

ENTREPRENEURIAL INTENTION AMONG GRADUATES OF UITM PERAK BRANCH

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Abstract: Entrepreneurship has developed significantly in Malaysia recently. Thousands of students graduate from universities each year but only a small number of graduates are inspired to start up their own businesses. The objective of the study in general is to examine the intention to become entrepreneurs within the three domains particularly in the areas of personal attitude, perceived behavioural control and subjective norms. The study uses Ajzen Theory of Planned Behaviour to attain the said purpose. In gathering data, the questionnaire was based on the previous study conducted by Linan and Chen (2009). A total of 250 final year students participated in this study by using convenience sampling techniques. This study focused on fresh graduates who chose between working and becoming an entrepreneur after graduating. Personal attitude was identified as the most important area for dependent variable since the results showed a strong relationship with entrepreneurial intention, followed by perceived behaviour control. The outcomes also revealed that subjective norms showed a moderate relationship in correlation analysis. Therefore, future study should be carried out in order to understand the overall perspective of graduates in higher learning institutions.

Keywords: Ajzen theory, entrepreneurial intentions, perceived behavioural control, personal attitude, subjective norms

1. Introduction

Entrepreneurship is one of the key elements in a small and medium enterprise (SME) as it gives 'life' to the business. Today, the definition of entrepreneurship has changed in-tandem with the evolution of the business landscape. The entrepreneurship development grows progressively in Malaysia. Due to the importance of the entrepreneurial sector, it has become one of the national agendas in many countries. The term 'entrepreneurship' has been redefined to include the skills of identifying, evaluating viability, as well as exploiting and developing opportunities to create new products and services into a profitable business venture. It is also to inculcate resilience towards difficulties and failure (Gallup, 1994).

The Ministry of Higher Education (MOHE) rolled out the Entrepreneurship Action Plan of Higher Education Institutions (2016-2020) to promote entrepreneurship programs and development in higher learning institutions. Besides, it is also to ingrain entrepreneurial mind-set in all students. The action plan consists of four initiatives based on two strategies under Shift 1 of the Malaysia Education Blue Print 2015-2020 (Higher Education), focusing on the development of students to produce balanced and holistic entrepreneurial graduates.

Universiti Teknologi MARA (UiTM) has been the pioneer since the 1980s in inaugurating entrepreneurship courses to the students in an effort to promote entrepreneurship as a viable career option. Besides formal courses, UiTM exposes students to entrepreneurship education via participation in co-curriculum and club activities. Therefore, numerous programmes and activities are created from time to time in order to encourage entrepreneurship at all levels including school children and students in higher learning institutions.

Additionally, the Higher Education Ministry anticipates 15% of students will endeavour into entrepreneurship during the study period at institutions of higher education by 2020 (The Star, 12 May 2017). In achieving this aim, the country recognizes the importance of having productive, knowledgeable and skilled workforce streamlining contribution towards national growth. Thus,

Malaysia gives serious attention to the development and training of human capital, particularly the university students.

1.1 Objectives

The main goal of this study is to add value to the research work in the area of entrepreneurship by analysing student's intention of establishing new business. This study also seeks to identify strong and significant factors in students in becoming an entrepreneur. Therefore, this study suggests the following hypothesis:

- a) H1: There is a significant and strong relationship between attitude and entrepreneurship intention.
- b) H2: There is a significant and strong relationship between subjective norms and entrepreneurial intention.
- c) H3: There is a significant and strong relationship between perceived behaviour control and entrepreneurial intention.

2. Literature Review

2.1 Entrepreneurial intention

Entrepreneurial intention can be defined as the commitment to perform a behaviour that is necessary to start a business venture. Moreover, entrepreneurial intention can also signify a 'state of mind that people wish to create a new firm or a new value driver inside existing organizations (Nurdan & Nancy, 2016). In addition, Bird (1988) and Krueger (2000) suggested that intention is the single best predictor of entrepreneurial behaviour. He argued that potential individuals with intentions to start a business can progress through the entrepreneurial process much more readily than people without an initial intention. Forming an intention to pursue an entrepreneurial career is the first step in a long process of venture creation. Ajzen (1991) affirmatively suggested that behavioural intention is the best predictor of behaviour. A study of entrepreneurial intention is vital to understand the process of entrepreneurship. Krueger and Casrud (2000) argued that entrepreneurial intentions are central to comprehend the entrepreneurship process. They form the foundations of new organizations. Thus, it is imperative to look at the motivational factors that drive individuals to become entrepreneurs.

This study applied the Theory of Planned Behaviour (TPB) as outlined by Ajzen (1991) to examine the effects of three determinants on students' intentions of becoming entrepreneurs. TPB explains an individual's intention to perform a given behaviour. In addition, TPB is proven to be successful in explaining intention towards performing a particular behaviour (Krueger et al., 2000) in various fields such as health, leisure choice, sociology and information technology (Ajzen, 1993; Taylor & Todd, 1995). TPB has also been widely used in explaining entrepreneurial intention in a number of studies (Krueger et al., 2000; Autio et al., 2001; Gelderen et al., 2008; Bagraim, 2008). Besides, TPB predicts entrepreneurial intention most accurately. The three different elements influencing behaviour through intention can be described as follows:

- a) Personal attitude – it reflects the individual's potential in becoming an entrepreneur.
- b) Subjective norm – it indicates whether the individual takes a social pressure (family, friends and colleagues) to begin his business.
- c) Perceived Behavioural Control (PBC) – it indicates the perception of the related individual starting a new business. It could either be perceived as easy or difficult.

2.2 Personal attitude

Attitude refers to the degree in which an individual has favourable or unfavourable assessments of the behaviour in question (Ajzen, 1991). Attitude depends on the expectations and beliefs on the personal impacts of the outcomes resulting from the behaviour. Personal attitude reflects that an individual has a certain valuation which could either be positive or negative for becoming an entrepreneur (Ajzen, 1991). Previous studies have shown a positive relationship between attitude and

behaviour intention. According to Linan (2008) who conducted a mass study on students in Spain, he found that the attributes influenced the student's behaviour to some extent. This idea is supported by Ahmed et al. (2010) who stated that the scholars used primary research on Pakistan students. It was concluded that an individual's attitude was an influential factor based on innovativeness.

Additionally, Walter and Dohse (2011) arose with a different view that an individual's attitude does affect the intentions to start up business provided that there are role models to inspire them. This finding was the result of research work done on German students. Apart from that, Peng, Lu and Hang (2012) supported the idea based on their study on Chinese students indicating personal attitude does affect student intentions to initiate a business. On a similar note, Mumtaz (2012) found that an undergraduate student's attitude has a positive impact on intention to choose entrepreneur as a career. Conversely, Malebana (2014) emphasized the role of personal attribute while determining the entrepreneurial intentions of university students. His work was based on the students of South Africa where he postulated that this attribute has the most useful power and significant impact on students' decisions.

Moreover, a recent study has been executed in the USA and the scholars formed a strong opinion of individual characteristics matter and impact the intentions when it is merged with optimism (Ozaralli & Rivenburgh, 2016). In Gelderen et al. (2008), however, financial security was the most outstanding variable which positively influenced attitude towards entrepreneurial intention.

2.3 Subjective norms

Subjective norms refer to the person's perception of the social pressures for or against performing the behaviour in question (Ajzen, 1991). It consists of two components; normative beliefs and motivation to comply with these beliefs (Ajzen, 1991). Normative beliefs relate with the perceived probability that important referent individuals or groups will approve or reject a given behaviour; they set the norm that specifies how the subject should behave. It refers to a group of people who are close to the individual; for example, family, peers' spouse, teachers and anyone considered important in the individual's life. Motivation is the second component that reflects a person's willingness to conform to these norms. It requires the individual to behave according to the expectations of others. Subjective norms refer to the perception that referents would approve the decision to become an entrepreneur (Ajzen, 2001; Linan & Chen, 2009).

Commonly, students consider entrepreneurship as the best option for their career because their family and friends are on the supporting side for starting a new venture (Malebana, 2014). Nevertheless, Linan (2008) rejected the role of social factors in shaping student's entrepreneurial decisions. Moreover, a study supported these findings and concluded that subjective norms play the weakest role and cannot be considered as explanatory variable to determine students' intentions (Ozaralli & Rivenburgh, 2016).

Ahmed et al. (2010) considered the role of subjective norms only if the family background is also having entrepreneurial knowledge and experience. Moreover, Krueger et al. (2000) also believed that subjective norms have insignificant impact. Peng et al. (2012) supported the finding by proposing that students were influenced from their social factor but there was no significant role of family background in shaping a student's decision of becoming an entrepreneur (Peng et al., 2012).

2.4 Perceived behavioural control (PBC)

PBC is the third antecedent of intentions which reflects the perceived ability to execute target behaviour (Ajzen, 1991). It relates to an individual's perception of the degree of ease or difficulty in performing such behaviour. PBC indicates whether the individual takes social pressure; could be from family, friends etc. to start-up their business. It is assumed to reflect past experience as well as anticipated obstacles (Ajzen, 2002).

This construct is affected by perceptions of access to necessary skills, resources and opportunities to perform the behaviour. If an individual feels that he or she has control over the situational factors, he or she may develop the intention to perform the particular behaviour. On the other hand, if an individual does not have control over the circumstances, he or she may have less or zero intention to perform the

particular behaviour. Therefore, researchers can conclude that PBC has potential influence on the intention to perform behaviour.

The research work done in Spain by Linan (2008) was continuously in-line with the PBC's role in predicting students' intentions. Peng et al. (2012) reinforced the concept by stating that an individual's perception is vital and the basis of behaviour. Likewise, Malebana (2014) detailed that if students perceive starting a new venture would be an easy job, they are going to start immediately. Kolvereid (1996) found that PBC emerged as one of the most significant influences on self-employment intentions among students pursuing master's degree in Norway. In Malaysia, Ariff et al. (2010) showed that PBC emerged as the most important factor that influenced accounting students' entrepreneurial intentions.

3. Research Methodology

3.1 Research design

A total of 250 questionnaires were completed by the students of UiTM Perak Branch. Convenience sampling method was applied in the study. Respondents were randomly selected among final year students during their final professional talk conducted by the university. The main method of data collection was survey using self-administered questionnaires. The questionnaire was adapted from Linan and Chen (2009) and Thompson (2009). The population of this study was solely the final year students of Seri Iskandar campus. The unit of analysis is individual students. Apart from that, data were collected using both primary and secondary sources.

4. Research Findings

4.1 Profile of respondents

The profile of respondents is shown in Table 1. Out of the total respondents asked, the respondents were in favour of female with 64.4% (N=161) compared to male with only 35.6% (N=89). In terms of their qualification, most respondents were Degree holders with 53.2% followed by Diploma holders 46.8%. Meanwhile, for the proportion of faculties, FSSR had 53.6% (N=134) compared to FSPU with 46.4% (N=116).

Table 1: Profile of respondents

Authors	Frequency	Percentage (%)
Gender	Male (89) Female (161)	Male (35.6) Female (64.4)
Academic	Diploma (117) Degree (133)	Diploma (46.8) Degree (53.2)
Faculty	FSPU (116) FSSR (134)	FSPU (46.4) FSSR (53.6)

4.2 Reliability analysis

The analysis of this study was conducted using Statistical Software Package (SPSS). One of the techniques used was reliability analysis. As shown in Table 2, the alpha values of variables are within the acceptable level as stated by Hair et al. (1992). Cronbach's Alpha values were calculated for personal attitudes (.974), perceived behaviour control (.819), subjective norms (.743) and entrepreneurial intention (.845). The alpha values of the variables in this study all had a value above 0.70 and therefore acceptable to be used for further analysis.

Table 2: Results of Reliability Test

Variables	Item	Cronbach's Alpha
Entrepreneurial Intention	6	.845
Personal attitudes	5	.974
Subjective Norms	6	.743
PBC	5	.819

4.3 Correlation Analysis

Correlation analysis is a statistical method that is used to discover if there is a relationship between two variables, and how strong that relationship may be. In terms of market research, quantitative data from this research uses correlation analysis to tabulate the significant connections or trends between the two (Mohd Rafi, 2011).

Table 3: Correlation interpretations

Interpretation	Correlation
Strong	r= 0.41-0.61
Moderate	r= 0.21-0.40
Weak	r= 0.00-0.20

Lukas, Hair, Bush and Ortinau (2004)

Table 4 shows the correlation analysis between independent variables and dependent variable. The Pearson correlation between entrepreneurial intention and personal attitude is strongly significant at .677, followed by perceived behaviour control at .483. However, the Pearson correlation between subjective norms and entrepreneurial intention is moderately significant at .359.

Table 4: Pearson’s correlations coefficients (n=250)

Variables	Intention	Sig.
Personal attitude	.677**	.000
Subjective norms	.359**	.001
PBC	.483**	.000
Entrepreneurial Intention	1.000	

** Correlation is significant at the 0.01 level (2-tailed).

5. Conclusion and Discussion

The purpose of this study is to explore the entrepreneurial intention of graduates towards entrepreneurship as their career choice. We hypothesized that there is a significant relationship. The results of the analysis provided empirical support on the intention to set a company and determination to create own company in the future.

Firstly, personal attitude showed strong and significant relationship to entrepreneurial intention at $p = .000$ $r = .677$. At this point, hypothesis one is accepted. Next, perceived behaviour control showed a strong relationship to entrepreneurial intention in the correlation coefficient table at $r = .483$ (hypothesis two accepted). Finally, subjective norms showed a moderate relationship with intention to become an entrepreneur at $p = .359$. Now, hypothesis three is rejected.

This study has implications for academicians and UiTM authorities. There are many aspiring pathways to gauge and nurture the university students to become entrepreneurs. It inspires them to be more entrepreneurial and prepare for future entrepreneurial careers. Moreover, through entrepreneurship, matters of unemployment and economics issues can be solved by the continuous cooperative efforts of policy makers. Their consistent encouragement to the future undergraduate entrepreneurs together with parents’ role in inculcating values to their children in this discipline forms a solid foundation to entrepreneurship.

Entrepreneurship education should be made accessible and compulsory to all students. This in time will produce more potential entrepreneurs which helps to speed up the entrepreneurship process. Besides, entrepreneurial activities should be promoted to develop student’s interest towards entrepreneurship. Promotions galvanize more participation from the students in the university. Subsequently, the establishment of Students Entrepreneurial Hub in the campus provides a platform for students to involve in entrepreneurship activities. However, students should be encouraged and equipped with innovativeness, self-confidence, propensity to take risks. Furthermore, there is a need for achievement and tolerance on ambiguity to interpret successful entrepreneurial role models and identification of business prospects for their future profession.

This study was based on a survey conducted in the month of March 2019. The findings replicated that students were motivated and had intention to become entrepreneurs. According to the Theory of Planned Behaviour, human intentions are influenced by their attitude and beliefs. Also,

entrepreneurship is a source of economic growth and development of nations, hence, it is significant to know the factors that influence a student's intention to become an entrepreneur.

Specifically, individual's attitude and perceived behavioural control were the two main determinants highlighted in our research which have also been supported by a number of studies (Chen et al., 1998; Mumtaz, 2012; Linan, 2008). This research also focused on the same constructs which proved that two important factors are affecting students' intentions on becoming entrepreneurs.

Despite the three independent factors found in this study, only two factors showed strong and significant relationship with entrepreneurial intention toward graduating students at UiTM Perak. Thus, it is suggested that the greater the student's attitude towards entrepreneurship, the stronger the intention is. Personal attitude refers to the perception of the students on the satisfaction and advantages of entrepreneurship. This study has similar findings to the study conducted by Mumtaz et al. (2012). Next, perceived behavioural control was also found to have strong impact among students. Therefore, if the students perceive that it is easier to become an entrepreneur, it will motivate them to become an entrepreneur. Linan (2008) also concurs to this finding. Finally, subjective norm was found to have a moderate relationship with entrepreneurial intention. Family and friends are responsible for having great influence on an individual's career choice because they are considered as role models. According to literature, the role of friends and family in influencing the decisions to become an entrepreneur is evident (Malebana, 2014; Linan, 2008). In other words, if an individual wants to initiate a business in the future, they would be able to achieve that regardless of social support from family or role models.

This study proves that independent variables affect the students' intention to become entrepreneurs. This is because undergraduate students are an important foundation for up-and-coming entrepreneurship. The consequence of this study to educators is to strengthen entrepreneurship course; meaning that the university should deliberate other factors that may persuade the students to become entrepreneurs. In this study, personal attitude has the greatest influence on students to become entrepreneurs. Thus, it is vital to find a strategy on how to convince the students on the advantages of becoming entrepreneurs as it may require additional efforts.

However, the sample size of this study only focuses on one university in Perak, specifically on graduating students. The finding may not represent the whole population of undergraduate students in UiTM Perak. Therefore, other forms of research may be conducted that includes public and private universities. Moreover, the questionnaire was distributed only at one point of time during professional talk for final year graduates. A cross-sectional study is much needed to have a better understanding of university graduates' entrepreneurial intentions towards entrepreneurship.

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