

# Do Online Marketplaces Play a Significant Role in Shaping Entrepreneurial Intention? An Empirical Investigation

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## Abstract

Online marketplaces are regarded to play a vital role in assisting businesses to start up online. This is because of the reduced expenses involved with launching a company on online marketplaces compared to beginning an online business on a seller's new website. Numerous enterprises are turning to online marketplaces and benefiting from the low start-up expenses and simplicity of selling. Sellers are spared of the responsibilities of storage, shipping, and payment collection. This research attempts to explore the antecedents of entrepreneurial inclination among US university students with a special focus on the role of online marketplaces. The data was acquired from 252 students using self-administered surveys in 4 different institutions in the United States. The structural model was evaluated using structural equation modeling for assessing the link between educational assistance, societal norms, perceived support from global online marketplaces, attitude, and entrepreneurial inclination. Confirmatory Factor Analysis (CFA) was employed for data analysis. The findings suggest that the perceived online marketplace support has a statistically significant positive effect on entrepreneurial intention. This implies that the existence of an online marketplace motivates individuals for entrepreneurial activities. The findings of this research would be useful for individuals who intend to begin an online business without incurring the high startup costs associated with the majority of traditional businesses.

## Introduction

Entrepreneurs are critical to market economies because they may function as the driving force behind the country's economic progress. They create new employment by developing new goods and services, which eventually leads in the acceleration of economic growth (Abdesselam et al., 2018). Entrepreneurship generates a big number of new jobs and possibilities. It generates a large number of entry-level positions, which are critical for converting unskilled workers into skilled workers. Additionally, it trains and supplies skilled people to huge enterprises (Harper, 2003). The growth of a country's overall employment is highly dependent on the emergence of entrepreneurship (Toma, Grigore and Marinescu, 2014). Each new firm that establishes a presence in a less developed area creates both direct and indirect employment, so boosting regional economies in a variety of ways (Wennekers et al., 2005). The combined spending of all new company workers and supporting positions in other enterprises contributes to local and regional economic production (Acs and Storey, 2004).

By introducing innovation to every part of company, entrepreneurial enterprises increase productivity while maximizing the use of available resources (Abosedo and Onakoya, 2013) (Leff, 1979). By offering new and better goods, services, and technology, entrepreneurs create new markets. As a result, they contribute to the creation of new wealth and increase the national revenue.

An online marketplace is an electronic business where users may purchase items or services from different sellers (Keenan, 2021). Amazon, Etsy, and eBay are all examples of online markets (Kenney and Zysman, 2016). These online shops are referred to as online marketplaces because they allow a large number of merchants to sell their items to the website's visitors (Chong et al., 2018). Online marketplaces do not offer the products and services of a single brand. Due to the fact that an online marketplace has a large number of merchants selling their items (DiRusso, Mudambi and Schuff, 2011), they have a broader product offering, which might attract more users to the website. One of the primary benefits of online markets is that they attract a large amount of digital foot traffic, which may result in increased visibility for merchants selling on the marketplace (Choi and Mela, 2016) (Kim and Koo, 2016).

A marketplace's responsibility is to connect the proper suppliers and consumers in order to increase revenue via focused marketing and an amazing user experience (Abhinav et al., 2017). Sellers benefit from more visibility and the opportunity to offer their goods or services, while the marketplace owner receives a commission on each transaction.

Online marketplace is an excellent choice for entrepreneurs since it does not need to possess any goods. This makes them an appealing alternative for entrepreneurs looking to deliver a service without committing a significant amount of their own resources (Kim and Lee, 2006). Online marketplaces obtain inventory from merchants that sell or rent their products or services on the marketplace, which means that the inventories are not completely sourced by the marketplace's originator.

Entrepreneurs need to make online presence in the marketplace, while the marketplace handles demand generation, website maintenance, payment processing, and logistical tie-ups for shipments (Hagiu and Rothman, 2016). Additionally, marketplaces have staff dedicated to providing training on eCommerce and how to sell, as well as assisting prospective merchants in understanding the often-demanding online client. Again, trust and confidence are the marketplace's obligation, as are safe online payments and money-back guarantees or replacements. Together with the feedback system or online reputation score, an entrepreneur who was previously unknown may establish a respectable brand online (Dushnitsky and Klueter, 2011). Customers have confidence in the marketplace's brand and hence offer even new merchants an opportunity to establish themselves.

Online markets equally distribute chances to enable empowerment. Individuals with little means may establish an internet company without making the significant expenditures required by the majority of conventional firms (Wiradinata, 2017). Similarly, people who have personal circumstances that restrict their capacity to earn money have been able to develop flourishing enterprises with the assistance of the online marketplaces.

## Theoretical framework

This research adopts the Theory of Planned Behavior (TPB) as theoretical framework. The Theory of Planned Behavior (TPB) was formerly known as the Theory of Reasoned Action and was developed in 1980 to forecast an individual's intention to participate in a certain behavior at a particular time and location (Conner, 2020). The theory was designed to include all actions over which individuals may exercise self-control. The essential component of this paradigm is behavioral intent; behavioral intents are impacted by one's attitude about the probability that the behavior will result in the desired outcome and one's subjective assessment of the associated risks and rewards (Ajzen, 2002) (Ajzen, 2020).

The TPB has been effectively utilized to predict and explain a broad variety of health behaviors and intentions, including smoking, drinking, health care usage, breastfeeding, and drug use. According to the TPB, behavioral accomplishment is contingent upon both motivation (intention) and ability (behavioral control). It makes three distinctions between beliefs: behavioral, normative, and control. The TPB is made up of six constructs that together indicate an individual's genuine control over their behavior.

Attitudes - This refers to the degree to which an individual view a certain behavior positively or negatively. It involves an examination of the consequences of the behavior (Ajzen, 2002).

Behavioral intention - This refers to the motivating variables that drive the behavior of a specific behavior; the greater the intention to execute the behavior, the more likely it will be accomplished.

Subjective norms - This refers to the notion that the majority of people accept or disapprove of a certain behavior. It refers to a person's opinions regarding whether peers and important persons in his or her life believe the person should participate in the behavior (Conner and Armitage, 1998).

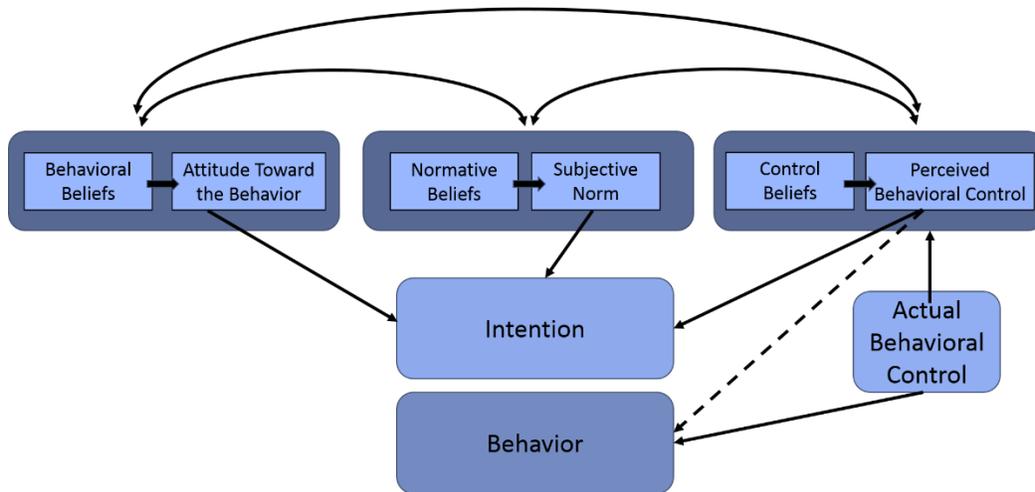
Social norms - This refers to the established conventions of behavior within a group, a population, or a broader cultural environment. In a group of individuals, social standards are regarded normative, or standard.

Perceived power - This concept relates to the perceived existence of circumstances that might either help or obstruct the execution of a behavior. Each of those aspects adds to a person's perceived behavioral control.

Perceived behavioral control - This relates to an individual's sense of how easy or difficult it is to do the desired behavior. Perceived behavioral control fluctuates between circumstances and activities, resulting in a person's sense of behavioral control being situation-dependent. This construct was included later in the theory, resulting in the transition from the Theory of Reasoned Action to the Theory of Planned Behavior (Snichotta, 2009).

When extended to entrepreneurship, the theory implies that entrepreneurial activity is deliberate and is therefore better predicted by intentions than by personality, demographic features, attitudes, or beliefs (Nishimura and Tristán, 2011). According to the theory, investigations should always utilize exogenous variables to predict an individual's desire to become an entrepreneur, rather than proposing models that directly relate exogenous variables to entrepreneurial behaviors.

Entrepreneurial intentions have been extensively studied in recent years, with several academics attempting to predict intention formation using a range of antecedents such as self-efficacy and human capital (Lortie and Castogiovanni, 2015). However, others remain skeptical of the theory, since entrepreneurial aspirations may not always convert into entrepreneurial activity. At times, entrepreneurial activity is unnecessary, and developing entrepreneurial ideals may be ineffective in the absence of other conditions



## Results and discussion

**Questionnaire Design:** The respondents' data were gathered using questionnaires. The questionnaire is divided into two sections: the first section collects general information about respondents via four check-list questions, and the second section contains questions about respondents' entrepreneurial intentions via a 5-point Likert scale ranging from 1 (completely disagree) to 5. (entirely agree). Four factors related to entrepreneurship were taken; Social norms (five items), Attitude (four items) and perceived online marketplace support (five items). The data were collected from 252 students at four different colleges throughout the United States using self-administered questionnaires.

**Reliability:** Cronbach's Alpha coefficient was used to determine the measurement's reliability for each section of the questionnaire (Table 1); if Cronbach's Alpha coefficients were more than 0.75, the questionnaire had sufficient reliability.

**Table 1. Cronbach's Alpha coefficients**

Variables	Number of items	Cronbach's Alpha
Education support	5	.87
Social norms	5	.77
<b>Perceived online marketplace support</b>	5	.87
Attitude	4	.87
Entrepreneurial intention	4	.85

## Constructs Validity

The construct is frequently quantified using the extracted average variance (AVE). It has been proposed that the value be bigger than 0.50. Social norms (AVE) = 0.51; Education support (AVE) = 0.75; Perceived behavior control (AVE) = 0.64; Attitude (AVE) = 0.68; and Entrepreneurial intention (AVE) = 0.76. Additionally, Composite Reliability (CR) should be greater than 0.70. With Social Norms (CR) = 0.84, Education support (CR) = 0.94, Perceived behavior control (CR) = 0.84, Attitude (CR) = 0.88, and Entrepreneurial intention (CR) = 0.93, all constructs are sufficient. Thus, convergent validity is acceptable even if no item is deleted (Table 2).

**Table 2 The Convergent validity of model constructs**

variables	Estimate	Loading <sup>^2</sup>	Sum of Squared Loading	AVE	Delta	Total of loadings	Total of loading square	Total of delta	CR Denominator	CR
<b>Social Norms (5 items)</b>										
S1	0.74	0.55			0.46					
S2	0.75	0.56			0.45					
S3	0.66	0.48			0.53					
S4	0.69	0.47			0.54					
S5	0.68	0.47	2.5	0.504	0.55	3.54	12.49	2.5	14.9	0.84
<b>Education Support (5 items)</b>										
E1	0.92	0.84			0.17					
E2	0.81	0.66			0.35					
E3	0.87	0.75			0.26					
E4	0.77	0.63			0.38					
E5	0.94	0.88	3.74	0.75	0.14	4.32	18.58	1.27	19.85	0.94
<b>Perceived online marketplace support (5 items)</b>										
POMS1	0.63	0.39			0.62					
POMS2	0.66	0.49			0.53					
POMS3	0.81	0.66			0.35					
POMS4	0.74	0.55			0.46					
POMS5	0.66	0.49	2.55	0.64	0.52	3.56	12.65	2.46	15.00	0.84
<b>Attitude (4 items)</b>										
ATT1	0.84	0.71			0.22					
ATT2	0.89	0.79			0.23					
ATT3	0.86	0.73			0.28					
ATT4	0.72	0.52	2.72	0.68	0.44	3.29	10.81	1.29	12.09	0.88
<b>Entrepreneurial intention (5 items)</b>										
EI1	0.96	0.92			0.09					
EI2	0.83	0.69			0.32					
EI3	0.82	0.66			0.34					
EI4	0.87	0.76	3.01	0.752	0.26	3.47	11.98	0.99	12.98	0.93

Discriminant validity

The model's discriminant validity is determined by comparing the model's Maximum Shared Variance (MSV) to the average variance retrieved for each construct. If MSV is less than the average variance extracted (AVE), the discriminant validity is confirmed. Between education support and social norms, the MSV is 0.46; between education support and perceived behavior control, it is 0.36; and between social norms and perceived behavior control, it is 0.500. There are no higher values as compared to AVE (Education support = 0.75, Social standards = 0.51 and Perceived behavioral control = 0.64). As a result, the discriminant validity of the model is acceptable.

### Confirmatory Factor Analysis (CFA)

The properties of the five constructs in the studied model (three exogenous variables – (1) social norms, (2) educational support, and (3) perceived behavioral control, and two endogenous variables – (1) attitude and (2) entrepreneurial intention) were first tested using confirmatory factor analysis (CFA) to specify the relationships between the observed variables and the latent constructs. As a confirmatory assessment, the construct validity should be established prior to examining the structural equation model and linkages. Given that the constructs were examined and shown an Absolute Fit Indices: Chi-Square ( $\chi^2$ ) value greater than 0.05, it is recommended that they be excluded from further investigation. Thus, the construct model was constructed using 15 indicators for exogenous constructs and 8 indicators for endogenous variables. As shown in Table 4, confirmatory factor analysis was used to identify and derive five observed variables of social norms, five components of educational support, five indicators of perceived behavior control, four indicators of attitude, and four observed variables of endogenous variables for entrepreneurial intention.

**Table 3 Overall CFA for the measurement model (n=252)**

Latent & Observed factors	Standardized Regression Weight (SRW)	Squared Multiple Correlation (SMC)	Error Variance (EV)
<b>Social Norms</b>			
If I start my own business, my family will agree and support me. (S1)	.68	.46	1.19
If I run my own business, my friends agree and support me. (S2)	.65	.42	.98
I know people who can provide me with business experience. (S3)	.65	.42	1.11
I have friends who can advise me on how to run a business. (S4)	.55	.36	1.14
Many of my friends want to start their own business. (S5)	.55	.36	1.25
<b>Educational support</b>			

University education has encouraged me to develop innovative ideas for becoming an entrepreneur. (ES1)	.88	.412	1.11
My university provides the necessary entrepreneurship education. (ES2)	.84	.71	.62
My entrepreneurial skills and abilities are being developed at my university. (ES3)	.85	.72	.59
My university offers courses that teach you how to start a business. (ES4)	.78	.61	.81
If I start a business, I can ask my university lecturer for a good idea. (ES5)	.92	.46	1.43
<b>Perceived online marketplace support</b>			
If I had my own business, I think that I can control and run business smoothly through online marketplace. (POMS1)	.62	.39	1.22
I know how to join and use online marketplaces. (POMS2)	.72	.52	.91
To start a firm and keep it working would be feasible for me through online marketplaces. (POMS3)	.79	.63	.68
I often hear about good support about online marketplaces (POMS4)	.75	.56	.88
It would be advantage if I run my own business in online marketplaces. (POMS5)	.71	.44	1.03
<b>Attitude</b>			
To me, there are more benefits than drawbacks to being an entrepreneur. (A1)	.81	.66	.69
I'd like to pursue a career as an entrepreneur. (A2)	.91	.82	.35
I'd like to start a business if I had the opportunity and resources. (A3)	.83	.69	.64
I'd rather be my own boss than work in a boring office. (A4)	.75	.56	.88
<b>Entrepreneurial intention</b>			
I will put forth every effort to establish and run my own business. (EI1)	.88	.42	.52
In the future, I am determined to start a business. (EI2)	.87	.71	.47
I've seriously considered starting my own business. (EI3)	.88	.72	.89
I have plans to open a business someday. (EI4)	.84	.61	.51

The absolute fit index was used to determine how well the adjusted measurement model fit the data provided in Table 4. The overall measuring approach was found to be adequate for examining additional relationships in this evaluation: Chi-Square = 185.18  $p=0.085$ , (RMSR) = 0.02, (CFI) = 0.98, (GFI) = 0.98, standardized root mean square residual (SRMR) = 0.03, proportionate fit and acceptable thresholds were all compared to Hu and

**Table 4 Goodness-of-fit indices**

Fit Index	Chi-Square (p-value)	RMSEA	CFI	GFI	SRMR
<b>The modified measurement model</b>	185.18 (0.096)	.02	.98	.98	0.03
<b>Cutoff Criteria</b>	$p>0.05$	smaller than 0.07	bigger than 0.95	smaller than 0.95	smaller than 0.08

The entire measurement model was evaluated and each latent variable was identified separately using standardized regression weights, squared multiple correlation, and error variance, and all fit indices were acceptable. Thus, it can be analyzed further to determine whether the psychometric qualities of each latent variable are acceptable, particularly those that corroborate construct validity.

The structural equation model's conclusions are presented in terms of the presence of significant relationships between exogenous and endogenous variables. Particularly, the association between attitude and entrepreneurial intention is supported at a statistically significant level of 0.05 ( $p$ -value 0.01). As a result, social norms and perceived behavior control both had a favorable effect on attitude, with completely standardized coefficients of 0.721 and 0.293 and  $t$ -values of 6.068 and 2.878, respectively. However, educational support has a negative effect on attitude (standardized coefficient -0.32,  $p=.574$ ), whereas entrepreneurial ambition has a direct effect on educational support (standardized coefficient .161,  $p=0.05$ ). Finally, perceived online marketplace control has a statistically significant positive effect on entrepreneurial intention (standardized coefficient of 0.93), but social norms have a statistically significant negative effect on entrepreneurial intention (standardized coefficient of -0.469).

## Conclusion

Entrepreneurship may be seen as a national asset, and entrepreneurs are the catalysts for every country's development. It is a dynamic process that not only creates wealth, but also has the potential to create value, resulting in a rise in well-being. The aim of this research was to investigate whether a perceived support of online marketplace has a positive impact on entrepreneurial intention. According to our results, the perceived support from online marketplaces has the greatest direct effect on entrepreneurial intention.

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