

Entrepreneurial Intention of Undergraduate: The Impact of Role Model and Attitudes

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Abstract

One of the objectives of Malaysian government's economic plan is to encourage the culture of entrepreneurship. Despite the various efforts done by the Malaysian government, the entrepreneur population in Malaysia in the year 2008 had dropped to 20.9% of the total labour population as compare to 25.1% in the year 1982 (Labour Force Survey: Entrepreneur in Malaysia, 2009). Knowing the key factors that influence the entrepreneurial intention is important to the society. Therefore the purpose of this paper is to explore the impact of role models and attitudes on the undergraduates' intent to set up a new business venture. A total of 520 samples are collected from the social science and business students in the Universiti Malaysia Sabah. The samples have to answer questionnaires that consist of demographic and Likert-scale questions. Findings highlight the importance of attitudes in determining the entrepreneurial intention.

Keywords: Entrepreneurial Intent; family; attitude; new business venture

1.0 Introduction

One of the key objectives of Malaysian government's economic plan is to encourage the culture of entrepreneurship. Entrepreneur is defined as an individual who start his/her own business in this study. Entrepreneurship is identified as a key to reduce poverty and promote an equitable society. The importance of entrepreneurs and entrepreneurship are long recognized by researches, such as Frederick *et al.*, (2006) and Engle *et al.*, (2010). Entrepreneurial activity has been seen as an engine of a nation's long-term economic growth (Romer, 1994). People still believed that entrepreneurs will continue to be essential contributors to economic growth through their leadership, management, innovation, research and development effectiveness, job creation, competitiveness, productivity and formation of new industry (Frederick *et al.*, 2006). According to Engle *et al.*, (2010), entrepreneurs employ approximately 50 percent of all private sector workers and have generated 60 percent to 80 percent of net new jobs annually over the last several decades in the US economy. In view of the importance of entrepreneur to local economy, Malaysian government had set policies to encourage the society, especially the young adult to take up the challenge to be entrepreneur. Despite the various efforts done by the Malaysian government, the entrepreneur population in Malaysia in the year 2008 had dropped to 20.9% of the total labour population as compare to 25.1% in the year 1982 (Labour Force Survey, 2009).

Understanding the entrepreneurial intention among the undergraduates can allow us to better predict whether they will take real action to start a new business (Wu and Wu, 2008). Krueger (2003) has suggested that understanding the nature of entrepreneurial thinking is central to understanding both entrepreneurs and entrepreneurship. Thus, research has to be done to better understand why certain young adults choose to be entrepreneurs but others do not. The purpose of this study is to investigate the two factors that affect undergraduates' intention to set up a new venture, namely the role model in the family and the attitude. Knowing the factors that affect the entrepreneurial intention will allow the government to set more effective policies to encourage the entrepreneurial intention among the undergraduates.

(i.e. having entrepreneur in the family or among friends) have no significant impact on the entrepreneurial intention of students.

Fishbein and Ajzen (1975) defined attitude as an individual's positive and negative feelings (evaluative affect) about performing the target behaviour. While Wu and Wu (2008) stated that personal attitude is a reflection of beliefs and opinions held by an individual about the behaviour. According to the theory of planned behaviour, the individual's attitudes have an impact on behaviour via intention (Schwarz *et al.*, 2009). Autio *et al.* (2001) pointed out that attitudes have been shown to explain approximately 50% of the variance in intentions. Attitudes have been recognised as independent variables that predicted the variance in entrepreneurial intention by previous researchers (Kolvereid, 1997; Schwarz *et al.*, 2009; Lüthje and Franke, 2003; Autio *et al.*, 2001).

Autio *et al.* (1997) provided an insight into the role of general attitudes in entrepreneurial career choice. They reported that general attitudes toward achievement, autonomy, money and change, and attitude toward entrepreneurship positively influence the entrepreneurial conviction (the perceived ease of starting and running a new venture). Among the variables, attitude toward achievement and autonomy were found to be influential predictors. However, attitude toward competitiveness was not able to predict the entrepreneurial conviction in their study. In a survey done among Austrian universities' students, Schwarz *et al.*, (2009) found consistent results that individuals with a positive general attitudes toward change and money, and attitude toward entrepreneurship may be more likely to want to be entrepreneur but general attitude toward competitiveness did not predict the entrepreneurial intention significantly. Study done by Rajiman (2001) suggested that latent entrepreneur (individuals who often think of starting a business but do not do so for various reasons) were more willing to assume risk, prone to thrive on challenges, and they preferred business ownership than wage or salary employment. Attitude toward entrepreneurship was found to be the most significant determinant of entrepreneurial intention (Schwarz *et al.*, 2009; Autio *et al.*, 2001). According to Lüthje and Franke (2003), attitude toward entrepreneurship were the most important determinant of the intention to become self-employed and this attitude is influenced by the personality (i.e. risk-taking propensity and internal locus of control) of the respondents. A positive personal attitude towards start-up is a good starting point to stimulate entrepreneurial behaviour, irrespective of student's educational background (Wu and Wu, 2008). Henderson and Robertson (2000) stated that the primary reasons for young respondents to consider setting up their own businesses are "being one's own boss" and "to make money". However, Douglas (1999) and Douglas and Shepherd (2002) revealed that attitude toward income (money) does not contribute significantly to the entrepreneurial intention.

3.0 Methodology

3.1 Model and Hypotheses

This research model (figure 1) was form based on the previous entrepreneurial intent studies. The purpose of this study is to test a model that incorporates impacts of role model and attitude factors that explain the propensity of university students to start-up their own business in the future. The dependent variable is entrepreneurial intention among the university undergraduates. Previous studies have been using entrepreneurial intention as the dependent variable in trying to predict the future entrepreneurial behaviour (Schwarz *et al.*, 2009; Van Gelderen *et al.*, 2008; Turker and Selcuk, 2009; Wu and Wu, 2008; Krueger *et al.*, 2000).

The variables used in this study are:

Entrepreneurial intention	Dependent Variable
Entrepreneur role models in family	Independent Variable
Attitudes	Independent Variable

H2c: Students with a positive attitude toward money (GAM) are more likely to have higher entrepreneurial intention.

H2d: Students with a positive attitude toward competition (GAP) are more likely to have higher entrepreneurial intention.

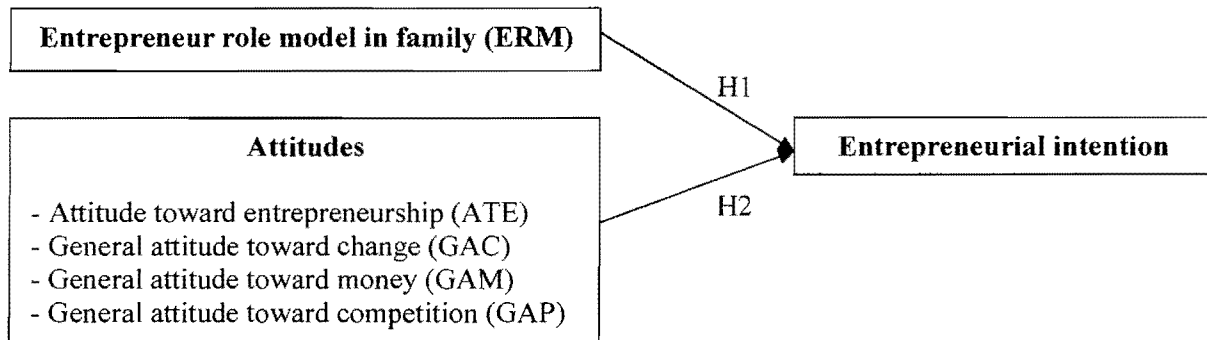


Figure 1 Model of Entrepreneur Role Model and Attitude on Entrepreneurial Intention Model

3.2 Data Collection

The population of this study consists of 1,500 social science and business undergraduates from University Malaysia Sabah who have taken the course Fundamentals of Entrepreneurial Acculturation in the second semester of the 2009/2010 session. 600 respondents were selected randomly to answer the questionnaire before an Entrepreneur Talk organized by the university began. During the data collection process, the self administered questionnaire was distributed to respondents and the respondents are to answer the questionnaire on spot. 90% of the respondents answered and return the questionnaire. After the elimination of incomplete filled out questionnaires, 521 cases remained in the sample.

3.3 Measurement

The questionnaire was divided into four sections. The first section comprised questions aimed to capture the demographic characteristics of respondents, such as respondents' gender, age, race, school and level of education in University Malaysia Sabah. The second section asked the respondents to answer whether their close family members (father, mother, brother or sister) are entrepreneur. The third section asked respondents to rank the interest and possibility to be an entrepreneur in the future. While the last section consisted of items to measure the attitudes among respondents. All items in the third and forth sections were measured on a five point Likert-scale with the levels 1 = "completely uninterested" to 5 = "strongly interested", 1 = "very improbably" to 5 = "very probably" and 1 = "strongly disagree" to 5 = "strongly agree", depending to the question.

The items in the questionnaire to measure entrepreneurial intention, attitude toward entrepreneurship and general attitudes of students were adopted from Schwarz *et al.* (2009). Previous researchers used an index measure of entrepreneurial intent based on short and long term intentions, such as 'have you ever considered founding your own firm?' and 'how likely is it that you will start a new firm within one (or five) years from now?' (Davidsson, 1995; Autio *et al.*, 2001; Schwarz *et al.*, 2009). In this study, items were used to assess the interest to start a new business as well as the likelihood of starting a business within two and five years from the time when the survey was carried out.

during the next 2 years?” recorded the lowest mean (mean = 3.30, s.d. = 0.97). Since most of the respondents are second year students, perhaps they realized that they were not able to set up any business within 2 years before they graduated from the university. (Refer Table 2 Mean and Standard Deviation of Entrepreneurial Intention for details.)

Item No	Items	Mean	Std. Deviation
1.	How interested are you to set up your own business?	3.86	0.85
2.	How likely is it that you will set up a business during the next 2 years?	3.30	0.97
3.	How likely is it that you will set up a business during the next 5 years?	3.74	0.87

Table 2 Mean and Standard Deviation of Entrepreneurial Intention

There are seven items used to measure the attitudes of respondents. Two items were used to measure each attitude, except general attitude toward competition which is measured by only one item (item 10). All the items have moderate mean score. The highest mean score is 3.90 for item 9, “It is important for me to make a lot of money”, which pointed out that money is generally perceived as important by young adult in order to ensure a convenient life style in the future. The two lowest mean scores are 3.04 and 3.09 respectively for item 7, “I need constant change to remain stimulated, even if this would mean higher uncertainty.” and item 6, “I find working in stable and routinized environments boring.” The mean scores of both items above reflected that respondents tend to be lower in the general attitude toward change. (Details in Table 3 Mean and Standard Deviation of Attitudes)

Item No	Items	Variable	Mean	Std. Deviation
4.	I'd rather be my own boss than have a secure job.	ATE	3.55	0.93
5.	I'd rather found a new company than be the manager of an existing one.		3.13	0.89
6.	I find working in a stable and routinized environment boring.	GAC	3.09	1.02
7.	I need constant change to remain stimulated, even if this would mean higher uncertainty.		3.04	0.94
8.	If you have high income, that is a sign that you have had success in your life.	GAM	3.33	1.10
9.	It is important for me to make a lot of money.		3.90	0.90
10.	I work harder in situations where my performance is compared against that of others.	GAP	3.84	0.81

Table 3 Mean and Standard Deviation of Attitudes

4.2 Reliability Analysis

Cronbach's Alpha test was conducted for the four variables, namely entrepreneurial intention, attitude toward entrepreneurship, general attitude toward change and money. The Cronbach's Alpha value for entrepreneurial intention is 0.70, indicated that the measures are reliable and acceptable. However, the values for the other three variables are slightly lower, between 0.60 and 0.63. Factor analysis was conducted to confirm further the reliability of the variables. The factor loadings results of all items are above the required threshold of 0.60, which indicated that the measures are acceptable.

Although the general attitude toward competition is a single item variable and reliability test is not able to conduct, this does not necessarily undermine the analysis. A scale must be reliable to be valid and possess practical utility (Peterson, 1994). According to Nunnally (1978), unreliable scale will cause random error (type II error), so the 'true' correlations are masked. If correlations are found, the reliability problem is not important (Schmidt and Hunter, 1977).

not influence significantly the entrepreneurial intention among students ($t = -0.51$, $p = 0.61$). The results are contrary to the previous findings which stated that both parents do contribute significantly to the entrepreneurial intention of students. The likely reason for the above findings is male has a more dominant role in the South East Asian culture and father played a very important role in determining the children's future career. Father provided a role to be imitated and also provide necessary support and advices to influence the children to want to be entrepreneurial.

Variables	Beta Coefficients	t-value	p-value	R	R ²	F.	Sig.
				0.240	0.058	7.877	.000
Father entrepreneur	0.28	3.88	0.00				
Mother entrepreneur	0.11	1.45	0.15				
Brother entrepreneur	0.30	2.71	0.01				
Sister entrepreneur	-0.61	-0.51	0.61				

Table 6 Regression Result of Role Models on Entrepreneurial Intention

It is believed that cultural background of a student influences the student's intention to be entrepreneur. Thus, means score of entrepreneurial intention among students with difference races were compare to understand better the impact of culture, especially the race background on the students' entrepreneurial intention. (Refer Table 7) It is noticed that the mean scores of natives, i.e. Malay and Kadazan/Dusun students are equal and the highest among the races (mean = 3.73). Whereas the local Chinese students have the lowest mean score (mean = 3.42).

Races	N	Entrepreneurial Intention		
		Mean	Std. Deviation	Std. Error
Malay	201	3.73	0.68	0.05
Chinese	136	3.42	0.78	0.07
Kadazan/Dusun	58	3.73	0.65	0.08
Indian	16	3.63	0.54	0.14
Total	521	3.64	0.70	0.03

Table 7 Mean and Standard Deviation of Entrepreneurial Intention with Races

One-way between groups ANOVA was then conducted to compare means of entrepreneurial intention between the races. The result of ANOVA showed that the entrepreneurial intentions of Malay and Kadazan/Dusun students are significantly higher than Chinese with mean difference equal to 0.309 and 0.311 respectively. However, the test found no significant difference between other races. (Detail of results in Table 8.)

Races	Malay		Chinese		Kadazan/ Dusun		India	
	Mean Difference	Sig.	Mean Difference	Sig.	Mean Difference	Sig.	Mean Difference	Sig.
Malay			0.309	0.001	-0.002	1.00	0.103	0.979
Chinese	-0.309	0.001			-0.311	0.035	-0.206	0.793
Kadazan/ Dusun	0.002	1.000	0.311	0.035			0.105	0.983
India	-0.103	0.979	0.206	0.793	-0.105	0.983		
Between groups	F = 4.673		Sig. = 0.001					

Table 8 Anova Result of Races on Entrepreneurial Intention.

5.0 Limitations and Future Research

This study provided some insight on the variables (role model and attitudes) that influence entrepreneurial intention among students. Nevertheless, there are a few limitations of the research. First, the entrepreneurial role model used in this study only focused on the close family members. More in depth study needed to conduct to study the impact of other social role models, such as friends and colleagues. Friends do play an important role in influencing young adult to perform certain action. Study also needed to understand further how the role models influence the students' entrepreneurial intention.

Besides, the study only limited to four different attitudes to development the correlation between attitudes and entrepreneurial intention among student. Future study may explore more attitudes (perception of personal attractiveness on the entrepreneurship) that likely to influence the entrepreneurial intention among students.

Third, the attitude toward competition is measured by a single item only. Although the correlation between attitude toward competition and entrepreneurial intention is significant, the measurement could be improved by adding new measures. Besides, the Cronbach's alpha results of the other attitudes were lack satisfactory and the alpha result could be improved further also by adding new measures.

6.0 Conclusions and Implications of the Study

This study has provided new insights into understanding of the impacts of role models and attitudes on the students' entrepreneurial intention. The research has important implications to educators and policy makers in the planning and developing a variety of activities that raise attitudes which will positively enhancing entrepreneurial intention among students. Besides, this research also stressed the importance of family members, especially father in influencing the intention of students to be entrepreneur. Thus, policy makers can influence the entrepreneur parents to share their experience in the family and encourage more of the young adult to choose to be entrepreneur.

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Section A/ Bahagian A

Please **tick** (✓) answer that corresponds to your response. /
Sila **tandakan** (✓) jawapan yang sepadan dengan respon anda.

1. Sex / Jantina Male / Lelaki Female / Perempuan
2. Age / Umur _____ years old/tahun
3. Race/ Bangsa
 Malay / Melayu Chinese / Cina Kadazan-Dusun / Kadazan-Dusun
 Indian / India others, please specify / Lain-lain, sila terangkan _____
4. School / Sekolah (SKTM, SST, SPPS, SSMP, SSS, SPE, SPS, SPTA, SPL, SPKS, SPU) _____
5. Level of Education in UMS: 1st year 2nd year 3rd year 4th year

Section B / Bahagian B

Please **tick** (✓) the box if the following family member of yours is entrepreneur. /
Sila **tandakan** (✓) pada kotak jika ahli keluarga anda tersebut merupakan usahawan.

- Father/ Bapa
- Mother/ Ibu
- Brothers/ Abang atau adik lelaki
- Sisters/ kakak atau adik perempuan

Section C / Bahagian C

Please **circle** the number that best represents your choice. /
Sila **bulatkan** nombor yang paling sepadan dengan pilihan anda.

1 Completely uninterested <i>Langsung tidak berminat</i>	2 Uninterested <i>Tidak minat</i>	3 Neutral <i>Neutral</i>	4 Interested <i>Berminat</i>	5 Strongly interested <i>Sangat berminat</i>
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1. How interested are you in setting up your own business? 1 2 3 4 5
Adakah anda berminat memulakan perniagaan sendiri?

1 Very improbably <i>Langsung tak mungkin</i>	2 Improbably <i>Tak mungkin</i>	3 Neutral <i>Neutral</i>	4 Probably <i>Mungkin</i>	5 Very probably <i>Sangat mungkin</i>
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2. How likely is it that you will set up a business during the next 2 years? 1 2 3 4 5
Adakah anda mungkin akan mulakan perniagaan dalam masa 2 tahun akan datang?
3. How likely is it that you will set up a business during the next 5 years? 1 2 3 4 5
Adakah anda mungkin akan mulakan perniagaan dalam masa 5 tahun akan datang?