

# Intention to Become Entrepreneur Among Business Students: Case Study in UiTM Segamat Johor

Shahira Binti Hj Abdul Jabar<sup>1</sup>, Mashita Binti Hj Abdul Jabar<sup>2</sup>, Siti Nordiyana Binti Isahak<sup>3</sup>, Aida Rohani Binti Samsudin<sup>4</sup>

<sup>1,3,4</sup>Fakulti Pengurusan Dan Perniagaan, UiTM Cawangan Johor, Segamat, Malaysia, Segamat, Malaysia, <sup>2</sup>Fakulti Pengurusan Dan Pelancongan, UiTM Cawangan Melaka, Melaka, Malaysia

Email: shahi997@uitm.edu.my<sup>1</sup>, mashita@uitm.edu.my<sup>2</sup>, sitin486@uitm.edu.my<sup>3</sup>, sitin486@uitm.edu.my<sup>3</sup>, aidar551@uitm.edu.my<sup>4</sup>

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## ABSTRACT

*The aim of this study is to analyze the entrepreneurial intentions of UiTM Segamat business students and its main factors influencing it. The attitude, subjective norm, entrepreneurial education, and self-efficacy are the variables analyzed in this study. Samples of 171 business students were tested. The result shows there is an intention to become an entrepreneur among students and attitude is the main factor that contributes to it. Subjective norm and self-efficacy have moderate influence but entrepreneurial education does not significantly influence their entrepreneurial intention with the hope that MASMED gives attention and attempts to improve the effectiveness of the entrepreneurship program in university. This in general, encourages students to be courageous to start-up businesses and at the same time respond to our country desires.*

**Keywords:** *Entrepreneur intention, self-efficacy, attitude, entrepreneurial education.*

## **1.0 INTRODUCTION**

Entrepreneurship has become one of the major national agendas around the world, which makes it important to be studied. Malaysia is one of the countries that give attention to this sector. It is demonstrated by many supporting facilities, mechanisms, and policies that exist for the entrepreneurs, including funding, physical infrastructure, and business advisory services (Othman, 2014.). Researchers suggested that higher educations should instill entrepreneurial knowledge in students as this would be useful to the students in their future endeavors (Jwara, 2018). Hence, universities are the center for promoting entrepreneurship. It is to develop entrepreneurial minds from a very young age. Proper education can, therefore, enable graduates to think out of the box and generate creative and innovative ideas that can lead them to become entrepreneurs. (Kabir et al., 2017).

Although the graduates have learned entrepreneur skills, they are unfortunately less willing and likely to start their own businesses (Gamage & Henegedara, 2019). Other studies stated graduates rarely choose the entrepreneurial profession after completing university programs (Kabir et al., 2017). Deputy Minister for Entrepreneur Development Senator Datuk Dr. Mohd Hatta Md Ramli said to Sinar Harian, 8 Julai 2019, Malaysian and Bumiputeras entrepreneurs own a total of 40 percent of the nearly one million companies registered with Malaysian Companies Commission (MCC). The figure showed that Malays and Bumiputeras are still lacking in entrepreneurship.

UiTM, with cooperation and support from the Ministry of Higher Education, has developed Malaysian SME Academy of Development Entrepreneurship (MASMED), play their vital roles such as putting together entrepreneurship education in its student's curriculum, planning and organizing conferences, training programs and seminars to establish the purpose of entrepreneurship among graduates (Othman, 2014). The objectives are to build their skills and develop their entrepreneurial interest among the UiTM students.

However, students seldom choose entrepreneurship as their career after completing their academic programs. Therefore, it is believed that the academic programs and students' way of learning the subject of entrepreneurship do not develop the entrepreneurial mind. Many studies have stressed the education of entrepreneurship (Kabir et al., 2017). But there are still several issues to be answered in developing training programs at the university level to inspire the educated population in entrepreneur activities. There is a study, which discovered that majority of the students want to work in public and private sector organizations due to fear of

unemployment. (Ali et al., 2017)

This research, therefore, examined the desire to become a graduate entrepreneur and to identify the best predictor that influences the intention of business students to become entrepreneurs. This paper is structured in four sections. Firstly, the literature review on the intention to start the business and its factors contributed to this variable. Next, the aspects of research design, sampling technique, and respondents' questionnaires are discussed in section 2. Section 3 then highlights on data analysis and its subsequent findings. Section 4 will then focuses on discussions on conclusions, as well as directions for future research.

## **2.0 LITERATURE REVIEW**

### **2.1 Entrepreneurial Intention**

Entrepreneurship intentions can be defined as the state of mind leading and guiding the actions of an individual towards the implementation of new business ideas (Odor et al., 2019). According to Ayub et al., (2017) entrepreneur's intention means as a commitment to conduct a business that is necessary for the physical start-up of a business venture. Entrepreneur's intention can also be defined as "a state of mind that people want to create a new firm or a new value driver within existing organizations." It reflects an individual's willingness or plans to engage in a particular behavior (Jwara, 2018). Gamage & Henegedara (2019) defined as an individual's commitment or intention to start a new business. It is expected to predict the option of individuals to create their enterprises (Ajzen, 1991).

In general, the greater the intention, the more motivation there is to engage in entrepreneurial behavior. (Aladejebi, 2018) stated entrepreneurship creation, growth and development have been closely related to entrepreneurship as it encourages initiative and generates self-reliance.

### **2.2 Attitude**

The researchers have further clarified that the positive, as well as the negative assessment of the intended behavior, is significantly affected by one attitude (Duong et al., 2020). According to Ajzen (1991) attitude has remained a critical element in understanding human intention, which concentrates on understanding human behavior. A study was done by Othman (2014), which explained there is a positive

relationship between attitudes and business start-up intention. Findings found by (Kabir et al., 2017) have shown that human beliefs have a clear and direct effect on behavioral intentions. This study concludes that the higher entrepreneurial attitude of students ultimately influences their participation in entrepreneurial activities.

### 2.3 Entrepreneurial Education

(Johansen et al., 2012) mentioned that the word “enterprise education” should, therefore, be applied to the entire process of giving individuals the necessary concepts and skills to find opportunities missed by others and gain experience and expertise to respond when others do not want it. (Herman, 2019) outlined some of the most important business education priorities, with the first goal of entrepreneurial education is to gain knowledge in the field of entrepreneurship. Furthermore, emphasis should also be placed on the expertise in the use of strategies, market conditions, and the synthesis of action plans. The final goal is to enhance entrepreneurial spirit, talent, and skills. A study carried out by (Odor et al., 2019) indicated a positive relationship between entrepreneurship education and intentions to become an entrepreneur with an R squared value of 0.751, p-value= 0.000. This indicates that 75 percent of the variation in intention to become an entrepreneur is explained in entrepreneur education.

Recently, higher educational institutions fostering to nurture entrepreneur skills and knowledge. Most of the university have developed entrepreneur systems. Even though students are given education on entrepreneurship, it is reported that they lack the willingness to start up their businesses (Gamage & Henegedara, 2019). An analysis was carried out by (Jwara, 2018), whereby there is no relation existed between entrepreneurial intentions and current education and university life.

### 2.4 Subjective norm

Subjective norm is the perceived social pressure in whether to engage in behaviour. It could be from family, friends etc. Students generally view entrepreneurship as the best option for their employment. This is mainly due to the fact that friends and family will support the start of a new venture. A recent study concluded that subjective norms play the weakest role and cannot be considered as an explanatory variable to determine student’s intentions. (Awan & Ahmad, 2017). Odor et al., (2019) stated that the results indicated that subjective norm is an insignificant predictor of entrepreneurial intention.

## **2.5 Self-Efficacy**

The previous research acknowledged that the self-efficacy of starting a business is linked to entrepreneurial intentions. In this study, self-efficacy is one of the factors that encourage personal intention to start a business. According to Ali et al., (2017), it can be defined as a person's confidence, to strive in difficult circumstances. Krueger et al. (2013), said that self-efficacy is a key factor that makes individuals aware of entrepreneurship. It may affect entrepreneurship, personal appeal, and social standards.

In a study done by Ali et al., (2017), it found that there is a positive and significant relationship between self-efficacy and entrepreneurial intention. Linan et al. (2013) empirically confirmed the same results as a positive and significant between self-efficacy and entrepreneurial intention. In opposite to it, Owoseni (2014) strongly emphasized that there is no relationship between self- efficacy and entrepreneurship intention.

## **3.0 Data and Methodology**

In this analysis, the researcher used descriptive research to analyse the activity under investigation, at the same time, to identify the characteristics and social relationship of the population. This study was conducted on business students in UiTM Segamat including diploma and degree students.

Rule of thumb by Roscoe mentioned a sample size greater than 30 and less than 500 was considered appropriate. Thus, a total of 171 questionnaires were filled by business students from UiTM Segamat, including both degree and diploma. For this purpose, convenience sampling has used. Likert-scale is used in each part of all questions, except for section 1, in which the items used ratio and nominal measurements. The findings were collected using Reliability Test, Descriptive Statistics, Correlation, and Regression Analyses.

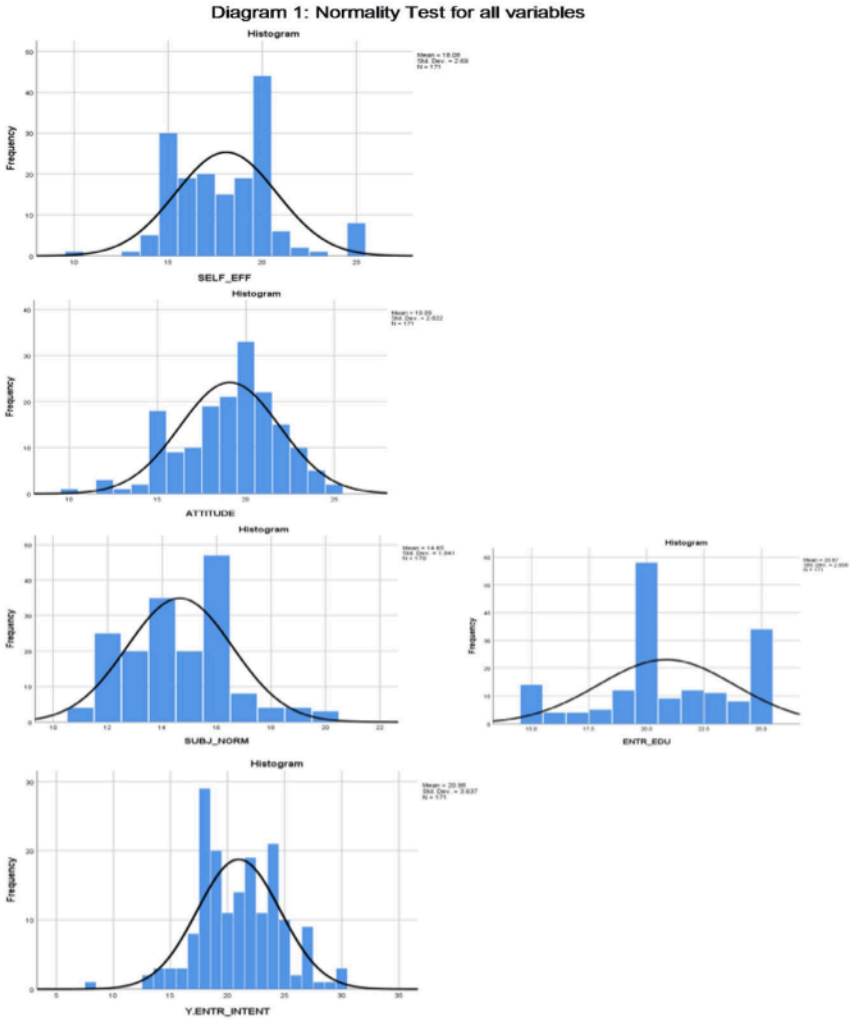
## **4.0 Findings**

The researcher discusses the data analyzed using the Statistical Package for Social Science (SPSS) and the results of statistical analysis are presented as follow.

## 4.1 Normality Test

The data is distributed randomly. To ensure the data is normal and no bias, the normality test is used. The result shows each of the variables is normally distributed with no skewness to the left or right.

Diagram 1: Normality Test for all variables



## 4.2 Reliability Test

The reliability test is used to estimate the consistency and stability of the questions. It is important to show that the respondents thoroughly understand the questions given. It also indicates how strong the items are related to each other as a group. Table 1 shows the strong reliability of the items as the alpha is greater than 0.70.

**Table 1: Reliability Test**

Variables	<u>Cronch</u> Bach Alpha	Total Item
ENTR_INTENT	.863	6
ATTITUDE	.829	4
SUBJ_NORM	.727	4
ENTR_EDU	.906	5
SELF_EFF	.873	5

## 4.3 Descriptive analysis

Descriptive analysis is used to test whether students have the intention to do business. The result shows that most students have the intention to become an entrepreneur with an overall percentage of 47.58%, followed by neutral being 44.45%, and minority unintentional to become entrepreneur of 8%.

**Table 2: Descriptive Analysis**

(Entre Intent)	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)
My professional goal is to become an entrepreneur	0.6	8.8	38	43.3	9.4
I prefer to be an entrepreneur rather than be employed in a company	0	5.3	44.4	36.8	13.5
I'm ready to become entrepreneur	1.8	9.9	50.9	29.8	7.6
I have very seriously thought of starting a firm	1.2	6.4	51.5	35.7	5.3
I have got firm intention to start and run my own business	0.6	10.5	47.4	32.7	8.8
I will make every effort to start my own firm	0	2.9	34.5	43.9	18.7
TOTAL	4.2	43.8	266.7	222.2	63.3
OVERALL	0.70%	7.30%	44.45%	37.03%	10.55%

Pearson Correlation and Regression test are conducted to find factors that contribute to the intention to become an entrepreneur.

## 4.5 Pearson Correlation

Pearson's correlation is applied to measure the relationship and impact of the independent variable over dependent variables.

**Table 3: Pearson Correlation**

Correlations		Y.ENTR_ INTENT	ATTIT UDE	SUBJ_N ORM	ENTR_ EDU	SELF_ EFF
Y.ENTR_IN TENT	Pearson Correlation	1	.730**	.566**	.361**	.514**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	171	171	170	171	171

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

Table 3 shows the result for Pearson Correlation and Sign. 2 tailed at 0.01 level. Based on Sign. (2tailed), dependent variable (Entrepreneurial Intention) between all other independent variables (Attitude, Subjective norm, Entrepreneurial Education, Self-Efficacy), it has a significant relation with 0.000.

Meanwhile for Pearson Correlation ( $r$ ) dependent variable (Entrepreneurial Intention) indicates a positive relationship with all other independent variables.



The strongest is Attitude (0.730), followed by a moderate relationship that is Subjective Norm (0.566), Self Efficacy (0.514), and the weakest relationship is Entrepreneurial Education (0.361).

#### 4.6 Regression Correlation

The regression correlation describes the strength of the association between variables. It means that if one variable changes, it will affect other variables.

**Table 4: Regression Correlation**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.763 <sup>a</sup>	.583	.572	2.381

a. Predictors: (Constant), SELF\_EFF, ENTR\_EDU, SUBJ\_NORM, ATTITUDE

Table 4 determines that R Square is 0.763; which means all independent variables explain 76.3 percent of the variance in intention to become an entrepreneur and it shows a strong relationship between variables.

#### 5.0 Implication and Conclusion

Entrepreneurship plays an important role in Malaysia to grow the economy and reduce unemployment percentage. It also would lessen the dependency on a government job. It should be noted that the lack of adequate employment opportunities most often causes disappointment among graduates. These frustrations lead them to perform different anti-social and disruptive practices ( e.g. drug abuses, crimes such as hijacking, robbery (Kabir et al., 2017). In identifying opportunities, generating business ideas, and developing effective business plans, entrepreneur activities and business mind have to be expanded from time to time. This will help in lessening the unemployment problem currently experiences by Malaysians. Moreover, the development of an entrepreneurial mind will motivate the graduates to practise self-employment and find the scope of exploring and showing their creativity.

The results show that there is a high level of entrepreneur intentions with overall results 47.58% among the 171 UiTM Segamat business students. The results from correlation and regression highlights that attitude strongly influence students to become an entrepreneur as this is supported by (Othman, 2014). Besides, subjective norm and self-efficacy have a moderate positive relationship. However,

these contradict with the research done by Odor et al., (2019) and Owoseni (2014), emphasized both variables cannot be explanatory variables as they presented insignificant value. However, entrepreneurship education, in researcher's study indicates that it does not significantly influence their entrepreneurial intention. It contradicts with the study done by (Odor et al., 2019) indicates a positive relationship between the dependent variable and entrepreneur education. Looking at the result, entrepreneur education is excluded as a factor to develop entrepreneur intention.

Thus, Malaysian Academy of SME & Entrepreneurship Development (MASMED), UiTM needs to pay more attention to inject an entrepreneurial culture among students. Training, seminar, or any attractive activity should be organized to develop entrepreneurship intention to a maximum level. The researcher hopes that the university can be the centre of entrepreneur education to respond to our country desires.

Suggestions for future research would include other variables such as professional attractions, locus of control, instrumental readiness, and motivation that drive students to become an entrepreneur.

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