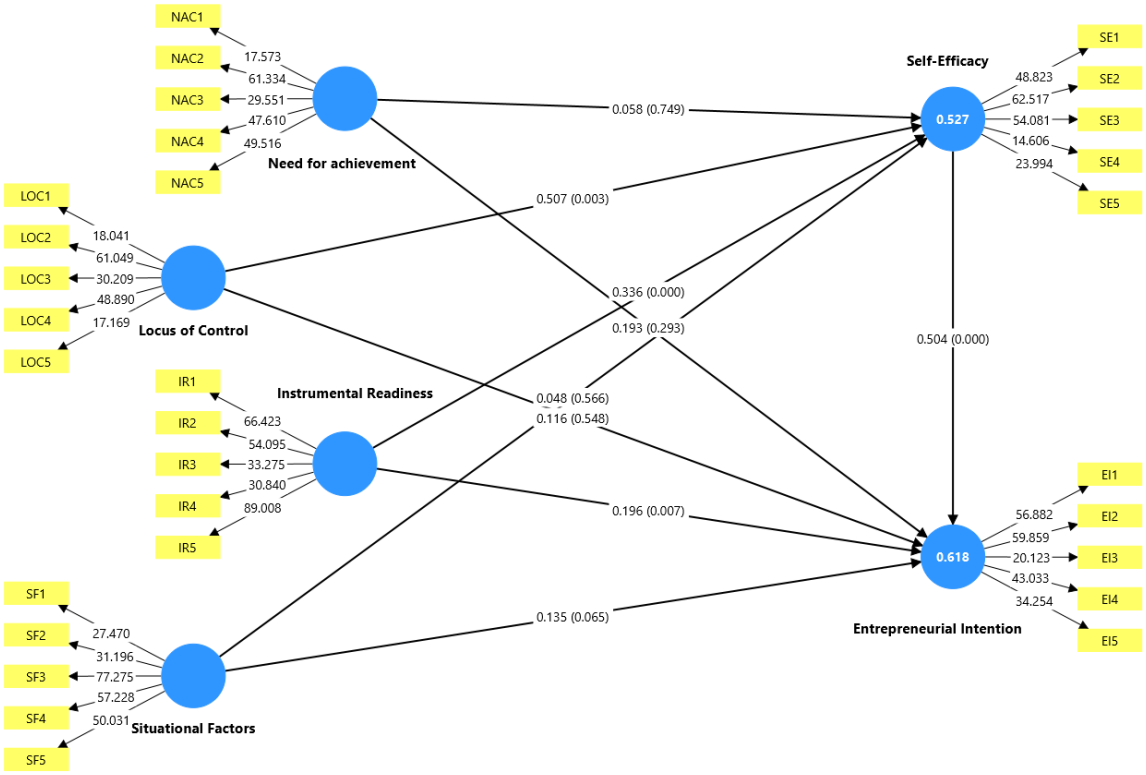
The model's explanatory efficacy is evaluated using fit indices and predictive metrics. The Standardized Root Mean Square Residual (SRMR) value for both the saturated and estimated models is 0.076, which is below the acceptable threshold of 0.08, indicating excellent model fit (Hu & Bentler, 1999).

Effect sizes (f^2) between constructs are also reported. Locus of Control exhibits a moderate effect on Entrepreneurial Intention ($f^2 = 0.302$), while Self-Efficacy shows a stronger influence ($f^2 = 0.315$). Conversely, Instrumental Readiness has a negligible effect on Entrepreneurial Intention ($f^2 = 0.026$), suggesting limited practical significance. These align with Cohen's (1988) guidelines, where values above 0.15 and 0.35 denote moderate and large effects, respectively. Additionally, Situational Factors impact Need for Achievement with an effect size of 0.301,

indicating a moderate effect. Overall, the model demonstrates robust explanatory capability, with key drivers like Self-Efficacy and Locus of Control significantly shaping Entrepreneurial Intention.

The R-squared values for Entrepreneurial Intention (0.618) and Self-Efficacy (0.527) demonstrate moderate to substantial predictive power, explaining 61.8% and 52.7% of the variance in these constructs, respectively. Adjusted R-squared values (0.611 and 0.520) further validate these relationships after accounting for model complexity (Hair et al., 2013).

Figure 2 - *Path Relationship Diagram*



Note. Derived from SmartPLS 4 Software

Table 6 - *Hypothesis Testing Using Bootstrapping*

Hypothesis	β	Mean	STDEV	Confidence Interval		T-statistics	P-values	Decision
				2.50%	97.50%			
H1: Need for achievement -> Entrepreneurial Intention	0.193	0.188	0.183	-0.171	0.55	1.051	0.293	Rejected

H2: Locus of Control -> Entrepreneurial Intention	0.116	0.117	0.193	-0.264	0.493	0.601	0.548	Rejected
H3: Instrumental Readiness -> Entrepreneurial Intention	0.196	0.193	0.072	0.049	0.333	2.717	0.007	Accepted
H4: Situational Factors -> Entrepreneurial Intention	0.135	0.133	0.073	-0.011	0.275	1.846	0.065	Rejected
H5: Need for achievement -> Self-Efficacy	0.058	0.062	0.181	-0.293	0.414	0.32	0.749	Rejected
H6: Locus of Control -> Self-Efficacy	0.507	0.504	0.173	0.161	0.841	2.925	0.003	Accepted
H7: Instrumental Readiness -> Self-Efficacy	0.336	0.336	0.083	0.173	0.499	4.045	0	Accepted
H8: Situational Factors -> Self-Efficacy	0.048	0.048	0.084	-0.113	0.217	0.573	0.566	Rejected
H9: Self-Efficacy -> Entrepreneurial Intention	0.504	0.509	0.077	0.358	0.659	6.558	0	Accepted

Note. Derived from SmartPLS 4 Software

Figure 2 and Table 6 report the results of a bootstrapping analysis performed with 10,000 subsamples, which examines decisions regarding the proposed hypotheses. Hypotheses H3, H6, H7, and H9 have achieved acceptance at a significance threshold 0.05. However, H1, H2, H4, H5 and H8 are rejected as their p-value is above 0.05. These is a positive and significant impact of instrumental readiness and self-efficacy on entrepreneurial intention and Locus of Control, Instrumental Readiness on self-efficacy. However, there is positive and insignificant impact of Need for achievement, Locus of Control, Situational Factors on Entrepreneurial Intention and Need for achievement, Situational Factors on self-efficacy**.**

Table 7 - *Mediating Effect*

Hypothesis	β	Mean	STDEV	Confidence Interval 2.50%	97.50%	T - statistics	P values	Decision

Situational Factors -> Self-Efficacy -> Entrepreneurial Intention	0.024	0.024	0.042	-0.059	0.108	0.572	0.568	Rejected
Instrumental Readiness -> Self-Efficacy -> Entrepreneurial Intention	0.169	0.171	0.049	0.083	0.274	3.456	0.001	Accepted
Locus of Control -> Self-Efficacy -> Entrepreneurial Intention	0.256	0.258	0.101	0.075	0.472	2.537	0.011	Accepted
Need for achievement -> Self-Efficacy -> Entrepreneurial Intention	0.029	0.031	0.093	-0.154	0.218	0.313	0.754	Rejected

Note. Derived from SmartPLS 4 Software

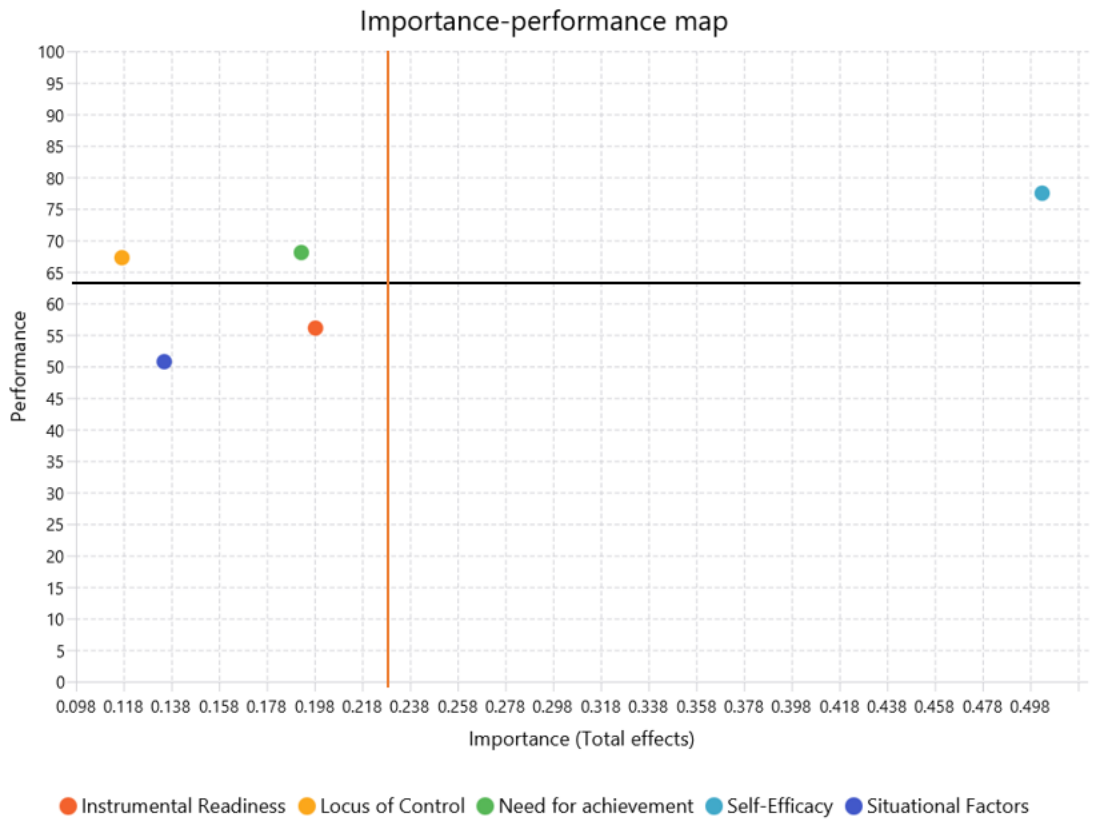
Table 7 reports the mediating effects results, which indicate that self-efficacy has a positive and significant mediating effect on the relationship between Instrumental Readiness and entrepreneurial intention. Further, self-efficacy has a positive and significant mediating effect on the relationship between Locus of Control and entrepreneurial intention. However, the mediating effect of self-efficacy is positive and insignificant in the relationship between situational factor and entrepreneurial intention. Additionally, the mediating effect of self-efficacy is positive and insignificant in the relationship between need for achievement and entrepreneurial intention.

Table 8 - *Importance Performance Map Analysis*

Variables	LV performance	Importance
Instrumental Readiness	56.082	0.198
Locus of Control	67.252	0.117
Need for achievement	68.073	0.192
Self-Efficacy	77.481	0.503
Situational Factors	50.749	0.135
Mean	63.9274	0.229

Note. Derived from SmartPLS 4 Software.

Figure 3 - *Importance-Performance Map Analysis*



Note. Derived from Smart PLS 4 Software

Table 8 and Figure 3 show the total effects of Instrumental Readiness, Locus of Control, Need for Achievement, Self-Efficacy and Situational Factor on Entrepreneurial Intention for the unstandardized effects. These effects are the same as the unstandardized weights of ordinary least square regression modelling (Hair et al. 2010). Furthermore, the performance of Entrepreneurial Intention was calculated as 72.855.

Notably, we derived the five quadrants successfully based on the mean values of the constructs' importance and performance value. As per Fig. 2, if we increase 1 unit in Self-Efficacy performance from 77.481 to 78.481, Entrepreneurial Intention increases from 72.855 to 73.358. Similarly, if we increased 1 unit in performance of Locus of Control from 67.252 to 68.252, then Entrepreneurial Intention grew to increase from 72.855 to 72.972. Therefore, out of the five determinants of Entrepreneurial Intention, the most critical factor was noted to be Self-Efficacy.

Table 9 - *Necessary Condition Analysis (NCA)- Bottleneck Values*

	LV scores - Entrepreneurial Intention	LV scores - Instrumental Readiness	LV scores - Locus of Control	LV scores - Need for achievement	LV scores - Self-Efficacy	LV scores - Situational Factors
0.00%	18%	NN	NN	NN	NN	NN
10.00%	26%	NN	NN	NN	NN	NN
20.00%	34%	NN	25%	26%	NN	NN
30.00%	43%	NN	29%	29%	32%	NN
40.00%	51%	NN	29%	29%	32%	NN
50.00%	59%	NN	29%	29%	32%	NN
60.00%	67%	NN	29%	29%	32%	NN
70.00%	75%	NN	35%	31%	32%	NN
80.00%	84%	NN	35%	31%	32%	NN
90.00%	92%	23%	36%	31%	32%	NN
100.00%	100%	23%	36%	31%	32%	21%

Note. Derived from SmartPLS 4 Software

Table 9 represents bottle neck values of latent variable using Necessary Condition Analysis. To achieve 26% of entrepreneurial intention no factors are required necessary. To achieve 34% of entrepreneurial intention, 25% of locus of control and 26% of need for achievement are necessary. Similarly, 43% of entrepreneurial intention, 29% of locus of control, 29% of need for achievement and 32% of self-efficacy are necessary. Similarly, 51% of entrepreneurial intention, 29% of locus of control, 29% of need for achievement and 32% of self-efficacy are necessary. Likewise, 59% of entrepreneurial intention, 29% of locus of control, 29% of need for achievement and 32% of self-efficacy are required. Similarly, 67% of entrepreneurial intention, 29% of locus of control, 29% of need for achievement and 32% of self-efficacy are necessary. Likewise, 75% of entrepreneurial intention, 35% of locus of control, 31% of need for achievement and 32% of self-efficacy are required. Similarly, 84% of entrepreneurial intention, 35% of locus of control, 31% of need for achievement and 32% of self-efficacy are necessary. Likewise, 92% of entrepreneurial intention, 23% of instrumental readiness, 36% of locus of control, 31% of need for achievement and 32% of self-efficacy are required. Also, 100% of entrepreneurial intention, 23% of instrumental readiness, 36% of locus of control, 31% of need for achievement, 32% of self-efficacy and 21% of situational factors are necessary.

Findings of the Study

The findings of the study are:

- The study confirmed strong measurement reliability with Cronbach's alpha values ranging from 0.858 (Locus of Control) to 0.922 (Instrumental Readiness) and AVE values above 0.50, ensuring convergent validity.
- Hypothesis testing showed that Instrumental Readiness ($\beta = 0.196$, $p = 0.007$) and Self-Efficacy ($\beta = 0.504$, $p < 0.001$) significantly influenced Entrepreneurial Intention, while Locus of Control ($\beta = 0.507$, $p = 0.003$) and Instrumental Readiness ($\beta = 0.336$, $p < 0.001$) significantly predicted Self-Efficacy. Mediation analysis highlighted Self-Efficacy as a key mediator, strengthening the effects of Locus of Control and Instrumental Readiness on Entrepreneurial Intention.
- Necessary Condition Analysis further revealed that achieving higher levels of Entrepreneurial Intention (≥75%) requires minimum thresholds of Self-Efficacy (32%), Locus of Control (35%), and Need for Achievement (31%), with Instrumental Readiness (23%) and Situational Factors (21%) becoming necessary only at the highest levels.
- Overall, Self-Efficacy emerged as the strongest driver and necessary condition for entrepreneurial intention among management students in Butwal.

V. Discussion

The findings of this study underscore the pivotal mediating role of self-efficacy in the relationship between instrumental readiness and entrepreneurial intention, as well as between locus of control and entrepreneurial intention among management students in Butwal, Nepal. This aligns with prior research emphasizing self-efficacy as a critical psychological mechanism that transforms personal traits and external readiness into concrete entrepreneurial aspirations (Bandura, 1997; Zhao et al., 2022). Specifically, the strong mediation effect of self-efficacy on the link between locus of control and entrepreneurial intention suggests that individuals who perceive greater control over their lives are more likely to develop confidence in their entrepreneurial capabilities, which in turn enhances their intention to start a business. This is consistent with findings by Al-Qadasi et al. (2023), who demonstrated that locus of control positively influences entrepreneurial self-efficacy, thereby fostering stronger entrepreneurial intentions.

Furthermore, the direct and robust effect of instrumental readiness on entrepreneurial intention highlights the importance of tangible resources and preparedness such as access to financial capital, skills, and networks in shaping entrepreneurial motivation. This corroborates the work of Uysal et al. (2022), who found that instrumental readiness directly impacts entrepreneurial

intentions by equipping individuals with the necessary tools and confidence to pursue entrepreneurship. Medication by self-efficacy indicates that while instrumental readiness provides the foundational resources, it is the belief in one's ability to utilize these resources effectively that ultimately drives entrepreneurial intentions (Chen et al., 2023).

The path analysis revealing a stronger mediating effect of self-efficacy on locus of control than on instrumental readiness suggests that psychological factors may have a more nuanced influence on entrepreneurial intentions than purely external conditions. This finding resonates with the social cognitive theory perspective, which posits that self-efficacy serves as a bridge between internal dispositions and behavioral intentions (Bandura, 1997). In the context of Butwal, where socio-economic challenges and resource constraints are prevalent, enhancing self-efficacy could be a more effective strategy to stimulate entrepreneurial activities than focusing solely on improving instrumental readiness.

Overall, these results emphasize the necessity for entrepreneurship education and policy interventions in Nepal to prioritize the development of self-efficacy alongside improving instrumental readiness. Programs that strengthen students' locus of control and provide practical resources could synergistically enhance their entrepreneurial intentions, thereby contributing to local economic development (Sharma & Poudel, 2021; Elnadi & Gheith, 2021). Future research could further explore additional mediators and moderators, such as social support and risk tolerance, to deepen understanding of entrepreneurial intention formation in similar emerging economies.

VI. Conclusion and Implication

Conclusion

The study concludes that self-efficacy is the most critical driver and mediator of entrepreneurial intention among management students in Butwal, with instrumental readiness and locus of control contributing significantly, while need for achievement and situational factors play only supportive roles. For stakeholders such as educators, policymakers, and entrepreneurship program designers, the findings suggest prioritizing initiatives that strengthen students' self-efficacy through experiential learning, mentorship, and skill-building activities; enhancing instrumental readiness by improving access to resources, networks, and training; and fostering locus of control through reflective practices and supportive environments. These targeted interventions can better equip management students to translate their entrepreneurial potential into actual intentions and actions.

Implication

This empirical study on influential factors and entrepreneurial intentions, mediated by self-efficacy among management students in Nepal, offers significant theoretical and practical implications. Theoretically, the study integrates multiple foundational frameworks including Ajzen's (1991) Theory of Planned Behavior, Bandura's (1986) Social Cognitive Theory, Rotter's (1966) Locus of Control Theory, and McClelland's (1961) Need for Achievement Theory providing a comprehensive understanding of how individual traits, cognitive beliefs, and environmental readiness collectively shape entrepreneurial intentions. By confirming the mediating role of self-efficacy, the research supports Bandura's assertion that perceived capability is crucial in translating personality traits and contextual factors into entrepreneurial action (Bandura, 1986; Boyd & Vozikis, 1994). Practically, these findings highlight the importance of fostering self-efficacy through targeted educational programs and policy interventions in Nepal's socio-economic context, especially in Butwal, where resource constraints and socio-political challenges prevail (Paudel & Ranabhat, 2024; Ghimire & Neupane, 2023). Enhancing students' locus of control and instrumental readiness, alongside building their confidence and skills, can effectively increase entrepreneurial intentions, thereby contributing to job creation and economic development. This study thus provides actionable insights for educators, policymakers, and entrepreneurship support organizations aiming to nurture a resilient entrepreneurial ecosystem in Nepal.

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