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## DETERMINANTS OF ENTREPRENEURIAL INTENTION AMONG STUDENTS USING STRUCTURAL EQUATIONS MODEL

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**Abstract:** This research was conducted to empirically test the relationship between attitude, subjective norm, and risk-taking on entrepreneurial intentions among students. Respondents in the study were 205 students from UiTM Kelantan Branch. This study employed purposive sampling in obtaining primary data to be processed using Smart Partial Least Square (SmartPLS) software. This study discovered personal attitude and risk-taking having a positive and significant effect on entrepreneurial intentions, while subjective norms have no significant effect on entrepreneurial intentions.

**Keywords:** Entrepreneurial Intentions, Student, Personal Attitude, Subjective Norm, Risk Taking

### 1. Introduction

Entrepreneurship Action Plan-Higher Education Institutions (EAP-HEIs 2021–2025) are in line with the National Entrepreneurship Policy 2030 (NEP 2030), which aims to transform Malaysia into an entrepreneurially-focused country by 2030. Entrepreneurial skills must be ingrained in graduates since they will be the “front liners”, or the crucial people who will directly contribute to the realisation of NEP 2030. This is particularly relevant since NEP 2030’s fifth goal is to cultivate more graduate entrepreneurs to overcome the unemployment rate among graduates in Malaysia. With regards to entrepreneurial intention, Malaysia lags behind three other southeast Asian countries, namely Thailand, Vietnam, and Indonesia. As Abdul Rahim et al. (2021) explained, entrepreneurship is one of the alternatives that can be considered to solve unemployment among graduates. However, based on Ibrahim et al. (2016), although unemployment issues could be resolved through entrepreneurship education, youths in Malaysia are least interested in choosing entrepreneurial as their career path. Therefore, this research aims to examine the relationship between attitude, subjective norm, and risk-taking on entrepreneurial intentions among students in UiTM Kelantan Branch.

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## **2.0 Literature Review**

### **2.1 Entrepreneurial intention**

Entrepreneurial intention refers to an individual's expressed belief in creating a new business in the future (Hong et al., 2020). Individuals who have experience in entrepreneurship may have a positive outlook on it and want to pursue it as a career because of their exposure. Based on Bogatyreva et al. (2019), an individual's cognitive preparation to engage in a particular conduct is also described by their intention to engage in that behaviour. It can describe a person's intention to launch a business soon and is sometimes referred to as starting a business or being self-employed. Moreover, Ojewumi (2019) says entrepreneurial intent can be used to demonstrate a student's interest in entrepreneurship as well as to explain why they have chosen to start a business.

### **2.2 Personal Attitude and Entrepreneurial Intention**

A person's positive or negative assessment of entrepreneurship as a career option is referred to as their personal attitude (Linan & Chen, 2009). Attitude is another term used to describe the desire to engage in entrepreneurial activity (Jena, 2020). Students who perceive entrepreneurship positively are more likely to express an intention to pursue entrepreneurial activities (Adeel et al., 2023; Elnadi & Gheith, 2023). Therefore, this study hypothesises:

H<sup>1</sup>: Attitudes have a significant effect on entrepreneurial intention

### **2.3 Subjective Norm and Entrepreneurial Intention**

Subjective norms involve the perceived social pressure influencing individuals to either undertake or abstain from a specific action, such as the endorsement or disapproval typically stems from their family, friends, and close associates within their social circle. These dynamics influences the individuals' belief system, shaping their perception of whether entrepreneurship is a socially acceptable career choice (Azim & Islam, 2022). Subjective norms or social support and pressures from family, friends or significant others, have been identified as critical antecedents of entrepreneurial intention (Robledo et al., 2015). Subjective norms also emerged as a relevant predictor for commercial entrepreneurial intention in the German university (Wach et al., 2023). Therefore, this study hypothesis:

H<sup>2</sup>: Subjective norms have a significant effect on entrepreneurial intention

### **2.4 Risk-Taking and Entrepreneurial Intention**

Risk-taking is an important entrepreneurial characteristic, and becoming an entrepreneur necessitates a greater tendency to take risks. A person with a risk-taking tendency takes a gamble with whatever decision he/she makes. Even when confronted with problems, students' risk perception relates to their ability to see opportunities and convert them into entrepreneurial activity (Ng & Clercq, 2021). Gauthier et al. (2021) found that risk-taking tendencies are unrelated to entrepreneurial intention. Liu et al. (2019) claim that a variety of attitudes, including taking risks, may result in an entrepreneurial intention. Therefore, this study hypothesis:

H<sup>3</sup>: Risk-taking have a significant effect on entrepreneurial intention.

## **3.0 Methods**

This study was a descriptive study that focuses on entrepreneurial intention among students in UiTM Kelantan Branch. Data were collected using Google Forms. Research was mainly focused on

students who have taken entrepreneurship courses such as Entrepreneurship 300 (ENT 300), Entrepreneurship 530 (ENT 530), and Entrepreneurship 600 (ENT 600). A purposive sampling technique was used with the general criteria, which is respondents who have taken entrepreneurship courses such as Ent 300, Ent 530, and Ent 600. 205 responses were returned and usable for the final analysis using the structural equation model partial least squares (SEM-PLS 4.0). The items for measurements and the constructs were taken from previous studies, such as the items for entrepreneurship intention, personal attitude, and subjective norm from Zaremohzzabieh et al. (2016), meanwhile risk taking was taken from Yoopetch (2021). The questionnaire was adopted and adapted from a few selected established questionnaires and measured with a 10-point Likert scale ranging from strongly disagree to strongly agree.

## 4.0 Results and Discussion

### 4.1 Measurement Model

Based on Hair et al. (2011), they highlight the importance of assessing the quality of the measurement model through convergent validity, which considers factor loadings, average variance extracted (AVE), and composite reliability (CR).

### 4.2 Convergent Validity

With regards to this study, all indicator loadings exceeded the threshold of 0.5, indicating that each item reliably measures its intended construct. Additionally, AVE values ranged from 0.578 to 0.875, exceeding the recommended threshold of 0.5, suggesting that the constructs capture more variance than measurement error. Furthermore, CR values ranged from 0.774 to 0.980, surpassing the threshold of 0.7, indicating high internal consistency. These results collectively demonstrate strong convergent validity, indicating that this measurement model effectively measures the intended constructs.

**Table 1:** Measurement Model

Constructs	Cronbach's Alpha	Composite Reliability	AVE
Personal Attitude	0.917	0.927	0.711
Subjective Norms	0.754	0.774	0.578
Risk Taking	0.941	0.951	0.850
Entrepreneurial Intention	0.980	0.980	0.875

### 4.3 Discriminant Validity

According to Henseler et al. (2015), the measurement model's discriminant validity was assessed using the heterotrait-monotrait (HTMT) ratio of correlations. This method compares the correlations between different constructs (heterotrait) to the correlations within the same construct (monotrait). A threshold value of less than 0.85 has been suggested in the literature (Clark & Watson, 1995; Kline, 2011) to determine discriminant validity. When HTMT is higher than this threshold of 0.85 (Kline, 2011), or 0.90 (Gold et al., 2001), there is evidence of a lack of discriminant validity. Based on the results obtained in Table 2, the HTMT correlation scores obtained were less than 0.85 as per the threshold recommended by Kline (2011); there is no discriminant validity issue for the research. In this study, the HTMT ratios presented in Table 2 were all below the recommended thresholds, indicating strong discriminant validity. This suggests that the constructs in our measurement model were distinct from each other and were measuring different underlying concepts.

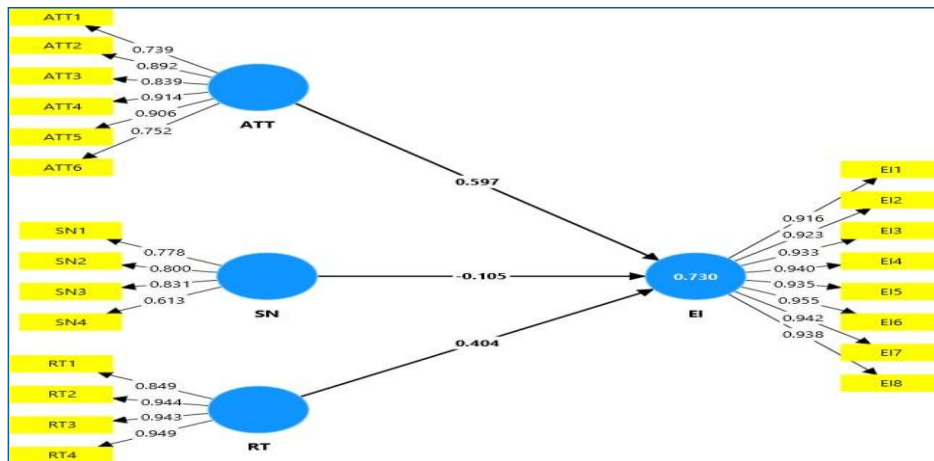
**Table 2: Heterotrait-monotrait Ratio (HTMT)**

	ATT	EI	RT	SN
Personal Attitude (ATT)				
Entrepreneurial Intention (EI)	0.839			
Risk Taking (RT)	0.738	0.786		
Subjective Norms (SN)	0.842	0.596	0.615	

**4.4 Hypotheses Testing and Discussion**

Path analysis was conducted to assess the structural model, with R<sup>2</sup> values and the significance of path coefficients serving as primary evaluation criteria according to Hair et al. (2011). Cohen (1988) suggests that a good model should have an R<sup>2</sup> value of over 0.26 for endogenous latent variables. In this study, the R<sup>2</sup> value was found to be 0.730 (see Figure 1), indicating that personal attitude, subjective norm, and risk taking can explain 73% of the variance in entrepreneurial intention among students.

**Figure 1: Structural Model**



**Table 3: Result of Direct Effect**

Relationship	Beta	Standard deviation	P values	Results Hypotheses
Personal Attitude -> entrepreneurial intention (H1)	0.597	0.073	0.000	Supported
Subjective Norm -> entrepreneurial intention (H2)	-0.105	0.059	0.075	Not Supported
Risk Taking -> entrepreneurial intention (H3)	0.404	0.059	0.000	Supported

The significance of hypotheses was assessed using path coefficients and the bootstrapping technique. The results revealed that the relationship between personal attitude and entrepreneurial intention was significant ( $\beta = -0.597$ ,  $p < 0.00$ ); moreover, the relationship between risk taking and entrepreneurial intention was significant ( $\beta = 0.404$ ,  $p < 0.00$ ). Meanwhile, the relationship between subjective norm and entrepreneurial intention was not significant ( $\beta = -0.105$ ,  $p > 0.00$ ). Thus, H1 and H3 were supported, and H2 was not supported.

**5.0 Conclusion, Limitation and Future Research**

This study substantially expands the understanding of how significant personal attitude, subjective norm, and risk-taking drive the intention of university students to become entrepreneurs. This study found that attitude and risk taking have a significant relationship with entrepreneurial intention, while subjective norm has no significant relationship with entrepreneurial intention. This could be because entrepreneurs often value independence, autonomy, and self-reliance. Their decisions to start a business may be driven more by personal attitudes and internal motivations than by the influence of others' opinions. This means that social approval or disapproval has less impact on their entrepreneurial intentions. This result, in line with Krueger et al. (2000), showed that subjective norms are not correlated with the intention of individuals to establish their own businesses. This study is limited in a few ways. The results found in this research came from a limited sample. Surveys with different universities may give different results. Further studies should test gender as a moderator effect among the variables because although Malaysians may have a receptive entrepreneurial culture, perceptions of gender-appropriate entrepreneurial activities vary.

## 6.0 Acknowledgement

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