The Factors Affecting Entrepreneurial Intentions of University Students in Malaysia

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ABSTRACT

The main purpose of this paper is to corroborate the factors affecting entrepreneurial intentions of university students in Malaysia constructed on empirical reviews. In this study, general searches were conducted to accumulate empirical literatures by the name of Entrepreneurship Development, Entrepreneurship Education and Theory of Planned Behaviour (TPB) in different online database sources such as Google Scholars, Springer Link, Wiley, Science Direct, JSTOR, Emerald full text, Scopus, and EBSCO HOST etc. This study found that innovation, entrepreneurship training & education, family background, government support program, social entrepreneurship, women participation, individual entrepreneurial characteristics, participation of micro, small & medium enterprises, youth empowerment, collaboration of government-university-industry is the key tool for entrepreneurship development. Stimulating employment will eventually help alleviating poverty. This study also found that there is a strong relation among students entrepreneurial attitude, subjective norms, perceived behavioral control. Moreover, the entrepreneurship teaching methodology has moderating effects on every relationship.

Keywords: Entrepreneurship Development, Entrepreneurship Education and Theory of Planned Behaviour (TPB)

1. INTRODUCTION

Entrepreneurship plays a vital role in economic advancement and economic changes of all countries. Innovation and job creation are some of the contributions of entrepreneurship (Majid & Ismail, 2012). Venture creation is, therefore, a significant source of employment in many countries, this assertion is applicable to both developed countries like the United States (Harris, 2013), the developing countries like Bangladesh (Uddin & Bose, 2012) as well as Nigeria (Owoseni, 2014), and Malaysia (Sandhu, et al., 2011). Thus, entrepreneurship has an important position in the global fast changing socioeconomic environment (Topping, & Tariq, 2010).

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Policy makers, institutions, government and other agencies are increasingly becoming interested in entrepreneurial development (Owoseni, 2014). The field of entrepreneurship has been highly considered as a significant generator of economic growth, innovation and the creation of jobs (Uygun & Kasimoglu, 2013). This is evidenced from the efforts made by government, universities and related institutions to stimulate venture creation (Karabulut, 2014).

Nevertheless, the creations of new enterprises are difficult beyond expectations. This is because the creation of a new venture or entrepreneurship is a voluntary process with conscious intention (Linan, Nabi, & Krueger, 2013). According to Reilly and Carsrud (2000), entrepreneurial intention is the best predictor of entrepreneurial behaviour or action of creating a new business.

It is obviously known that individual personality traits are not good predictors of entrepreneurial behaviour, but in the past twenty years, individual trait were used to ascertain entrepreneurial behaviour (Thompson, 2009). Attitudes, subjective norms and perceived behavioural control are the antecedents of intention (Ajzen, 1991). Entrepreneurship involves the activities of human beings and their intentions to create a venture. This is because, business organizations cannot miraculously emerge; there must be an individual behind its emergence. This person or individual must first feel the creation of the new venture is personally desirable to him (attitudes), socially desirable and acceptable by people around him (subjective norms) and assumed the creation of the new venture is within his competence and feasible (perceived behavioural control). Having fulfilled these three conditions the intention to create venture will emerge. Indeed, venture creation, action or behaviour is unlikely to occur without intention (Owoseni & Akambi, 2010).

The rate of unemployment has been mounting all over the world, especially with the recent global meltdown. This has an effect on law and order, crime, and a lot of social issues (Owoseni, 2014). Among the most chosen alternative solution to unemployment issues is entrepreneurship (Egunsola, et al., 2012). Through the process of innovation, entrepreneurship will help improve the standard of living for people (Owoseni & Akambi, 2010).

The field of entrepreneurship have been increasingly considered as a significant generator of economic growth, innovation and creation of jobs (Badulescu & Badulescu, 2013). Entrepreneurial carriers are becoming an area of more concern by governments, students and the universities (Karabulut, 2014). Despite the fact, the creation of a new venture or entrepreneurship is regarded as a voluntary process with conscious intention (Linan, et al., 2013). This implies that governments and universities must work together to support students in developing entrepreneurial career intentions through financial or entrepreneurial education. Therefore, there is a need for more studies in the developing countries because only few studies relating to this context are available even among the
developing countries, studies observing the Asian countries are more specifically lacking Sandhu, et al. (2011).

On the other hand, the theory of planned behaviour (TPB) appears to be the most highly comprehensive of all competing models in entrepreneurial action Ogundipe, et al. (2012) and also described as one of the most recognized, reliably validated, and prominent of the theories of entrepreneurial intention that offer the well-developed theory based (Owoseni, 2014). Therefore, understanding entrepreneurial intention and the validity or otherwise of the antecedents of the TPB for entrepreneurial intention is needed in the Asian countries. Testing the theory will add to the existing literature of entrepreneurial intention, while the results will aid and guide the development of entrepreneurial intervention programmes to effectively stimulate entrepreneurship in the continent.

2. METHODOLOGY

This is the review study which has examined the determinants of Entrepreneurship Development, Entrepreneurship Education and Theory of Planned Behaviour (TPB) from the flow of existing literature. In this study, general searches were conducted by the name of entrepreneurship development and poverty alleviation in different online database sources such as Google Scholars, Springer Link, Wiley, Science Direct, JSTOR, Emerald full text, Scopus, and EBSCO HOST etc. From this search a number of journal articles, conference and other types of work were found and read to determine which articles need to be included in the review of this paper. After reading thoroughly most relevant articles collected, those found as the best fit within objectives of the present issues about Entrepreneurship Development, Entrepreneurship Education and Theory of Planned Behaviour (TPB) were included in this review. This paper examined the basis of objectives, methods and findings according to the collected empirical studies.

3. LITERATURE REVIEW

The significance of studying cognitive factors to entrepreneurial intention has been illuminated by many researchers (Linan, et al., 2013). Yet, there is no standard construct for determining entrepreneurial intention, thus, it is a challenge that is evidenced in the inconsistent results in studies that employ different variables (Thompson, 2009). Entrepreneurial intentions are the state of mind guiding and directing the actions of a person towards the development and execution of behaviour (Owoseni & Akambi, 2010).

In the past two decades, personalities were used to ascertain behaviour, but it is obvious that not all people with certain traits will commit to setting a new
venture (Thompson, 2009). The most basic problem of the personality trait studies is the strong determinism assumption which describes the expected causal link between personalities and entrepreneurial behavior. If the personality approach will truly work smoothly, then people must be prisoners of their personal traits, social situations, and with fewer personal expectations. In short, people need to behave like programmed robots (Autio, et al., 2001).

It is believed that every human action is a result of intention, and intention implies a planned behaviour (Uygun & Kasimoglu, 2013). Intention in psychology has been proven as the best predictor of a planned behaviour, particularly when the behaviour is difficult to observe or when it involves an unintentional interval of time (Astuti & Martdianty, 2012). Action or behaviour is unlikely to occur without intention (Owoseni & Akambi, 2010). Small, medium and multinational enterprises cannot miraculously emerge; they must be created by human beings who develop such intention. Thus, people with entrepreneurial capabilities and skills were believed to create benefits at various levels of the society (Davey, et al., 2011). Entrepreneurship among highly qualified people can be very significant in nurturing the economy; entrepreneurial intention will further help in organizing and commercializing the result of the studies made by highly qualified people into a new venture (Badulescu & Badulescu, 2013).

The term entrepreneur is ambiguous and imprecise as it has been defined and operationalized differently by scholars with respect to intention, a person can franchise, or buy an existing business without following the business formation processes. With this respect, Thompson (2009) define a person’s entrepreneurial intention as self-proclaimed conviction of an individual that intended to create a new business and consciously planned to do as he intended in the yet to be experienced momentous. Here, comes to the difference between a mere desire and nascent entrepreneur. People that just have a desire to set a new venture are different from nascent entrepreneurs. While the entrepreneurial intention is necessary for nascent entrepreneurs, it is not necessary for everyone that has entrepreneurial intention to be a nascent entrepreneur.

According to Astuti and Martdianty (2012), more graduates are seeking jobs rather than becoming entrepreneurs. In contrast, Badulescu and Badulescu, (2013) in their study revealed that PhD candidates (the highest level of academia) have a high entrepreneurial intention with 63% of them having an interest in starting a new venture, and with 1/3 already engaged in a new business. However, there is no direct relationship between the entrepreneurial intentions and the study field of the respondents. On the other hand, Davey, et al. (2012) points that no relationship between student year level and their entrepreneurial intention. The question now is whether academic and scientific expertise of the highly qualified people (postgraduates) has any effect in their entrepreneurial intention (Badulescu & Badulescu, 2013).
Several researches in entrepreneurship area focused on students’ intentions to become entrepreneurs, and the intent is the keyword for understanding the students’ entrepreneurial spirit. Thus, it seems consensual the determinant role that education system plays in entrepreneurial cause. Some authors have proven the existence of a, albeit small, positive relation between entrepreneurial education and entrepreneurial intentions (Costa, et al., 2016).

The entrepreneurial intention is important for everyone who has a desire to establish new venture. Furthermore, Ajzen (1991) proposed to improve the predictive power, describing human behaviour and behaviours forecasting, and helps individuals to planning for making assistance. On the other word, this model presents the theory of planned behaviour (TPB) which depended on human behaviour that's planned and proceeded by intention. Thus, intention is a right predictor of planned behaviour. Moreover, the beauty of Ajzen theory TPB rely in its simplicity which guide’s human behaviour such as beliefs related to others, normative prediction, and belief of control. TPB involve with three variables such as attitude toward behaviour, subjective norm and perceived behavioural control on entrepreneurial intention among university students. Therefore, the TPB offers a useful framework for predicting and understanding the social behaviour in general and intention behaviour. This theory shows the intention is most significant determinant of human behaviour.

TPB is derived from TRA by Fishbein and Ajzen which is used to forecast and illuminate human behaviour in a specific context; it would allow prediction of behaviours that were not under complete voluntary control. TRA could predict behaviours but the mere information of intention was inadequate to predict behaviour. Hence, perceived behavioural control is included and it is formed by control beliefs that give rise to the perceived ease or difficulty in performing the behaviour. It indicates that people are expected to transform their intention into action, provided there is an adequate degree of actual control over the behaviour. Thus, intention is assumed to be the direct antecedent of behaviour, guiding the behaviour in a controlled manner (NI, L. W. 2012).

TPB detailed and consistent theoretical specification presents a significant opportunity towards better understanding and prediction of entrepreneurial actions. The empirical data have shown that TPB is a useful model since the whole model was significant. It enables researchers to get a better understanding and prediction on entrepreneurial intention by considering not only personal but also social factors. That TPB has been used widely to predict and explain behaviour intention and actual behaviour in many areas, such as social psychology, marketing and information system adoption (Ni, et al., 2012).

This study stressed on the factors that affect the entrepreneurial intention towards university student, so the focus is on attitude of the university students that have been established entrepreneurial intention. Batra & Ahtola (1991) see the attitude
of individual as couple dimensional, which includes both of hybridization and benefit values. Moreover, attitudes are the extent to which an individual has assessment of a given behaviour. Additionally, Bagozzi (1996) defined attitude as the process of functional and analyzing in order to improve and evaluate the practices of beliefs. According to Krueger, et al. (2000), attitude was found as a factor that affects entrepreneurial intention of university students.

On the other hand, the attitude was described as the most critical factor for success within learning (Ushida, 2005). However, attitude can respond in a positive or negative way towards a particular object such as person, event, or behavior. In addition, the attitude presents the type of objects to continuing and ignoring all the benefit of increasing suitable outcomes and decreasing unsuitable outcomes (Veludo-de-Oliveira, 2009). Ryu and Han (2010) defined attitude as feature that survives on trust, feelings and behaviour tendency towards significant social objects, group events or symbols. Furthermore, attitudes toward behaviours as individual respond of appraisal, acceptance or rejection on behaviours. On the other side, individual attitudes respond can be measured either in a positive or negative way to established a new business (Liñán, Rodríguez-Cohard, & Rueda-Cantuche, 2011).

The second antecedent, subjective norms refers to the people’s perceptions about the approval or disapproval, of individuals who are close to them regarding the setting up of a business venture. For example, if an individual’s family (e.g. parents, spouse etc.) disapprove of his/her idea of becoming an entrepreneur; there are slim chances of that individual starting a business (Marire, 2015). In this study, university students are motivated to become entrepreneurial because others (family, spouse, friends and people whom their opinions were valued) that related to them in the decisions to become entrepreneurial. Ajzen (1991) defined subjective norms as the social-environmental influence that motivates an individual towards having the intent to act and or behave in a certain way. Furthermore, subjective norms are the second element of the Ajzen model, as a practice which must be practice or not by respondents (Kalafatis, Pollard, East, & Tsogas, 1999).

This study will served as guides and create opportunities to all university students for achieving social and learning success. Ajzen (1991) introduced the theory of planned behavior by adding a new element which is perceived behavioral control. Through that, Ajzen expanded the theory of reasoned action to cover non volitional behaviours for forecasting behavioural intention and actual behaviour. In addition, there are some factors both internal and external which encourage and discourage an individual such as watching friends or previous own or resources availability or close people experiences and others. According to Kolvereid (1996), perceived behavioral control (PBC) is defined as the perceived ability for an individual to become an entrepreneur.
Moreover, person’s behavioural intention maybe not strong, even when there are suitable attitudes toward the behaviour and positive subjective norms (Meyer, 2002). Furthermore, perceived behavioural control reviews the perceived ease or difficulty of implementing a behaviour which is believed can reflect the past experience in performing a specific behaviour (Rhodes & Courneya, 2005). TPB theory suggests that individuals intend to bring specific behaviours when they feel that they can bring them successfully (Norberg, et al., 2007).

According to the dictionary, the words ‘entrepreneurship’ and ‘entrepreneurial’ are derived from the root word ‘entrepreneur’. An ‘entrepreneur’ is a person who organizes and manages any enterprise, especially a business, usually with considerable initiative and risk. Thus, ‘entrepreneurship’ is the process of doing something new and different for the purpose of creating wealth for the individual and adding value to society (Kao, 1993). In contrast, ‘entrepreneurial’ is an adjective, commonly used by scholars to describe an entrepreneur’s behaviour (Stevenson & Jarillo, 2007) or the context of entrepreneurship activity (Klinger & Schündeln, 2011). Both words are usually used interchangeably, especially in the context of entrepreneurship education.

There has been a debate about the use of the terms ‘entrepreneurship education’, ‘entrepreneurial education’ and ‘enterprise education’ among entrepreneurship scholars. For example, a study undertaken by Durham University Business School in 1989 noticed that the term ‘entrepreneurship education’ is commonly used in Canada and the United States. This term is rarely used in the United Kingdom (UK) and only occasionally used in Europe. In the UK educational system, it is labelled ‘enterprise’ rather than ‘entrepreneurship education’ because its major objectives are to develop enterprising people and inculcate an attitude of self-reliance using an appropriate learning process (Klinger & Schündeln, 2011). In contrast, the term ‘entrepreneurial education’ or ‘training for entrepreneurship’ are widely used phrases in Britain, and are intended to take on a generic meaning (Garavan & O’Cinneide, 1994).

Apart from the terminology, there has also been a discussion whether entrepreneurship is an education program or a training program. If we look at the definition itself, ‘training’ refers to the acquisition of knowledge, skills and competencies as a result of teaching practical skills and knowledge. Conversely, ‘education’ refers to learning a theory and reinforcing knowledge in which people already have a background.

Entrepreneurship education has tended to focus on building knowledge and skills for entrepreneurship amongst secondary and higher education students. Whereas entrepreneurship training tends to focus on building knowledge and skills, explicitly in preparation for starting or operating an enterprise, targeting the potential and practicing entrepreneurs (Valerio, Parton, & Robb, 2014). Both aim
to stimulate entrepreneurship, but the differences are in terms of program objectives, target audiences, and outcomes.

4. FUTURE RESEARCH DIRECTION

In this study, the focus was to examine attributes behind the intention to act upon certain behaviour. In this case, the study concept as in Figure 1.1 shows that there were independent variables such as personal attitude, subjective norms, and perceived behavioural control. Entrepreneurial intention was the dependent variable and the entrepreneurship teaching methodology as a moderating variable.

Generally, research start from the questions. Therefore, the research framework helps researchers to identify research problems and develop the research questions from relevant literature. Controlling personality features, personal background, and previous experience are the factors that influencing entrepreneurial intentions through using TPB theory. However, personality is considered as a weakest factor in entrepreneurial intention model (Autio, et al., 2001).

The TPB has been validated by several studies from the time it was introduced. Some of these studies focused on the growth intentions (Douglas, 2013), the growth decision and the intention to start a business (García-Rodríguez, et al., 2013:1). Subjective norms were found to have an indirect influence on entrepreneurial intention and it can only affect entrepreneurial intention through attitudes toward behaviour and perceived behavioural control. However, other studies have reported the direct influence of subjective norms on entrepreneurial intention, therefore, fully supporting the TPB in terms of the three antecedents of entrepreneurial intention (Otuya, et al., 2013; Marire, 2015).

The TPB was also used to forecast employment status intentions among business undergraduate students. In addition, the TPB and its predecessor, the theory of reasoned action were applied to multiple and diverse scenarios. These settings include the prediction of consumer behaviour, job searching behaviour, participation and voting in elections, cheating and lying, shoplifting, weight loss and class attendance. The following section provides a discussion on the three independent, determining factors of intentions in the TPB (Marire, 2015).

Thus, predicting entrepreneurial intention will be more reliable by using TPB theory. Additionally, the contents of TPB theory includes attitude, subjective norms and perceived behaviour control. Furthermore, many studies of entrepreneurial intention and behavior have been tested and validate the theory of planned behavior (TPB) (Zampetakis, et al., 2013). Nevertheless, TPB theory have been applied in few studies regarding entrepreneurial intentions and
motivation of university students in the developing countries (Zampetakis, et al., 2013).

Kautonen, et al., 2013 stated that TPB theory is necessary as predictor of behaviour which relating the behaviour to the results, thus, TPB helps predict a next behaviour even before it is happened. Moreover, Kautonen, et al. (2013) also noted that TPB theory is the most widely and successful theory in predicting behaviour. Thus, the strong model to predict entrepreneurial behaviour is TPB model (Autio, et al., 2001).

Furthermore, by applying the TPB model in academician’s entrepreneurship field will help understand the motivations and entrepreneurial intentions of students and trainees (Bakotić & Kružić, 2010). Moreover, the TPB model is used in this study because this theory provide more validity and development to all human intention fields (Ajzen, 1991; Zampetakis, et al., 2013).

![Figure 1.1: Research Framework](image)

Figure 1.1: Research Framework

Therefore, this study framework depends on Ajzen (1991) model which includes attitude, subjective norms and perceived behavioural control as the antecedents of entrepreneurial intention. The previous studies fund that all entrepreneurial intention variables were strong except for subjective norms (Autio, et al., 2001). However, it cannot be rebutted that perceived social pressure has a significant effect on student entrepreneurial selects (Li, et al., 2008). Therefore, individual can established new business by using TPB model. This is because this model is a result of intention, and entrepreneurial behaviour is a type of the behaviour (Kautonen, et al., 2013). Figure 1.1 shows the relationship between the attitudes,
subjective norms perceived behavioural control, entrepreneurship teaching methodology and the entrepreneurial intention.

5. CONCLUSION

Previous studies found that there is a strong relationship between the attitude, subjective norm, perceived behavioural control, entrepreneurship teaching methodology and entrepreneurial intention, while there is few studies focused on the effect these variables on entrepreneurial intention especially among students in Malaysian universities. Thus, the gap of this research is Malaysia country as a developing country, the entrepreneurship is seen as an engine of economic progress, job creation, social adjustment, and increase graduate unemployment. Malaysian public universities appear to produce unemployable graduates with 90% of them Malays.

The Theory of Planned Behavior (TPB) is the core of theoretical framework of this study. Three variables which have been used in TPB which is attitude, subjective norm, perceived behavioural control, as well as entrepreneurship teaching methodology as a moderating effects. In this study, the main objective is to show the factor that affects the entrepreneurial intention towards university student, which is supported by the findings, information and discussion about entrepreneurial intention, as well as the adoption of TPB model.

The purpose of this study is identify the impact of attitude, subjective norm, perceived behavioral control, and entrepreneurship teaching methodology on entrepreneurial intentions among university students in Malaysia. Descriptive statistics is utilized in order to obtain a general understanding of the population. Correlation analysis is utilized to better understand the relationship between planned behaviours constructs.

REFERENCES


