RELATIONSHIP BETWEEN ENTREPRENEURIAL BEHAVIOR DIMENSION AND ENTREPRENEURIAL INTENTION AMONGST FIRST YEAR STUDENTS IN UNIVERSITI MALAYSIA SABAH, KOTA KINABALU



# SCHOOL OF EDUCATION AND SOCIAL DEVELOPMENT UNIVERSITI MALAYSIA SABAH 2008

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Dissertation submitted in partial fulfillment of the requirements for the degree of Master of Education Management

PERPUSTAKAAN UNIVERSITI MALAYSIA SABAH

# SCHOOL OF EDUCATION AND SOCIAL DEVELOPMENT UNIVERSITI MALAYSIA SABAH

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#### UNIVERSITI MALAYSIA SABAH

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The materials in this thesis are original except for quotations, excerpts, summaries and references, which have been duly acknowledge.

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#### ABSTRAK

Hubungan Antara tingkah laku keusahawanan dan niat keusahawanan dalam kalangan Mahasiswa-Mahasiswi di Universiti Malaysia Sabah, Kota Kinabalu

Kajian ini bertujuan untuk menyelidik sama ada mahasiwa-mahasiswi Universiti Malaysia Sabah, Kota Kinabalu mempunyai dimensi tingkah laku keusahawanan yang dapat mempengaruhi niat keusahawanan. Fokus kajian ini adalah mahasiwa-mahasiswi tahun pertama yang diwajibkan untuk mengambil Kursus Asas Pembudayaan Keusahawanan(US7222). Sebanyak 201 borang soal selidik boleh digunapakai dalam kajian ini. Penemuan ini menunjukkan wujud hubungan positif antara dimensi keusahawanan tingkah laku (sikap,norma sosial dan efikasi Kendiri) dengan niat keusahawanan. Menariknya, kajian ini mendapati bahawa sikap merupakan dimensi terpenting mempengaruhi niat keusahawanan. Selain itu, ibu bapa yang bekerja sendiri mempunyai peranan dalam membentuk hubungan di antara tingkah laku keusahawanan dengan niat keusahawanan sebagai kerjaya. Adalah diharapkan pihak pengurusan universiti memberi perhatian dan menekankan dimensi tingkahlaku keusahawanan yang dikenal pasti iaitu sikap dan norma sosial untuk meningkatkan keinginan untuk memilih keusahawanan sebagai kerjaya



#### **ABSTRACT**

This study aims to find out entrepreneurial behavior dimensions that affect entrepreneurial intention amongst students in Universiti Malaysia Sabah, (UMS) Kota Kinabalu. A survey was conducted among first year students who are compulsory to take US7222 (Fundamental of Entrepreneurship) in Universiti Malaysia Sabah . A total of 201 usable questionnaires were collected for this study. The finding revealed that a significant positive relationship existing between entrepreneurial behavior dimensions and entrepreneurial intention amongst first years students in Kota Kinabalu. The finding confirms that entrepreneurial attitude and social norms have significant positive effect on entrepreneurial intention amongst first year UMS students in Kota Kinabalu. Interestingly, the finding discovers that attitude is the most important dimension as significant to determine entrepreneurial intention. This study also finds that the parents ever been employed has significant relationship between (attitude, social norms and self efficacy)and entrepreneurial intention. It is suggested that the university management need to pay more attentions and to emphasize on these significant underlying entrepreneurial behavior dimensions (attitude and social norms) in order to enhance entrepreneurial intention.



#### **CHAPTER 1**

#### INTRODUCTION

#### 1.1 Overview

The public and private sectors have always been the main suppliers of employment, particularly for graduates. However, graduates face difficulty to secure a job in any sectors. The limited employment in labour markets further increases the unemployment rates among young graduates. At national level, the Ministry of Human Resource Malaysia reported that the total unemployed graduates in year 2007 is 20,217 or unemployment rate is 5.4% which is higher than the national level. In order to reduce the rate of unemployment in Malaysia, the government is trying very hard to promote enterprise and creation of new ventures. (Cheng and Chan,2007)

It is well known that a career in entrepreneurship offers significant opportunities for individuals to achieve financial independence and benefit the economy by contributing to job creation, innovation and economic growth (Hytti,2005). Today's students are tomorrow's potential entrepreneurs, which may explain why government introduced Entrepreneurship Education and Training Program (EETP) in local universities. The introduction of Entrepreneurship Education in all public universities can be considered moving on the right track at the right time. Entrepreneurship education influences young people's aspirations toward entrepreneurship and affects the number of young people who choose to set up their own business (European News, 2006).

The Prime Minister of Malaysia, YAB Dato'Seri Abdullah Haji Ahmad Badawi in the Ninth Malaysia Plan (2006-2010) has pointed out that the development of Bumiputera Commercial and Community (BCIC) will focus on expediting the development of self reliant, sustainable and competitive Bumiputera entrepreneurs and the creation of strong Bumiputera Small and Medium Enterprises (RMK9, 2006-2010).

Furthermore, according to V.Sivapalan, (2007), it has been said that without entrepreneurs, there is no knowledge economy. Entrepreneurship is one of the key elements discussed in the Economy Master Plan released by Institute of Strategic and International Studies (ISIS). It shows that the Malaysian government has made great effort to transform into knowledge -based economy.

The Ministry of Entrepreneur and Co-operative Development (MECD) has allocated budget and organized conferences, seminars, short courses for graduates. The approach is much more practical compared to the theoretical Entrepreneurship Education. In fact, the Education Ministry is introducing entrepreneurship concept to nurture entrepreneurship in all ways amongst the primary and secondary school children. (Cheng and Chan, 2004), It is believed that the ideal stage to acquire basic knowledge about entrepreneurship and to foster a positive attitude towards entrepreneurship is during childhood and adolescence years (Filion, 1994; Gasse, 1985)

The importance of Entrepreneurship Education and Training Program (EETP) in all public universities seems to be getting more and more significant. The main objective of the program is to nurture and to expose the entrepreneurial culture among university students. Thus, it is interesting to study the entrepreneurial intentions in Universiti Malaysia Sabah amongst students who are currently being offered the program. This study will also be able to analyze the related issues and to make improvement of the program to meet students' interests and needs in entrepreneurship and the community as a whole.

#### 1.2 Problem Statement

The literature highlighted the rising unemployment amongst graduates even though they have walked out from their universities with varieties of qualifications. This phenomena is noted in Malaysia as pointed out by Deputy Human Resources Minister, Datuk Abdul Rahman Bakar, (2007) that currently 70% of public universities and institutions of higher learning graduates in the country are unemployed in 2007. (V.Sivapalan, 2007)

The importance of Entrepreneurship Education has been recognized in higher institution (Galloway et.al., 2006, Krueger et.al, 1988 and Moy, 2003) but literature review shows a lack of empirical evidence in higher institutions in the Malaysia context. Also, it is not sure that entrepreneurial behavior dimensions in higher institutions in foreign countries are the same as in the higher institutions in Malaysia.

In addition, US7222 (Fundamental of Entrepreneurship) that has just been introduced and implemented in Universiti Malaysia Sabah in 2007, is considered still new and there is a lack of empirical study to prove such claims. Hence, it is important to gain a better understanding of the undergraduates' entrepreneurial behavior and their perceptions of entrepreneurial intention

There are rising needs in measuring entrepreneurial intention amongst university students in Malaysia due to the rapid growth in entrepreneurship. Previously, entrepreneurship course is only taught in business school but nowadays, students in different stream of studies such as science, engineering, art, psychology and agriculture are also exposed to entrepreneurship knowledge. Furthermore, scientific and technological knowledge needs to be combined with other forms of expertise, such as knowledge of markets and customer needs to create innovative new products and services (Galloway and Brown, 2006). To this end, such intervention by universities themselves has resulted is the awareness of entrepreneurship. This is particularly important because today's young undergraduate students are tomorrow's potential

entrepreneurs. Therefore, it is the right time to understand the university students behavior dimensions towards entrepreneurial intention. This study incorporates non-science and science students in order to explore the entrepreneurial behavior dimensions of the Entrepreneurial Intention (EI) amongst the EETP participants.

#### 1.3 Research Objectives

In consideration of the importance of EETP on participants, Entrepreneurial Intention (EI) adapting Entrepreneurial Potential Model is used. The objectives of the research are as follows:

- i. To determine whether entrepreneurial attitudes, social norms, self efficacy and entrepreneurial intentions are interrelated.
- ii. To determine whether entrepreneurial attitudes, social norms and self efficacy influence entrepreneurial intentions.
- iii. To determine whether moderators (ethnic and parents ever been employed) significantly moderate the relationship between entrepreneurial attitudes, social norms and self efficacy with entrepreneurial intention.
  - iv. To determine whether there is a significant difference in entrepreneurial attitudes, social norms and self efficacy before and after completion of the entrepreneurial program

#### 1.4 Research Questions

The research questions underpinning this study are as follows:

- i. What are the entrepreneurial behaviour dimension (attitudes, social norms and self efficacy) that relate to entrepreneurial intention among EETP participants?
- ii. What are the entrepreneurial behaviour dimension (attitudes, social norms and self efficacy) that influence entrepreneurial intention among EETP participants?
- iii. What are the moderators (ethnic and parents-ever-been-employed) significantly moderates the relationship between (attitudes, social norms and self efficacy) and entrepreneurial intention?
- iv. Is there any significant difference in (attitudes, social norms and self efficacy) before and after completion of the entrepreneurial course?

#### 1.5 Research Hypotheses

Based on the preceding discussion, hypotheses were formulated in accordance with problem research and the objective of the research:

- H<sub>a</sub>1: There is a significant correlation between attitudes and entrepreneurial intention.
- H<sub>a</sub>2: There is a significant correlation between social norms and entrepreneurial intention.
- H<sub>a</sub>3: There is a significant correlation between self efficacy and entrepreneurial intention.
- H<sub>3</sub>4: There is a significant contribution of attitude towards entrepreneurial intention.
- H<sub>a</sub>5:There is a significant contribution of social norms towards entrepreneurial intention.

- H<sub>a</sub>6: There is a significant contribution of self efficacy towards entrepreneurial intention.
- H<sub>a</sub>7: Ethnic significantly moderates the relationship between entrepreneurial behavior dimensions with entrepreneurial intention
- H<sub>a</sub>8: Parents ever been employed significantly moderates the relationship between entrepreneurial behavior dimensions with entrepreneurial intention
- H<sub>a</sub>9: There is a significant difference in attitude before and after completion of the entrepreneurial program
- H<sub>a</sub>10 : There is a significant difference in social norms before and after completion of the entrepreneurial program
- H<sub>a</sub>11 : There is a significant difference in self efficacy before and after completion of the entrepreneurial program
- H<sub>a</sub>12: There is a significant difference in entrepreneurial intention before and after completion of the entrepreneurial program

#### 1.6 Significance of the study

In Malaysia, the young graduates in entrepreneurship as a career remain low. This is not particularly surprising as graduate students most often have no collateral or lack of industrial experience as well as personal alternative priorities. They rather choose to work in public and private sector. Therefore, in line with this issue, it is a golden opportunity to study EETPs towards the graduates' entrepreneurial intention. This study is also significant because it would impact on future improvement of EETPs towards the graduates' entrepreneurial intention. The result of this study will be useful in understanding the first year students' entrepreneur behaviour dimension. If certain behavior can be identified, appropriate training and development opportunities could be

provided in order to create long term entrepreneurial ideas amongst this group of people. Furthermore, this study can contribute to EETPs improvement and help to produce graduates with strong EI. With high EI intensity, they could survive and succeed in their business venture and benefit both the economy and society as a whole.

#### 1.7 Scope of the Study

This study limits its scope to first year students only for the simple reason that first year students are compulsory to take US7222 (Fundamentals Of Entrepreneurship) in Universiti Malaysia Sabah. By studying their entrepreneurial behavior and their entrepreneurial intention, perhaps the researcher could understand whether Entrepreneurship Education and Training Program (EETP) affects students' entrepreneurial intention. The entrepreneurial intention is measured based on Entrepreneurial Potential Model (Krueger, 2000). This theory assumes that human social behavior is reasoned, controlled or planned in the sense that it takes into account the likely consequences of the considered behavior (Ajzen and Fishbein, 2000).

#### 1.8 Limitation of Study

The scope of this study only focus on first year students in UMS, Kota Kinabalu but not those from Labuan. Therefore, the generalization of the study can just represented by the population in Kota Kinabalu and not the whole population of first year students in Sabah. On the other hand, influence of media television, radio and magazine and the maturity of the students will affect the result of the entrepreneurial intention that cannot be control through 14 weeks of undergoing the course.

#### 1.9 Key Concepts

For the purpose of this study, the following terms need to be further clarified to avoid confusion and on what it means in the context of this study.

#### 1.9.1 Attitudes

According to Ivancevich et.al., (2005), attitudes are determinants of behavior because they are linked with perception, personality, feelings and motivation. An attitude is a mental state of readiness learned and organized through experience, exerting a specific influence on a person's response to people, object and situations with which it is related. Each of us has attitudes on numerous topics such as family, friends, religion or education

#### 1.9.2 Social Norms

This factor includes perceptions of what important people or groups (peer pressure, friends' wishes, family wishes, etc.) think of the target behavior. These perceptions are influenced by normative beliefs and are of less relevance for individuals with a strong action orientation (Bagozzi et al., 1992).

#### 1.9.3 Self efficacy

This factor is an important aspect in this model as in Ajzen (1991). It relates to perceptions of the potential behaviour which is an essential predictor of the behavior. Individuals usually elect to work towards behavior they think will be able to control and master. Self efficacy is a key variable in determining if and how much effort the entrepreneur will extend on a business and how long that effort will be sustained in terms of cognitive and behavior persistence (Levander and Raccula, 2001). Kirby (2003)

has said perceived self efficacy refers to the strength of an individual's belief that he or she is capable of successfully performing the roles and tasks of the entrepreneur.

#### 1.9.4 Entrepreneurial Intention

Entrepreneurial intention refers to interest in creating new business (Katz and Gatner, 1988) or target behaviour of starting a new business venture (Krueger et.al., 2000). This study used definitions by Krueger et.al., (2000) based on Theory of Planned Behavior (Ajzen, 1991) and Theory of Entrepreneurial Event (Shapero and Sokol, 1982).

#### 1.10 Summary

This chapter started the discussion about the scarcity of employment in the public sector as well as in the private sector to meet the demand among university graduates. Since the Ministry of Higher Education has provided EETP for the students to equip themselves with skills and knowledge on entrepreneurial activities for self employment, it is opined that the best alternative for them to seek employment is to engage in entrepreneurship venture. This study is confined to first year students in UMS taking US7222 and the main objective is to examine the students' perceptions of entrepreneurship as a career. By knowing the students' perceptions, perhaps the relevant authorities would be able to formulate a better approach to help these young people to enter the business world. This chapter also discusses the definition of key terms in this study that are important for discussion in the remaining chapters.

#### **CHAPTER 2**

#### Literature Review

#### 2.1 Introduction

The key literature reviews focus on entrepreneurial intention and the factors that determine it, such as entrepreneurial attitude, social norms and self-efficacy. The key literature reviews lead to the determinants of the theoretical framework and justification of the key variables. Literature review is very important in the formulation of this research study which focuses on the entrepreneurial intentions of first year UMS students; whereby it helps to identify and connect this study with previously published research topics.

## 2.2 Entrepreneurship Education UNIVERSITI MALAYSIA SABAH

With the introduction of entrepreneurship courses at university levels, the recognition of the contribution of the small firm sector to economic entrepreneurship has gained increased interest among researchers especially in the academic world due to several reasons; namely, in economic development and job creation(Hynes, 1996).

Before we look at Entrepreneurship Education, it is better we understand "Who an entrepreneur is?". Defining what we mean by "entrepreneur" is a useful preliminary step in examining the phenomenon among UMS students. A general definition of an entrepreneur refers to anyone who starts a business. Different authors have different definitions. According to the guru of entrepreneurship, Schumpeter,(1911), he defined

entrepreneur is the individual who lies at the heart of the entrepreneurial process, that is, the manager who drives the whole process forward. The entrepreneur's role is to bring all these contingencies together to create changes in an innovative and dynamic way. According to Hamilton and Harper, (1994), "entrepreneur" refers to a person who bears certain risks in order to take advantage of an invention.

Based on the discussion presented above, a belief which is prevalent even in today's society is that there is no way to teach or train someone to become an entrepreneur as entrepreneurs are born to be entrepreneurs. Is it true? Many people would agree that an entrepreneur is someone who is awarded with a gifted quality, which depends on factors such as personal background and characteristics, life-path experiences and environmental influences, which are essentially not transferable from one to another. Hence, it is not possible to teach someone to become an entrepreneur. However, many studies that have been conducted recently have conversely showed that entrepreneurship education does play a significant role to cultivating entrepreneurship spirit among graduates.

Noel (1998), found that Entrepreneurship Education is strongly associated with entrepreneurial intention, with entrepreneurship majors expressing higher intentions to start their own business. Dyer (1994) and Wilson et.al, (2007) argued that entrepreneurship education can also increase students' interest in entrepreneurship as a career. Souitaris et al, (2007) found that entrepreneurship programs significantly raised students' social norms, attitudes towards entrepreneurship by inspiring them to choose entrepreneurial careers. In general the objectives of Entrepreneurship Education and Training Programme (EETP) are the development of entrepreneurial qualities in individuals as well as provision of entrepreneurial skills (Hytti et.al., 2005).

#### 2.3 Background of Fundamental of Entrepreneurship Course

In Malaysia, Fundamental of Entrepreneurship Course has been implemented in public universities in 2007. According to Puan Soraya, Coordinator of Fundamental Of Entrepreneurship Course, PPIB, UMS. It is compulsory for first year students (science and non science students) to take this course for one semester (14 weeks). This course consist of 4 modules. (Table 2.1). It is to provide students the entrepreneurship knowledge, comprising methods of recognizing self-potentials in implementing entrepreneurial activities, as well as the exposure to the basic management skills required for operating a business enterprise.

Table 2.1 : Course Implementation Strategy of Fundamental of Entrepreneurship (US7222)

Module	Title	Weeks
1	Encouraging the entrepreneurship culture	1-3
2	Opportunities and business proposal (Group Assignment)	4 – 8
3	Entrepreneurship practicum	9 – 12
	Report of entrepreneurship activities ALAYSIA	SABAH
	Report of entrepreneurship activities ALAYSIA  1. The practice of direct selling	SABAH
		SABAH
	1.The practice of direct selling	SABAH

(Source:Course Implementation Strategy of US7222, pg. 4)

Module 1 to Module 2, is mainly theoretical, starting from Week 1 to Week 8. Students are exposed to the entrepreneurship culture from Week 1 to week 3. Starting from week 4-week 8, students are required to do group assignment. Starting from Week 9 to Week 12, students would have undergone entrepreneurship practicum. Members of a group are