

**PERSONAL CHARACTERISTICS
THAT AFFECTING ENTREPRENEURIAL
INTENTION AMONG BUMIPUTERA AND
NON BUMIPUTERA ENTREPRENEURS IN
TAWAU**

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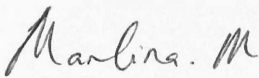
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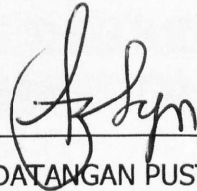
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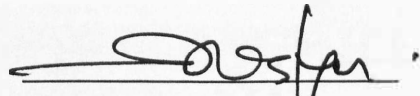


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DECLARATION

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ABSTRACT

PERSONAL CHARACTERISTICS THAT AFFECTING ENTREPRENEURIAL INTENTION AMONG BUMIPUTERA AND NON BUMIPUTERA ENTREPRENEURS IN TAWAU

Entrepreneurship research has identified a number of personal characteristics believed to be affecting entrepreneurial intention. Three frequently cited personal characteristics associated with entrepreneurial intention are locus of control, need for achievement, and risk taking propensity. Locus of control has been one of the most studied psychological characteristic in entrepreneurship research, while need for achievement has explained by McClelland and also risk taking propensity is the important topic in discussion of entrepreneurial intention. Entrepreneurial intention has been studied extensively before. Thus the question is raised either occurs relationship between personal characteristics and entrepreneurial intention. In this paper offered several hypotheses about the relationship between personal characteristics or psychological traits associated with entrepreneurial intention. These hypotheses were tested on a sample of over 375 responses to a survey of Bumiputera and Non-Bumiputera in Tawau. Questionnaires were used in the survey instrument to construct scales for personal characteristics. Items for the entrepreneurial intention, locus of control, need for achievement scale were adapted from 5-point response scale ranging from 1 (strongly disagree) to 5 (strongly agree) as shows the Likert-Type scales. Except risk taking propensity were adapted from a 5-point response scale ranging from 1 (very low certainty) to 5 (Very high certainty) because the questions is about risk taking propensity that more appropriate used this type of Likert-Type scales. The results revealed that three personal characteristics have a significant relationship with entrepreneurial intention. Furthermore there is a significant different in entrepreneurial intention, locus of control, need for achievement and risk taking propensity among Bumiputera and non Bumiputera entrepreneurs in Tawau.

ABSTRAK

Penyelidikan keusahawanan telah mengenal pasti beberapa ciri peribadi yang dipercayai mempengaruhi niat keusahawanan. Tiga kekerapan ciri-ciri peribadi yang dikaitkan dengan niat keusahawanan adalah lokus kawalan, keperluan pencapaian, dan kecenderungan mengambil risiko. Lokus kawalan telah menjadi salah satu ciri yang paling dikaji dalam penyelidikan psikologi keusahawanan, manakala keperluan untuk pencapaian telah dijelaskan oleh McClelland dan juga kecenderungan mengambil risiko adalah topik penting dalam perbincangan mengenai keputusan keusahawanan. Niat keusahawanan telah dikaji secara meluas sebelum ini. Oleh itu soalan yang dibangkitkan sama ada berlaku hubungan antara ciri-ciri peribadi dan niat keusahawanan. Dalam kertas kerja ini ditawarkan beberapa hipotesis tentang hubungan antara ciri-ciri peribadi atau ciri-ciri psikologi yang dikaitkan dengan niat keusahawanan. Hipotesis ini telah diuji ke atas sampel yang terdiri daripada lebih 375 maklum balas kepada kajian yang Bumiputera dan Bukan Bumiputera di Tawau. Soal selidik telah digunakan dalam instrumen kajian untuk membina skala untuk ciri-ciri peribadi. Skala item untuk niat keusahawanan, lokus kawalan, dan keperluan pencapaian telah disesuaikan menggunakan 5-titik skala dari 1 (sangat tidak bersetuju) hingga 5 (sangat setuju) iaitu skala jenis 5-Likert. Kecuali kecenderungan mengambil risiko telah disesuaikan daripada skala 5-titik tindak balas antara 1 (kepastian amat rendah) hingga 5 (kepastian Sangat tinggi) kerana soalan-soalan adalah mengenai kecenderungan mengambil risiko yang lebih sesuai digunakan ini jenis skala 5-Likert ini. Keputusan menunjukkan bahawa tiga ciri-ciri peribadi mempunyai hubungan yang signifikan dengan niat keusahawanan. Tambahan pula ada yang berbeza dalam niat keusahawanan, lokus kawalan, perlu untuk pencapaian dan mengambil risiko kecenderungan di kalangan Bumiputera dan bukan Bumiputera di Tawau.

UNIVERSITI MALAYSIA SABAH

TABLE OF CONTENTS

	Page
TITLE	i
DECLARATION	ii
CERTIFICATION	iii
ACKNOWLEDGEMENT	iv
ABSTARCT	v
ABSTRAK	vi
TABLE OF CONTENTS	vii
LIST OF ABBREVIATION	xii
LIST OF SYMBOL	xiii
LIST OF TABLES	xiv
LIST OF FIGURES	xv
LIST OF APPENDICES	xvi
 CHAPTER 1: INTRODUCTION	 1
1.1 Overview	1
1.2 Problem Identification	1
1.3 Problem statement	4
1.4 Research Question	6
1.5 Objective of Study	6
1.6 Scope of Study	7
1.7 Significant of Study	7
1.8 Definition of Key Variable	8
1.8.1 Entrepreneurial Intention	8
1.8.2 Locus of Control	9
1.8.3 Need for Achievement	10
1.8.4 Risk-Taking Propensity	11
1.9 Organizational of Study	12

CHAPTER 2: LITERATURE REVIEW**13**

2.1	Introduction	13
2.2	Theory-Driven Model	13
2.3	Conceptual Definition of Entrepreneurial Intention	19
2.4	Conceptual Definition of Personal Characteristics	24
2.5	Conceptual Definition of Independent Variables	26
2.5.1	Locus of Control	26
2.5.2	Need for Achievement	28
2.5.3	Risk Taking Propensity	29
2.6	Relationship between Independent Variables and Dependent Variable	32
2.6.1	Relationship between Locus of Control and Dependent Variable	33
2.6.2	Relationship between Need for Achievement and Dependent Variable	34
2.6.3	Relationship between Risk Taking Propensity and Dependent Variable	34
2.7	Summary	35

CHAPTER 3: RESEARCH METHODOLOGY**36**

3.1	Introduction	36
3.2	Theoretical framework	36
3.3	Research Hypotheses	38
3.3.1	Relationship of Locus of Control, Need for Achievement, Risk Taking Propensity and Entrepreneurial Intention	39
3.3.2	The different personal characteristics that affecting the entrepreneurial intention among Bumiputera and Non-Bumiputera entrepreneurs	40
3.4	Research design	41
3.5	Sampling Design	41
3.6	Research Instrument	41

	Page
3.6.1 Questionnaire	41
3.6.2 Measurement	43
3.6.3 Sample size	46
3.7 Data collection	46
3.8 Data Analysis	47
3.8.1 Factor Analysis	47
3.8.2 Validity and Reliability of Questionnaire	47
3.8.3 Correlation Analysis	47
3.8.4 Descriptive Analysis	48
3.8.5 Multiple Regression	48
3.8.6 T-Test Analysis	48
3.9 Summary	48
CHAPTER 4: RESEARCH FINDINGS	49
4.1 Introduction	49
4.2 Respondent Profiles	49
4.3 Factor Analysis	51
4.3.1 Factor Analysis for Independent Variables	51
4.3.2 Factor analysis for Dependent Variables	52
4.4 Reliability Analysis	54
4.4.1 Reliability Statistics	54
4.4.2 Summary of Reliability Analysis	55
4.5 Descriptive Analysis	55
4.6 Correlation Analysis	56
4.7 Multiple Regression Analysis	58
4.7.1 Hypothesis Testing	59
4.7.2 Locus of Control, Need for Achievement and Risk taking propensity affecting entrepreneurial Intention.	59
4.7.3 Multiple Regression findings	60
4.7.4 Summary of Findings (Multiple Analysis)	61
4.8 Analysis of Comparison on Variables	62

	Page
4.8.1 t-Test analysis	65
4.8.2 Research Objective	65
4.8.3 Hypothesis using t-Test Independent-Group results	65
4.8.4 Summary of t test	67
4.9 Summary	68
 CHAPTER 5: DISCUSSION AND CONCLUSION	 70
5.1 Introduction	70
5.2 Reiteration of the findings	70
5.2.1 Entrepreneurs' profile	71
5.2.2 Reliability Analysis	71
5.2.3 Descriptive analysis	72
5.2.4 Correlation analysis	72
5.2.5 Multiple regression analysis	72
5.2.6 t-Test analysis	72
5.3 Discussion	73
5.3.1 The relationship between locus of control and entrepreneurial intention	74
5.3.2 The relationship between need for achievement and entrepreneurial intention	75
5.3.3 The relationship between risk taking propensity and entrepreneurial intention	76
5.3.4 The significant different in personal characteristics and entrepreneurial intention among bumiputera and non bumiputera in Tawau.	77
5.4 Summary of Discussion	81
5.5 Implication of the study	82
5.6 Contributions	84
5.7 Limitations	86
5.8 Suggestion for future research.	88
5.9 Conclusion	89

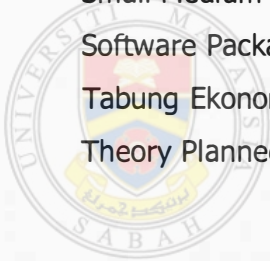
	Page
5.10 Summary	91
REFERENCES	92
APPENDICES	100



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LIST OF ABBREVIATION

DV	Dependent Variable
EI	Entrepreneurial Intention
LC	Locus of Control
IV	Independent Variables
MARA	Majlis Amanah Rakyat
MPT	Majlis Perbandaran Tawau
NA	Need For Achievement
PC	Personal Characteristic
PKKFDT	Persatuan Kontraktor Bumiputera Kelas F Daerah Tawau
RTP	Risk Taking Propensity
s.d	Standard Deviation
SEE	Shapero's Model of the Entrepreneurial Event
SME	Small Medium and Enterprises
SPSS	Software Package For Social Sciences
TEKUN	Tabung Ekonomi Kumpulan Usaha Niaga Nasional
TPB	Theory Planned Behavior



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LIST OF SYMBOL

%	Percent
α	Alpha
β	Beta
<	More than
>	Less than



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LIST OF TABLES

	Page
Table 3.6.1 : A contained of questions	43
Table 3.6.2 : Questionnaire's scale	44
Table 3.6.3 : Likert-Type scales	46
Table 3.6.4 : Likert-Type scales	46
Table 3.8.1 : Type of Analysis Method	47
Table 4.1 : Summary data profile for 375 respondents	50
Table 4.3.1: KMO and Bartlett's Test for IV	51
Table 4.3.2: Factor Analysis for Independent Variables	52
Table 4.3.3: KMO and Bartlett's Test for DV	53
Table 4.3.4: Factor Analysis for Dependent Variable	53
Table 4.4.1: Reliability Statistics	54
Table 4.4.2: Summary of reliability analysis results	55
Table 4.5.1: Descriptive Analysis	56
Table 4.6.1: Correlations Result	57
Table 4.7.1: Multiple Regressions on Entrepreneurial Intention	60
Table 4.7.2: Summary of findings for multiple analyses	61
Table 4.8.1: Summary of question asked for Entrepreneurial Intention	62
Table 4.8.2: Summary of question asked for Locus of Control	63
Table 4.8.3: Summary of question asked for Need for Achievement	63
Table 4.8.4: Summary of question asked for Risk Taking propensity	64
Table 4.8.5: Summary of descriptive analysis	64
Table 4.8.6: Summary of t-test analysis	66
Table 4.8.7: Summary of t-Test results	68

LIST OF FIGURE

	Page
Figure 2.1: Ajzen’s Theory of Planned Behavior.	14
Figure 2.2: Shapero-Krueger Model.	14
Figure 3.1: Research Framework	37
Figure 3.2: Conceptual framework of this study	37
Figure 5.1 Summarize finding for relationship among IV and DV	74
Figure 5.2: Summarize finding for Comparison Analysis	78



UMS
UNIVERSITI MALAYSIA SABAH

LIST OF APPENDIX

	Page
APPENDIX A: Questionnaire	100
APPENDIX B: Frequency Analysis	105
APPENDIX C: Factor Analysis	109
APPENDIX D: Reliability Test	115
D1: Reliability Test Of Entrepreneurial Intention	115
D2: Reliability Test Of Locus Of Control	115
D3: Reliability Test Of Need For Achievement	115
D4: Reliability Test Of Risk Taking Propensity	115
APPENDIX E: Descriptive Analysis	116
APPENDIX F: Correlation Analysis	117
APPENDIX G: Multiple Regression Analysis	118
APPENDIX H: t-Test Analysis	121



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UNIVERSITI MALAYSIA SABAH

CHAPTER 1

INTRODUCTION

1.1 Overview

This study is about the personal characteristics that affecting entrepreneurial intention among the Bumiputera and Non-Bumiputera entrepreneurs in Tawau. The concept of Bumiputera in Sabah is one of the parents is a muslim Malay or indigenous native of Sabah (Dusun, Kadazan, Kwijau, Bajau, Iranun, Murut, Orang Sungei, Sulu / Suluk, Bisaya, Rungus, Sino native, Kadaya, Tidong, Tambanuo, Idahan, Dumpas, Mangkaak, Minokok, Maragang, Paitan, Rumanau, Lotud, Keturunan Pulau Kokos) as stated in Article 160 (6) (a) Federal Constitution of Malaysia; thus his child is considered as a Bumiputera. That means the origin of Bumiputra is sons of the land. In the peninsular, Bumiputera is a Malaysian citizen includes Malay (includes Jawa, Bugis, Orang asli tribes). Otherwise, Chinese and Indian represent as non Bumiputera in this study.

This first chapter of the study presents the background of the study, describes its significance and specifies its research objectives and research question. This will be followed by a brief overview of the definition of key variables.

1.2 Problem Identification

Problem identification in this chapter is to identify the problems that will construct in problem statement. This study attempts to relate the personal characteristics with entrepreneurial intention among entrepreneurs in Tawau. This study also try to answer either occurs the different personal characteristics among Bumiputera and non Bumiputera in Tawau or conversely. In this research study, would test the significant personal characteristics to entrepreneurial intention. Gaps in the previous literature have been a great help to develop the foundation of this study. Nishantha (2009) suggested that there is a positive relationship between personal characteristics and entrepreneurial intention. Furthermore, Raman et al. (2008)

studied about the motivational factor that affecting entrepreneurial intention and they used the intention level as measurement to entrepreneurial intention.

However, the personal characteristics is taken from psychological factors as many studied by the previous researchers. Wagner and Ziltener (2008) suggested that entrepreneurship is always used the psychological profiles or traits. The personality trait approach used to explain key personality factors and their relationship to an entrepreneurship.

Therefore, this study also will focus on entrepreneurial intention and some distinctive advantages over comparison between Bumiputera and non Bumiputera. Davidsson, (1995) suggested that new starting a business is always minority phenomenon, and the factors that influence the intention can also manifest themselves in other (psychologically related) behavior, because entrepreneurship is a complex phenomenon that involves not only economic activity but also social mechanisms. Chuluunbaatar et al. (2011) also argued the intention to become an entrepreneur is a matter not only of one's individual personality but also of one's interaction with the social environment.

In this study also relates to many of previous literature that include the topic of entrepreneurial intention with surrounding topic which are start-up business, new venture creation, intention to become an entrepreneur and entrepreneurial thinking. However, this is argued by Henley, (2005) that has examined the entrepreneurial intention of representative samples of individuals and there has been virtually no analysis of the extent to which those intentions translate into actual business start-ups. This is because such an investigation requires the analysis of an appropriate longitudinal data source, which tracks the career intention of sampled individuals.

The personal characteristics divide into three types which are Locus of Control, Need for Achievement, and Risk Taking Propensity. Normally, there have other types of personal characteristics. Ertuna and Gurel (2009) have studied about the psychological characteristics and they reviewed these characteristics in

entrepreneurship that include propensity to take risk, locus of control, and tolerance of ambiguity, locus of control, self-confidence and innovativeness.

Sagiri and Appolloni (2009) suggested entrepreneurship intentions are profoundly associated with the measures of many factors like psychological, social, demographic, economic and cultural variables. Psychological factor is the best predictor of entrepreneurial intentions according to the entrepreneurship literature and the psychological factor the factors are the major behavioral factors, which helps in identifying the effect to become an entrepreneur.

The meaning of entrepreneurial intention in this study is an individual who already started their own business and entrepreneurial intention. In this study has preferred to the individual characteristics that lead them to become an entrepreneur. Entrepreneurship is concluded to individual drive that also toward entrepreneurial behavior. Furthermore, entrepreneurial psychology of multiple personality factors such as the propensity for risk taking, the need for achievement, the preference for innovation, and cognitive style. The various factors are normally distributed and that the varying strengths of the traits in an individual entrepreneur combine to affect that individual's behavior. It is gestalt of drives which combine to produce differences in entrepreneurial behavior (Carland, 1996; 2009)

According to Solymossy (1998) the meaning of entrepreneur and entrepreneurship are used in three different uni-dimensional construct included the entrepreneurial phenomenon, the entrepreneurial individual and the entrepreneurial organization. So, in this study focus on entrepreneurial individual because the field has been dominating by personal characteristics studies. In falls short of providing insight into what factors that affecting to become an entrepreneur among Bumiputera and what factors that intent to become an entrepreneur among non Bumiputera communities in Tawau.

Furthermore, this studies also focusing on differentiation of the entrepreneurial intention among Bumiputera and non Bumiputera entrepreneurs in Tawau. Syahira (2009) was studied about Malay entrepreneurship development and compared to Non Malay in Malaysia as guidance for comparison discussion in this study. Syahira (2009) also suggested that entrepreneurship is an embedded phenomenon that influenced by individual and environment factor. Meanwhile this study is focus on the individual characteristics. Individual factor is including attributes and characteristics and entrepreneur is a special type of individual who possesses certain attributes and characteristics as agreed by many scholars before (Syahira, 2009).

Besides, discussion about personal characteristics and entrepreneurial intention on this study also importance of the entrepreneurial sector, it has become one of the national agendas in many countries specifically in Sabah. The importance of entrepreneurship to the Malaysian economy is proven by the various supporting mechanisms and policies that exist for entrepreneurs, including funding, physical infrastructure and business advisory services. The establishment of the Ministry of Entrepreneur Development in 1995 clearly indicates the growing importance of the government role on the issue of entrepreneur development (Syahira, 2009; Shaiful et al., 2009).

There are several reasons why Tawau was selected for this study. First, Tawau is one of the few areas in Malaysia that has the Malay (Bumiputera) as the majority traders (Syahira, 2009). Second, Tawau communities have been on the entrepreneurship development supported by government policies through the Small Medium and Enterprises (SME's) project and others organization such as MARA and TEKUN.

1.3 Problem statement

Since personal characteristics have been provided the majority of the literature research is limited to factors occurring within the past years before. Some of studies also providing the personal characteristics that can be used as information and this was related with this topic about personal characteristics that affecting

entrepreneurial intention even though some of it was not very exactly. Justin (2004), in has explored about the personality characteristics and initiation to become an entrepreneur. Even though the objective from this previous study is similar but few topic issues of overall discussion in that previous study is not related in this discussion.

This study is important for another several reasons. First, previous studies have concentrated on personal characteristics such as need for achievement, locus of control, and risk taking propensity. The most common about the personal characteristics or personality traits that have been studied include a high need for achievement, internal locus of control and risk taking propensity (Brice, 2006).

Second, this study clearly differs from previous studies of personal characteristics and entrepreneurial intention. This study relates the personal characteristics with entrepreneurial intention. Some of the previous studies before are looked up the personal characteristics with social network focused on organization and firm randomly. However in this study also focused entrepreneurial traits that classified into individual aspects specially. Next, this study shows the relationship between three personal characteristics including need for achievement, risk taking and locus of control with entrepreneurial intention if compared with many previous study that discuss the personality traits with entrepreneurial intention based model such as Azjen's and Shapero's model of Intention. Social ties and network in the context which entrepreneurs must act affect entrepreneurial intentions.

The different of entrepreneurial intention and entrepreneurial behavior is only because of the small numbers of studies and entrepreneurial behavior is a creation of a new venture or the creation of a new value in existing firm was planned behavior by Ajzen (1991) that also explained about entrepreneurial intention (Ricaró et al. 2009; Aldrich, 1999). However this study only focused on entrepreneurial intention which is the meaning of ideas and intention of starting business.

Thirdly, this study contributes to more understanding about the factor that affecting of entrepreneurial intention which is important to the entrepreneurs in Tawau, even though this study just explores the two things about the identification personal characteristics among Bumiputera in Tawau and identification the personal characteristics of non Bumiputera to intent them make an intention of become an entrepreneur.

This study is important to some of entrepreneurs associations among members at Sabah especially in Tawau to identify the personal characteristics that intent members to choose entrepreneurship field as their choice and to becoming a successful entrepreneur. These members are from several areas of Tawau that covered area from Balung Apas to Kalabakan. These are included Tawau City, Kg Titingan, Kg Apas, Kuhara, and Merotai region of Tawau District.

According to Chong (2009), Entrepreneurship is a process that not occurs unexpectedly but is influenced by a variety of social factors as well as personal traits and characteristics. In this study with the framework model is to find the significant and relation between personal characteristics and entrepreneurial intention also the comparison of personal characteristics among Bumiputera and non Bumiputera entrepreneurs in Tawau to their entrepreneurial intentions.

1.4 Research Question

The research question for this study will be:

1. Do have relationship between locus of control, need for achievement, risk taking propensity of and the entrepreneurial intentions?
2. Do the three personal characteristics of locus of control, need for achievement, risk taking propensity and entrepreneurial intention are different between bumiputera and non bumiputera in Tawau.

1.5 Objective of Study

The objectives of this study are:

- 1) To determine the relationship between locus of control, need for achievement, risk taking propensity and entrepreneurial intention.

- 2) To examine whether the three personal characteristics of locus of control, need for achievement and risk taking propensity and entrepreneurial intention are different between Bumiputera and non Bumiputera entrepreneurs in Tawau.

1.6 Scope of Study

The scope of this is to investigate the personal characteristics among entrepreneurs in Tawau that supported by previous research. Many related previous study including the four main previous studies by Nishantha, (2009) with some amendment theoretical framework of this study, Gartner (1985) that use the same independent variable of three personal characteristics in this study and Krueger (2002), Krueger et al. (2000) showed the Azjen's Theory of Planned Behavior (1961) and Shapero Entrepreneurial Event Model (1975) to support this theory used in this research which is the Theory Driven that was basically extract out from these two major theory of intention model. These all previous research was helping this study to relate the objectives and the findings of this study.

Persons who are started-up their own business in Tawau was included in this study. This study also will focus on two groups of entrepreneur to examine the personal characteristics among Bumiputra and non Bumiputera. The entrepreneur was selected as respondent in this study because to get the feedback in term of their intention level and personal characteristics that leads them to become an entrepreneur. The lists of entrepreneurs as respondents were taken from *Persatuan Kontraktor Bumiputera Kelas F Daerah Tawau (PKKFDT)*, Chinese Chamber of Commerce Tawau, and *Dewan Perniagaan Bumiputera Sabah*. Besides, response from these associations also used for getting information about respondents details that include demographics data such as age, gender, ethnicity, marital status, involvement of business, types of business and age of business.

1.7 Significant of Study

Many of the previous studies have developed these issues about an entrepreneurial study that showed in theories and research approaches. Even though the entrepreneurial theories in Malaysia more preferred to western but it is