

An Application of Theory of Planned Behavior in Determining Student Entrepreneurship Intention

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ABSTRACT

Using the Theory of Planned Behavior (TPB), the purpose of this research is to examine the influence of attitude towards behavior, subjective norm, and perceived behavioral control on student entrepreneurship intention. Employing a convenience sampling, a survey has been conducted towards 177 undergraduate students. The outcomes of the study demonstrate that all factors significantly influence entrepreneurship intention. Our findings also show that perceived behavioral control appeared as the strongest predictor of students' entrepreneurship intention. These findings contribute to broadening the scope of academic literature especially within entrepreneurship studies, particularly from Malaysia's perspective. The practical implications and future recommendations also have been discussed.

Keywords: *Attitude, Subjective Norm, Perceived Behavioral Control, Entrepreneurship Intention*

INTRODUCTION

Entrepreneurship can be defined as “learning the skills needed to assume the risk of establishing a business, developing the winning strategies, and executing them with all the vigor, persistence, and passion needed to win any game” (Inegbenbor, 2006, p. 1). Entrepreneurship has become a substantial research topic and scholars have proved that entrepreneurship is important to the country's economic growth since it stimulates ideas, innovations, and creativity (Bradley et al., 2011; Castaño et al., 2016). In particular, entrepreneurship helps to reduce unemployment, poverty, and variation of the income distribution (Rupasingha, 2017; Huggins, Prokop, & Thompson, 2017). Entrepreneurship activities are crucial in Malaysia since the issue of the high unemployment rate among Malaysian graduates has been escalating. Recent statistics produced by the Department of Statistics of Malaysia (2020) have shown that the unemployment rate has risen from 3.3% in February to 3.9% in March 2020. Therefore, entrepreneurship can help the government to reduce the unemployment rate since COVID-19 has led to a drastic increase in the unemployment rate.

Realizing this matter, the Malaysian government has come out with the 2021 budget allocation. More than RM100 million will be assigned for entrepreneurship training programs and assistance. Meanwhile, almost RM5 billion will be allocated to empower Bumiputera entrepreneurs (Ministry of Finance, 2020). Furthermore, the Malaysian Ministry of Higher Education and Malaysian public

universities have been commended to ensure that the subjects offered by any program need to comprise the element of managerial and entrepreneurial skills. Assuming that the important role of entrepreneurship, it is necessary for the government and university management to understand the factors influence entrepreneurship. Such factors may include education (Fini et al., 2012), government policies (Campbell & Mitchell, 2012), culture (Mueller et al., 2014), and education and attitudes (Paço et al., 2011). For instance, Yukongdi and Lopa (2017), and Zain, Akram, and Ghani, 2010, discovered that strong desire, courageousness, and confidence were discovered to have substantial effects on the intention to become an entrepreneur.

In a similar vein, both Ismail et al. (2009) and Dell (2008) stated that individual positive energy and mind-set could strengthen the transition of the individual to become an entrepreneur and self-employed. Therefore, the present study has used the theory of planned behavior (TPB) proposed by Ajzen (1991) as the basic framework to understand the entrepreneurial intention. Employing the TPB connotes that there are specific factors that support entrepreneurial behaviors. Therefore, the main purpose of this study was to examine the influence of attitudes, perceived behavioral control, and subjective norms on student entrepreneurship intention.

LITERATURE REVIEW

Theory of Planned Behavior in Predicting Entrepreneurial Intention

Theory of Planned Behavior (TPB) by Ajzen (1991) has offered a useful framework in determining people's actions and behavior. The theory was built based on the improvement of the earlier Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1980). The TPB predicted the three determinants that affect individual intention. First is the attitude towards the behavior which refers to how the action is being evaluated by a person. Second is subjective norms which refer to a degree of social influence (i.e., family, peers, or communities) towards a person's action or decision. Finally, perceived behavioral control refers to the expected affluence or struggles in performing the intended action or behavior. These include strict regulations, tax imposition, lack of facilities and manpower, financial constraints, and others.

Relating to this study, entrepreneurial intention is a major factor that influences entrepreneurship behavior (Ajzen, 2005). According to the TPB, the favorable attitude towards entrepreneurship is determined by behavioral beliefs. The more favorable the perceived consequences of entrepreneurship, the more positive the attitude will be. A person might believe an entrepreneur is a negative working choice or vice versa. While subjective norms are determined by the beliefs that important others would approve or disapprove of entrepreneurship. Finally, perceived behavioral control is beliefs about the occurrence of factors that may accelerate or obstruct entrepreneurship intention. Examination of these beliefs can guide intervention strategies designed to support entrepreneurship.

Attitude Towards Behavior

Attitude towards the behavior is classified by the set of behavioral beliefs used to predict human behavior and action (Ajzen & Fishbein, 2005). Liñán et al. (2011) found that high entrepreneurial intention is led by a positive attitude. Based on a systematic literature review, Lortie and Castogiovanni (2015) found 16 studies that indicated a positive relationship between attitude and intention. In a similar vein, Mshenga et al. (2020) revealed that positive attitude ($\beta = 0.315, p=0.01$) acts as the most significant predictor towards graduates' intention to start a business. This follows with responsive, risk-taking behavior, and self-motivation. Therefore, this study proposed the following hypothesis:

H1: There is a significant positive relationship between attitude towards behavior and entrepreneurial intention.

Perceived Behavioral Control

Perceived behavioral control associates with resources and opportunities in which people will engage in a particular action if they have available resources such as money, time, and others (Ajzen, 1991; Mwiya et al., 2017; Paço et al., 2011). Based on a sample of 121 final year accounting students, Ariff, Bidin, Sharif, and Ahmad's (2010) results found that perceived behavioral control significantly influence entrepreneurship intention. Furthermore, government policies, infrastructure, financial investors, and university support mechanisms also have been found to influence entrepreneurial activities (Gimmon & Levie, 2010; Fini et al., 2010). Then, La Barbera and Ajzen's (2020) studies on different behaviors such as polling, waste behavior, and energy conservation, have shown that perceived behavioral control influences the role of attitude which in return it leads to change in the intention. Moreover, perceived behavioral control has been found to reduce the effect of subjective norms. Therefore, this study proposed the following hypothesis:

H2: There is a significant positive relationship between perceived behavioral control and entrepreneurial intention.

Subjective Norm

Subjective norm can be defined as the external factors that influence the individuals whether they will perform or not a particular desired behavior (Ajzen, 1991). It recognized the influence of the third party such as family or friends in influencing people to act and behave. A plethora of researches also have found that subjective norms have an imperative role in affecting entrepreneurial intention (e.g., Ariff, Bidin, Sharif, & Ahmad, 2010; Bhuyan & Pathak, 2019; Xue, David, & Liang, 2011). For instance, Saraih et al.'s (2020) study towards 488 undergraduate students in one of the public universities in the Northern Region of Malaysia, has found that subjective norm is positively significant towards entrepreneurial intention ($r=0.63$, $p=0.000$). Then, in understanding the role that culture, Urban and Ratsimanetrimanana's (2015) study has shown that certain restraint cultural dimension hinders entrepreneurship. Therefore, this study proposed the following hypothesis:

H3: There is a significant positive relationship between subjective norm and entrepreneurial intention.

RESEARCH FRAMEWORK

Figure 1 shows the conceptual framework established to study the relationship between dependent and independent variables.



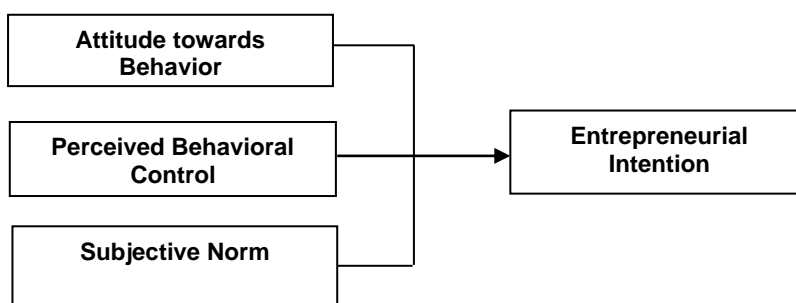


Figure 1: A Conceptual Framework on the Determinants of Entrepreneurial Intention

METHODOLOGY

The study employed a quantitative survey and a simple random sampling towards 200 Malaysian public university students and a final of 177 respondents were involved in this study. This constitutes 88.5% of the response rate. Table 1 summarizes the demographic profiles of this study. Based on Table 4.1, most of the respondents were female (n=126, 71.2%), and the rest were male (n=51, 28.8%). Then, most respondents were in 22 years old and above group (n=147, 83.1%) and the rest were in 21 years old and below group (n=30, 16.9%) Next, in responding to the question “does family own business contained two choices” most of the respondents were coming from a family without business background (n=102, 57.6%) and the rest answered yes which indicated they had family members who joined the business (n=75, 42.4%).

Table 1: Profile of the Respondents

No.	Profile	Frequency (n)	Per cent (%)
1	Gender: Male Female	51 126	28.8 71.2
2	Age: 21 years old and below 22 years old and above	30 147	16.9 83.1
3	Does Family Own Business: Yes No	75 102	42.4 57.6

In this study, the questions were adapted from the Entrepreneurial Intention Questionnaire developed by Liñán and Chen (2009). All questions were measured using a 5–point Likert scale, starting from 1-strongly disagree to 5-strongly agree. To test the normality of the data, Kline (2005) stated that the skewness value should fall within the range of -3 to +3 and the kurtosis value should fall within the range of -10 to +10 to indicate the normal distributions or otherwise, it departs from normality. Then, the reliability of the instruments was measured based on the Cronbach’s Alpha values where the value less than 0.60 is poor, 0.60 to 0.70 is moderate, 0.70 to 0.80 is good, 0.80 to 0.90 is very good, and 0.90 is excellent (Sekaran & Bougie, 2016). To test the hypothesis, the Pearson correlation has been used to found out the relationship between a dependent variable and independent variables. Finally, multiple regression is run to find out the main determinants of entrepreneurship intention.

FINDINGS

Table 2: Normality Results

Variables	Skewness	Kurtosis
Independent Variables:		
Attitude towards Behavior	-0.53	0.18
Perceived Behavioural Control	0.07	-0.13
Subjective Norm	-0.04	0.08
Dependent Variable:		
Entrepreneurial Intention	-0.40	-0.22

Based on Kline's (2005) interpretation of normality results, this study fulfilled the assumption of normality (refer to Table 2).

Table 3: Reliability Results

Variables	Cronbach's Alpha	No. of Items
Independent Variables:		
Attitude towards Behavior	0.86	7
Perceived Behavioral Control	0.85	6
Subjective Norm	0.81	7
Dependent Variable:		
Entrepreneurial Intention	0.90	6

Refer to Table 3, Cronbach's Alpha for attitude towards behavior (0.86), perceived behavioral control (0.85), subjective norm (0.81), and entrepreneurial intention (0.90) exceed 0.80, therefore these variables are considered as very good and reliable.

Table 4: Pearson Correlation Analysis

		Entrepreneurship Intention
Attitude Towards Behavior	Pearson Correlation	0.722**
	Sig. (1-tailed)	0.000
	N	177
Perceived Behavioral Control	Pearson Correlation	0.726**
	Sig. (1-tailed)	0.000
	N	177
Subjective Norm	Pearson Correlation	0.750**
	Sig. (1-tailed)	0.000
	N	177

**Correlation is significant at the 0.01 level (1-tailed)

Based from Table 4, there are significant positive relationships between attitude towards behavior ($r = 0.722$, $p = 0.000$), perceived behavioral control ($r = 0.726$, $p = 0.000$), and subjective norm ($r = 0.750$, $p = 0.000$) towards entrepreneurship intention. Therefore, H1, H2, and H3 were supported.

Next, based on regression analysis, R^2 value was 0.716 which indicated that 71.6% of all three independent variables influence the dependent variable which is entrepreneurial intention. It can be seen that the strongest independent variable was perceived behavioral control ($\beta = 0.358$, $p = 0.000$) (see Table 5).

Table 5: Regression Results

Variables	Beta	Sig.
Attitude Towards Behavior	0.319	0.000
Perceived Behavioral Control	0.358	0.000
Subjective Norm	0.301	0.000
R ²	0.716	
Adjusted R ²	0.711	
F Change	145.317	
Sig.	0.000 ^b	

DISCUSSION AND CONCLUSION

Based on the findings, it first shows that attitude, perceived behavioral control, and the subjective norm has a substantial effect on entrepreneurship intention. These results are constant with the previous studies (e.g., Mwiya et al., 2017; Paço et al., 2011; Liñán et al., 2011). Our study also revealed that perceived behavioral control ($\beta = 0.358$, $p = 0.000$) emerged as the most significant predictor of student entrepreneurship intention. To support this finding, a plethora of studies have strongly believed that perceived behavioral control could acts as the strongest predictor as compare to the subjective norm and attitude towards behavior were regard as supporting elements. For instance, research confirms that strong financial performance affects enterprise performance (Gimmon & Levie, 2010). Based on a sample of 121 final year accounting students, Ariff, Bidin, Sharif, and Ahmad's (2010) results found that perceived behavioral control significantly influence the intention to become an entrepreneur. Furthermore, government policies, infrastructure, financial investors, and university support mechanisms also have been found to influence entrepreneurial activities (Gimmon & Levie, 2010; Fini et al., 2010).

Therefore, the researchers believe that there should be strong support provided by the university especially in terms of entrepreneurship edification, financial aid, moral support, training and coaching program, and others. Empirical studies also have discovered that even though many programs and initiatives have been executed, many students still do not view entrepreneurship as a career preference and entrepreneur does not seem like a career focus by most universities (Sardeshmukh & Smith-Nelson, 2011). One of the reasons is because the Government of Malaysia offers job opportunities to the majority of the young graduates from the country's universities. As a result, it discourages self-employment and entrepreneurship. Thus, universities are projected to play a fundamental role in inspiring students to take it up as a workable career. A digital application also can help to significantly improve entrepreneurial intention as online systems can be used to create an environment that fosters individual intentions to select entrepreneurship as a career option (Tomy & Pardede, 2020). The government should set up a supportive policy and procedure to facilitate young graduates to establish the business. Moreover, there should be a role model or mentor program introduced by the university and government since existing entrepreneurs could help to share their experience and knowledge among the new and young entrepreneurs. Moreover, family and friends, as well as community surroundings, also need to play a major part in inculcating entrepreneurship.

Although this study provides some valuable elements for future research, several limitations have been discovered. The study was conducted using a cross-sectional study, which may influence the validity of the results in the timeline. Therefore, future studies could implement longitudinal studies. Our research model is also limited since we only focus on three determinants. Future studies can build on the findings of the present study such as include other important variables such as mediating and moderating variables, and other factors. Finally, although the TBP is a good framework in clarifying behavior, opponents claim that human behavior is much more vigorous than the attitudes, subjective norm, perceived behavioral control, and intention. This implies that future research on entrepreneurship intention should extend the TBP theory. Many researchers have tried to identify the

most important factors of entrepreneurial intention by analyzing different sets of personality traits such as self-confidence, risk-taking behavior, internal locus of control, creativity, and need for achievement which specific for entrepreneurs.

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