

**A COMPARATIVE STUDY BETWEEN PUBLIC AND
PRIVATE UNIVERSITIES STUDENTS' INTENTION
TO BECOME ENTREPRENEURS**

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requirements for the degree of Master of
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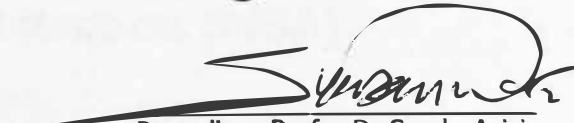
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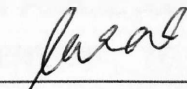
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Sarah Sabrina John Talip
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ABSTRACT

A COMPARATIVE STUDY BETWEEN PUBLIC AND PRIVATE UNIVERSITIES STUDENTS' INTENTION TO BECOME ENTREPRENEURS

Entrepreneurship has been considered as one of the main tool for a country to be developed. With rapid growth needed and to achieve our Vision 2020, we need to reduce the unemployment rate to the lowest as it can be. In order to do so, the public need to take initiative not to be depending too much with the government solely. However, less studies was carried out to determine the entrepreneurial intention as choices of future career for the future generation. This study aims to understand whether there is a difference between private and public universities students' intention to become an entrepreneur. Other than that, this study also focuses on does the entrepreneurial characteristics and their social environment influences and what motivates them to become an entrepreneur. The data was collected from a sample of 522 from both Universiti Malaysia Sabah (UMS) and Sabah International Dynamic Management (SIDMA) College. Based on the relationship findings, all the independent variables have significant relationship with entrepreneurial intention except for locus of control, and risk taking. In terms of differences all the variables showed that there is a difference between the private and public universities students except for need for achievement and social environment / friends. In conclusion, there is a difference between the two universities in terms of entrepreneurial intention of the students and the private universities students have a higher intention to become entrepreneurs.

ABSTRAK

KAJIAN PERBANDINGAN MENGENAI KEINGIANN MENJADI USAHAWAN DI ANTARA PELAJAR UNIVERSITI AWAM DAN SWASTA

Keusahawanan telah dianggap sebagai salah satu alat utama bagi negara untuk maju. Dengan pertumbuhan yang pesat dan diperlukan untuk mencapai Wawasan 2020, kita perlu untuk mengurangkan kadar pengangguran kepada yang paling rendah kerana ia boleh. Untuk berbuat demikian, orang awam perlu mengambil inisiatif untuk tidak terlalu bergantung dengan kerajaan semata-mata. Walau bagaimanapun, kurang kajian telah dijalankan untuk menentukan niat keusahawanan sebagai pilihan kerjaya masa depan untuk generasi akan datang. Kajian ini bertujuan untuk memahami sama ada terdapat perbezaan antara niat swasta dan awam universiti pelajar untuk menjadi seorang usahawan. Selain itu, kajian ini juga memberi tumpuan kepada ciri-ciri keusahawanan dan sosial pengaruh persekitaran mereka dan apa yang mendorong mereka untuk menjadi seorang usahawan. Data yang dikumpulkan dari sampel 522 daripada kedua-dua universiti iaitu Universiti Malaysia Sabah (UMS) dan Sabah International Dynamic Management (SIDMA) Kolej. Berdasarkan penemuan hubungan, semua pembolehubah mempunyai hubungan yang signifikan dengan niat keusahawanan kecuali lokus kawalan, dan kecenderungan mengambil risiko. Dari segi perbezaan semua pembolehubah menunjukkan bahawa terdapat perbezaan antara pelajar universiti swasta dan awam kecuali untuk keperluan untuk pencapaian dan persekitaran sosial/ kawan-kawan. Kesimpulannya, terdapat perbezaan antara kedua-dua universiti dari segi niat keusahawanan dan pelajar universiti swasta mempunyai niat yang lebih tinggi untuk menjadi usahawan perbandingan pelajar universiti awam.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

Upon leaving the student life and entering the working environment, students might be considering their future career, either being the employee or the employer, either one it does contribute to the Malaysia's economic growth. Unfortunately, some of them might face difficulties in finding the right job due to more supply of educated labour force but less demands for availability of jobs. According to the Malaysia statistics of labour force, in December 2010 the labour force in Malaysia was 12,059,700 and recently in January 2011 it rose to 12,576,400 with an increase unemployment rate from 3.2% to 3.4%. (Principle Statistics of Malaysia, January, 2011).

In line with the government's effort to reduce the unemployment rate, there are programs being through introduced through the education institutions. Programs that focusing mainly on entrepreneurship, to open up to the students what are the opportunities and how and from whom they can get help in terms of financial assistance to start their own business in the future. After years of neglect, those who start and manage their own businesses are viewed as popular heroes. They are seen as risk-takers and innovators who reject the relative security of employment in large organizations to create wealth and accumulate capital.(Blanchflower and Oswald ,1998).

Entrepreneurship is becoming a very relevant instrument to promote economic growth and development in different regional and national economies. However, social scientists still have not agreed on the determinants of the decision to become an entrepreneur. Therefore, there is some concern that policies may not be sufficiently efficient in achieving this objective. From a psychological point of view, the intention to become an entrepreneur has been described as the single best predictor of actual behaviour. Hence, some studies have started to analyse the entrepreneurial intention and its determinants but however, methodologies and research instruments used so far differ widely. Then, the availability of a validated instrument to measure abilities, attitudes and intentions towards entrepreneurship could be of much help. (Linan, Cohard and Cantuche ,August 2005).

Between the answers "which career option will you choose?" (a) To be an employee, (b) To be self-employed, mostly might choose (a) for a short term basis but in long term basis, people will likely to choose (b) as their career option. This also stated in Blanchflower and Oswald (1998) findings in which a remarkable 63% of Americans (out of 1453 asked), 48% of Britons (out of 1297), and 49% of Germans (out of 1575) are self-employed.

1.2 Research Problem

In order to achieve our Vision 2020 that was introduced by our former Prime Minister of Malaysia, Tun Dr. Mahathir bin Mohamad that consist of economic prosperity, social well-being, educational world class, political stability, as well as psychological balance the future generation need to consider entrepreneurial activity as one of their source of income. This is to ensure that Malaysia could achieve the annual growth of 7% by 2020. (Bank Negara Malaysia, Annual Report 2010,2011)

The road to achieve better economy growth was clearly shown but another question is that "Does the graduates have the intention to become an entrepreneur?"

The research problems for this study are some of the students (public and private universities) have the complexity of pursuing towards career decision. "Which path do I have to commit". Career choices are highly complex in relation with the actual intention on which career to choose from.

Furthermore, different students carry different types of entrepreneurial characteristics (Innovativeness, need for achievement, locus of control, risk taking propensity and self-confidence) which contributed towards different types of feedbacks. Social environment also influence the way of how students place their view and intention to become entrepreneurs whereby the main factor is about how they were brought up by their families i.e. some families own a business and some don't. In short, most of the entrepreneurs were influenced to be one due to family and friends encouragement.

Therefore, there are also other factors that need to be considered that will attract a student to choose entrepreneur as his or her future career, which will be elaborated further in the conceptual framework.

1.3 Research Questions

The main research questions of this study are:

1. Do the public and private university students with entrepreneurial characteristics have the intention to become an entrepreneur?

2. Does the public and private university students' social environment influence them to become entrepreneurs?
3. Does the public and private university students' motivational factor influence them to become entrepreneurs?

1.4 Research Objectives

The purpose of this study is to understand if there is any difference between public and private universities students' intention to become an entrepreneur after graduation. In line with Malaysia's goal to be a developed country, we need to be independent individuals, who can stand on their own feet with less help from the government. This is where the new generation plays an important role, by including their options of future possible career as an entrepreneur instead of depending too much on the government with an added advantage it also can minimize the unemployment rate among graduates in Malaysia.

Therefore, the objectives of this study are:

1. To determine the intention of public and private university students to become entrepreneurs.
2. To determine if the public and private university students with entrepreneurial characteristics (innovativeness, need for achievement, locus of control and risk taking propensity) have the intention to become entrepreneur.
3. To determine if the public and private university students' social environment factor (family and friends background) will influence them to become entrepreneur.
4. To determine if the public and private university students' motivational factor (pull factor) will influence them to become entrepreneur.

5. To determine if there are differences between public and private university students on entrepreneurial characteristics, social environment and motivational factor and entrepreneurial intention.

1.5 Scope of Study

The scope of this study attempts to address how both both public and private students differ in terms of their acceptance to be an entrepreneur as well as how this could contribute to the development of Malaysian economy in the future. Besides that, it also questions the role of the universities itself on how they could influence their students to open their choices to be an entrepreneur for their future career.

There are two chosen universities that will be used as the samples of this study, namely Universiti Malaysia Sabah (UMS) (public) and Sabah International Dynamic Management (SIDMA) College (private). A cross sectional data will be used in this study through distribution of questionnaire survey (primary data) among the students and it will be analyzed using SPSS. Other than that, journal articles that are related will be used to strengthen this study. This study was estimated to be completed within four months time.

1.6 Significance of the Study

The growing interest in entrepreneurship among students will highly influence our country's economic growth in terms of reducing the unemployment rates, high efficiency in the market and increases the competitiveness among other neighboring countries. In short, as numbers of entrepreneur increases, our country tend to be more innovative and competitive plus a step ahead of other developing countries.

The students should encourage themselves to enter the world of entrepreneurship because it give somehow a huge impact towards our country's economic growth. Both can be better off as the students turn to successful entrepreneurs and our country turn to be more advance.

As the country gain some benefit from it, the government should implement some sort of policies and programs in order to sustain and maintain the momentum of entrepreneurial in addition to keep the country in the competitive level with other developing countries.

For this study itself, the results from this study proven to be trusted on certain point of view and can be used by other researchers for their references if possible. As for the public, they can use it for any research purposes or just for social references.

1.7 Definition of Key Terms in This Study

This section will discuss on the definition of key terms for all the variables involved notably entrepreneurial characteristics (innovativeness, need for achievement, locus of control and risk taking), social environment, motivational factor and the entrepreneur intention.

1.7.1 Entrepreneurial Characteristics

Individual factors, widely known as the trait model, focus on personality characteristics of entrepreneurs Koh (1996). This model rests on the assumption that entrepreneurs have certain unique characteristics, attitudes and values that provide an impetus for

them and distinguish them from others (Thomas and Mueller, 2000); (Koh, 1996).(Gurol&Atsan, 2006). In this study, five personality characteristics were being used, these are innovativeness, need for achievement, locus of control, risk taking propensity and self-confidence. According to Gurol&Atsan, (2006), these characteristics were chosen since they are frequently cited in different studies in the entrepreneurial literature.

1.7.2 Social Environment

In this study, the social environment use both friends and family influences towards the students' entrepreneurial intention. Feldman et al. (1991, p. 16) indicate that "entrepreneurs often . . . come from families in which a parent owns a business". This is also suggested in recent examinations of entrepreneurial self-efficacy (ESE). ESE refers to an individual's assessment of, and confidence in, his or her ability to successfully start a business Chen et al., (1998); Zhao et al., (2005). Research evidence suggests that self-efficacy can be strengthened through exposure Bandura (1982). Thus, exposure to other entrepreneurs can act to strengthen ESE. This applies not only to families or close relatives, but to a person's set of close friends and contacts. (Pruett, Shinnar, Toney, Llopis and Fox ,2009).

1.7.3 Motivational Factor

In a test of these factors, Birley and Westhead (1994) found that people start businesses mainly because of pull factors. In a more recent examination of motivation to start a business, Segal et al. (2005) proposed that the motivation to start a business was driven by the desirability for self-employment outweighing the desirability of working for others, which they called the net desirability for self-employment (NDSE).

Segal et al.'s empirical findings supported this idea, which indirectly also supports the importance of "pull" factors. (Taormina and Lao ,2007).

1.7.4 Entrepreneur Intention

Intention to become an entrepreneur depends on individuals' personal attitude, their perceived control over the firm-creation behavior, and the perceived social pressure to become (or not) an entrepreneur. However, there is still much to be said regarding the way in which those individual perceptions are formed. Some authors have argued that social values and beliefs regarding entrepreneurship will affect the motivational antecedents of intention (Davidsson and Honig, 2003); (Liñán and Santos, 2007). In short, individual intention will be influenced by their characteristics, social environment which will be pulled by the desire to create wealth.

1.8 Summary and Organization of the Remaining Chapter

Chapter one provides a brief introduction of what is entrepreneurship by pinpointing the supply and demand of Malaysian labor force through a statistic that showed there is an increase of unemployment rate which can be reduced by encouraging the students to open up their own business ventures as another option towards economy growth contribution. It also described how important is it, how and what the students as the future leader could help to develop the country in the future. In this chapter also it tells what the main problem is, research objectives, the research questions, scope of the study, significant of this study and definition of key terms in this study.

In the second chapter of this study will be discussing on the literature review for all the variables involved, which are the entrepreneurial characteristics

(innovativeness, need for achievement, locus of control and risk taking), social environment, motivational factor and lastly the entrepreneurial intention which. From here, the relationship among the independent variables with the dependent variable could be elaborate based on previous studies which then will be useful to construct the theoretical framework.

The third chapter of this study will be discussing on the research methodology which elaborate on the theoretical framework, then the development of hypotheses, research design, sampling design, unit analysis, instrument and measurement, data analysis and data collection.

The result of this study will be discussed in chapter four. Here, the respondents' profile, factor analysis, reliability of measures, description of variables, hypotheses testing and summary of findings.

The last chapter of this study is a discussion on the implications of the findings of the study, as well as the limitations and suggestion for future research and finally conclusion of this study.