

THE ENTREPRENEURIAL FACTORS CONTRIBUTING TOWARDS INCREASING  
THE TENDENCY OF INSTITUTIONS OF HIGHER LEARNING (IHL) STUDENTS  
VENTURE INTO BUSINESS

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UNIVERSITI TEKNIKAL MALAYSIA MELAKA

2015

## APPROVAL

“I hereby declare that I have checked this project and in my opinion, this project is adequate in terms of scope and quality for the award of the degree of Bachelor of Technopreneurship (Honours)”

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## DECLARATION

“I hereby declare that the work of this exercise is mine except for the quotations and summaries that have been duly acknowledged.”

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Date : .....

## DEDICATION

I dedicated to my beloved mother and father (Sulong and Jusoh) who always pray for me. Then, to my best buddies (Sukri, Naema, Syaidah and Aisyah) and to my housemates whom had accompany me for the past 4 years of my university lifes. Thanks for your help and support.

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It gives me a great pleasure to express my greatest appreciation to all those people who had helped me along the project until writing this report. First and foremost, I was very grateful because always having a good health during this research study. Next, I also like to special thanks goes to my helpful supervisor, Miss. Johanna Binti Abdullah Jaafar. Without her help, this project would never been completed and also my panel, Dr. Mohd Syaiful Rizal Bin Abdul Hamid for the guidance given to me while completing this project.

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## ABSTRACT

Entrepreneurship has been instrumental in building a student tendency to learn about business and venture into business field. Hence, if the entrepreneur has ability to handle issues and transform it into business opportunity, they will definitely success in the future undertakings. This research purpose was to identify the significant relationship between the entrepreneurial factors that contributing towards increasing the tendency of Institutions of Higher Learning (IHL) students venture into business. Besides that, this research was to investigate the entrepreneurial factors that influencing the tendency of Institutions of Higher Learning (IHL) student's ventures into business. Lastly, to determine the most important entrepreneurial factors that contributing towards increasing the tendency of Institutions of Higher Learning (IHL) students venture into business. The independent variables in this research are psychological factors, individual background factors and entrepreneurship education factors. The dependent variable is the tendency of Institutions of Higher Learning (IHL) students venture into business. Thus, this research could assist researcher to identity the factors that contributing towards increasing the tendency of Institutions of Higher Learning (IHL) students venture into business. This research used quantitative method as a data collection and Statistical Package for Social Science (SPSS) as data analysis tools to analyze the collected data.

**Keywords:** *Entrepreneurial Factors, Psychological Factors, Individual Background Factors, Entrepreneurship Education Factors and Business among Students.*

## **ABSTRAK**

Keusahawanan telah memainkan peranan penting dalam membina kecenderungan pelajar untuk mempelajari serta meceburi bidang perniagaan. Oleh itu, jika usahawan yang mempunyai kemampuan untuk menangani isu-isu dan mengubahnya menjadi peluang perniagaan, mereka pasti akan berjaya dalam usaha masa hadapan. Kajian ini bertujuan untuk mengenal pasti hubungan yang signifikan antara faktor keusahawanan yang menyumbang ke arah peningkatan kecenderungan pelajar Institusi Pengajian Tinggi (IPT) menceburi bidang perniagaan. Selain itu, kajian ini bertujuan untuk mengkaji faktor-faktor keusahawanan yang mempengaruhi peningkatan kecenderungan pelajar Institusi Pengajian Tinggi (IPT) menceburi perniagaan. Akhir sekali, bertujuan untuk menentukan faktor-faktor keusahawanan yang paling penting yang menyumbang terhadap peningkatan kecenderungan pelajar Institusi Pengajian Tinggi (IPT) menceburi bidang perniagaan. Pembolehubah bebas dalam kajian ini adalah faktor psikologi, faktor latar belakang individu dan faktor pendidikan keusahawanan. Pembolehubah bersandar adalah kecenderungan pelajar Institusi Pengajian Tinggi (IPT) menceburi bidang perniagaan. Oleh itu, kajian ini boleh membantu penyelidik di dalam mengetahui faktor-faktor yang menyumbang ke arah peningkatan kecenderungan pelajar di Institusi Pengajian Tinggi (IPT) menceburi bidang perniagaan. Kajian ini menggunakan kaedah kuantitatif untuk pengumpulan data dan *Statistical Package for Social Science (SPSS)* sebagai alat yang digunakan untuk menganalisa data yang dihasilkan.

**Kata Kunci:** *Faktor Keusahawanan, Faktor Psikologi, Faktor Latar belakang Individu, Faktor Pendidikan Usahawan dan Perniagaan di Kalangan Pelajar.*



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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Background of the Study**

In achieving vision 2020, Malaysia government needs to be more competitive in all aspects that could contribute to the overall economic growth. In order to be competitive worldwide, the country needs to reduce their employment rate and encourage businesses which could create job opportunity among the nations. One area that has potential growth is the Small and Medium Enterprise (SME) industry. Therefore, the government has recently encouraged the young generations to become an entrepreneur. There were many schemes that have been introduced in terms of financing through collaboration with financial Institutions and Majlis Amanah Rakyat (MARA) in order to provide sufficient startup capital for the young entrepreneurs. In the budget of 2015 (things 105) also stated several initiatives have been planned to strengthen the Bumiputera entrepreneurship to create Bumiputera entrepreneurs.

According to the second initiative, the government is implementing the Entrepreneurs Start-Up Scheme (SUPERB) with an additional allocation of RM30 million. This program will also provide opportunities to entrepreneurs in Sabah and Sarawak to join. Provision is also to encourage the community to become more involved in the business, especially the youth. In addition, role of mass media in cultivating and stimulating the entrepreneurship spirit among the nation through TV entrepreneur slot that always show the success of entrepreneurs. Slots on entrepreneurship as a young entrepreneur, online entrepreneurs, SMEs entrepreneurs and so on can influence a student tendency to become entrepreneurs. In fact, from the slot they obtain a business tips that can be practiced. Entrepreneurship has been studied in which everybody contributes towards the improvement when stimulating the economy and people's lives. An entrepreneur may realize the exploitation of resources and a change in thinking more creatively to get their products and services. Entrepreneurial action is able to create, develop and change through business interests, help to oriented-value, risk-taking and creativity (Kapu, 2001).

Nowadays, most people intend to choose entrepreneurship as a career. According Drucker (1985) and Garcí'a-Morales *et al.* (2006), entrepreneurship has been instrumental in building a student tendency to learn about business and begin the transformation of their business. In globalization era, entrepreneur needs to be well equipped with the recent technologies in order to succeed in their business venture. If they could explore their creativity in order to create an innovative products or services, it would become an advantage for them to venture into business and become highly competitive. On the other hand, innovation could lead to creation of competitive advantage in products or services that could be offered to customers. Moreover, nowadays customers are looking for something different that have value added features in product or services that they obtain from the market.

According to Drucker (1985), entrepreneur is able to find the positive or negative opportunity to the business. However, in business venture, entrepreneur might face certain risk that could limit their business growth such as political issues that may arise in such country. For instance, the effect of minimum wages that has been announced by the government which take effect from 1<sup>st</sup> January 2013. In this case, entrepreneur needs to be more creative in managing their human resources so that the salary paid will be align with productivity. Hence, if the entrepreneur has ability to handle issues and transform it into business opportunity, they will definitely success in the future undertakings.

Besides that, most individuals interested into entrepreneurship which involved in various types of business that could contribute to self-satisfaction. Students are also involved in activities that relate with business while some of them choose business as their future career. According to Tolbert (1974), career choices and mind about the work environment has actually occurred from childhood, then adolescence and early adulthood. By Liles (1974), public can set up a business at age 25 to 44 years old , so it is important if attention is given to the students younger than 25 years old whom have desire to start a business in their future. Thus, it is vital for us to analyze factors that influence their tendency towards business minded.

This research is to study the three main entrepreneurial factors that consist of psychological, individual background and entrepreneurial education that contribute towards increasing the tendency Institutions of Higher Learning (IHL) students venture into business.

## 1.2 Problem Statement

The involvement of individual into business and become a successful entrepreneur is not seen as a career like medical, engineers and others that have a status at society view (Rohaizat, 2002). However, the tendency of younger generation in the field of entrepreneurship is increasing. This is because the problem of rising in unemployment issues caused by various factors. Unemployed means an eligible age to work but did not get the job because of factors such as qualification, wages and the environment (Sloman, 1999). If the unemployment rate is under 4%, that means this country has achieved full employment (Ishak *et al.* 2011)

Furthermore, the opportunities to get employed are difficult, especially in the private sector because they limit in hiring of employee. This can cause higher of the unemployed Bumiputera as compared to non-Bumiputera because they inherit and continue to own business operations by their family (Halima, 2001). Therefore, recently most of the students, especially graduates tend to venture into business in order to overcome these problems.

In fact, it can cultivate an interest in entrepreneurship and able to change the mind of students to become employers without working under other organizations (Buang, 2008). Besides that, they found working with wage earner does not guarantee a more comfortable life and cannot become rich. Self-employment can give them good profit and able to stabilize good future.

Thus, the involvement of students into business today can be seen from various factors that contribute to their increasing tendency towards entrepreneurship. However, the most important factor that must be study is to identify the reasons that encourage Institutions of Higher Learning (IHL) students venture into business.

### 1.3 Research Questions

The research questions in this research develop by background of the study and problem statement above. Research questions identified are:

- i. What are the relationships between entrepreneurial factors (psychological, individual background and entrepreneurial education) with the increase in tendency of Institutions of Higher Learning (IHL) students venture into business?
- ii. How the entrepreneurial factors (psychological, individual background and entrepreneurial education) influencing the increase in tendency of Institutions of Higher Learning (IHL) students venture into business?
- iii. What are the most important entrepreneurial factors (psychological, individual background and entrepreneurial education) that contributing towards increasing the tendency of Institutions of Higher Learning (IHL) students venture into business?

#### **1.4 Research Objectives**

Based on the goal of the study, several research objectives designed to achieve these goals, the study has three objectives identified in the answer. Three objectives were:

- i. To identify the relationship between entrepreneurial factors (psychological, individual background and entrepreneurial education) with the increase in tendency of Institutions of Higher Learning (IHL) students venture into business.
- ii. To investigate the influence of those entrepreneurial factors (psychological, individual background and entrepreneurial education) towards increasing the tendency of Institutions of Higher Learning (IHL) students venture into business.
- iii. To determine the most important entrepreneurial factors (psychological, individual background and entrepreneurial education) that contributing towards increasing the tendency of Institutions of Higher Learning (IHL) students venture into business.

## 1.5 Scope of Study and Limitation

The scope of this research is to investigate the entrepreneurial factors that contribute towards increasing the tendency of Institutions of Higher Learning (IHL) students venture into business in Public Institutions of Higher Learning (PIHL) and Private Institutions of Higher Learning (PIHL) around Malaysia. There are several entrepreneurial factors such as psychological, individual background and entrepreneurial education factors that can contribute towards the increasing the tendency of Institutions of Higher Learning (IHL) students venture into business.

However, to achieve the goals and the objective of this research, the scope of the research is narrowed to investigate the several variables that influence the tendency of Institutions of Higher Learning (IHL) students venture into business. Besides, in this research also aimed to determine the most important factors that contribute towards increasing the tendency of Institutions of Higher Learning (IHL) students venture into business.

Limitations of the research are it is difficult to get the target respondent as required within the given-timeframe and cooperation level of the respondents that might refuse to respond due to highly confidential data.

## **1.6 Significant of the Research**

The research is hoped to give an overview about entrepreneurship factors that contribute towards increasing the tendency of Institutions of Higher Learning (IHL) students venture into business. This research also can help student to acquire more detailed information to become entrepreneur. Therefore, in this research, also know about factor that effective impact that contributing towards increasing the tendency of students into business. Even, through the factors that review can expect to increase the number of students in the exercise of entrepreneurial activities that can provide mutual benefits, especially to themselves, their families, the community, the university and the state. Additionally, from the factors studied to create a network of business relationships between Institutions of Higher Learning (IHL) students in Malaysia because they can communicate with each other and work together apart from exchanging ideas and opinions relating with businesses and other things. Furthermore, this study can serve as a guide for other graduates to follow in the footsteps of graduates who have been successful in the field of business and can make entrepreneurship as a career.