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'I / We\* hereby declare that I / We\* have read this thesis and in my / our\*

Opinion this thesis is sufficient

In terms of scope and quality for the award of the Degree of Technopreneurship'

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**FACTORS INFLUENCING OF UNDERGRADUATES RESPONSE TO  
ENTREPRENEURIAL INTENTION IN FACULTY TECHNOLOGY  
MANAGEMENT AND TECHNOPRENEURSHIP (FPTT), UTeM**

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**A project report submitted in fulfillment of the requirement for the award of  
Bachelor Technopreneurship**

**Faculty of Technology Management & Technopreneurship  
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## DECLARATION

'I declare that thesis entitle Factors Influencing of Undergraduates Response to Entrepreneurial Intention in Faculty Technology Management and Technopreneurship (FPTT), UTeM' is the result of my own research except as cited in the references'

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Date : .....

## **DEDICATION**

I would like to dedicate my dissertation work to my supervisor, Assoc. Professor Ahmad Rozelan bin Yunus who has provided me advices and led me to the right path in the process of this study and my family, friends, and relatives for giving their unlimited support, help, encouragement and motivation throughout the completion of this research project.

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Furthermore, I am also appreciating all the respondents who spend their precious time and patience in helping me to fill up the questionnaire. I would be impossible to complete my final year project without their honest contribution. Therefore, I truly appreciated the efforts of my respondents who are kindly and patiently provide me with useful information.

Finally, I would like to thank to my family and friends who are supporting me throughout my studies at Universiti Teknikal Malaysia Melaka (UTeM). Once again, I am thankful to all the people who have provide me with assistance in completing my Final Year Project.

## ABSTRACT

Student's entrepreneurial intention may be affected by different factors. Entrepreneurial intention is found to determine student's willingness to engage into entrepreneurial behavior in future. The main objective for this study is to understand how attitude toward the behavior, subjective norm and perceived behavioral control, and personality traits affect entrepreneurial intention of final year's undergraduates of Faculty of Technology Management and Technopreneurship (FPTT). The primary data of this study was gathered by distributing 132 survey questionnaires to respondents at Universiti Teknikal Malaysia Melaka (UTeM). The Cronbach's Alpha Reliability test which can ensure high reliability result was conducted on totally variable. Pearson Correlation Coefficient and Simple Linear Regression Analysis were conducted in this study to observe independent variables (attitude toward the behavior, subjective norm and perceived behavioral control, and personality traits). All the variables have significant relationship with entrepreneurial intention. Descriptive analysis is used to measure on personal details (gender, age group, course, family owned business and type of family owned business) of respondents. The discussion of the findings, implications of study, limitations and recommendations for future research are discussed in the end of the study.

Keyword: attitude toward the behavior, subjective norm and perceived behavioral control, and personality traits, entrepreneurial intention.

## ABSTRAK

*Niat keusahawanan pelajar mungkin terjejas oleh faktor-faktor yang berbeza. Niat keusahawanan didapati menentukan kesediaan pelajar untuk melibatkan diri dalam tingkah laku keusahawanan pada masa akan datang. Objektif utama kajian ini adalah untuk memahami bagaimana sikap terhadap tingkah laku, norma subjektif dan kawalan tingkah laku dilihat, dan ciri-ciri personaliti mempengaruhi kecenderungan keusahawanan mahasiswa tahun akhir mengenai Fakulti Pengurusan Teknologi dan Teknokeusahawanan (FPTT). Data utama kajian ini dikumpulkan dengan mengedarkan 132 borang soal selidik kepada responden kajian di Universiti Teknikal Malaysia Melaka (UTeM). Cronbach Alpha yang Kebolehpercayaan ujian yang boleh memastikan hasil kebolehpercayaan yang tinggi telah dijalankan ke atas benar-benar berubah. Pekali Korelasi Pearson dan Regresi Linear Mudah Analisis telah dijalankan dalam kajian ini untuk melihat pemboleh ubah bebas (sikap terhadap tingkah laku, norma subjektif dan kawalan tingkah laku dilihat dan personaliti). Semua pembolehubah mempunyai hubungan yang signifikan dengan niat keusahawanan. Analisis deskriptif digunakan untuk mengukur pada butir-butir peribadi (jantina, kumpulan umur, kursus, perniagaan milik keluarga dan jenis perniagaan milik keluarga) daripada responden. Perbincangan hasil kajian, implikasi kajian, batasan dan cadangan untuk kajian masa hadapan dibincangkan di akhir kajian.*

*Kata kunci: Sikap terhadap tingkah laku, norma subjektif dan kawalan tingkah laku dilihat, dan ciri-ciri keperibadian, niat keusahawanan.*

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## LIST OF ABBREVIATIONS

UTeM	Universiti Teknikal Malaysia Melaka
TRA	Theory of Reasoned Action
TPB	Theory of Planned Behavior
SEE	Shapero's Entrepreneurial Event model
FPTT	Faculty of Technology Management and Technopreneurship
SPSS	Statistical Package for Social Science
SSM	Suruhanjaya Syarikat Malaysia
SD	Strongly Disagree
D	Disagree
N	Neutral
A	Agree
SA	Strongly Agree
ATB	Attitude toward The Behavior
SN	Subjective Norm
PBC	Perceived Behavioral Control
PT	Personality Traits
IV	Independent Variable
DV	Dependent Variable
R	Pearson Correlation
N	Number of respondent

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## **Chapter 1**

### **Introduction**

#### **1.0 Background of the study**

According to Abdullah Azhar, Annum Javaid, Mohsin Rehman & Asma Hyder(2010) entrepreneurship has becoming crucial to every country ever since the age of globalization because the growth of entrepreneurial activities will help in creating jobs for the society, reducing the unemployment rate. Nafukho and Helen Muyia (2010) proved that entrepreneurship is vital in creating and fulfilling a healthy economy. This is supported by Dickson, Solomon and Mark Weaver (2008) where growth of entrepreneurship is significant to a country's economy.

In order to contribute to an improvement of entrepreneurial intention among undergraduates in the campus, this proposal explores the factors influence of behavior on their entrepreneurial intentions. The data were collected with a questionnaire among the undergraduates of the Faculty of Technology Management and Technopreneurship (FPTT), Universiti Teknikal Malaysia Melaka (UTeM) among final year students.

The proposal study is to explore the entrepreneurial intention among undergraduates in higher learning institution. This chapter consists of background of the study, problem statement, research objective, research questions, significance of this study, and chapter summary.

## 1.1 Problem Statement

According to Department of Statistics Malaysia, In September 2014, the unemployment rate steady at 2.7 per cent, that is remained unchanged from the previous month. Year on year comparison showed a lower unemployment rate of 0.4 percentage point as in September 2013 marked at 3.1 per cent. Meanwhile, the seasonally adjusted unemployment rate was estimated at 2.7 per cent, which also remained unchanged as compared to the percentage of the previous month. Based on the statistic, the researcher has identified the problem, namely the reduction of the rate of unemployed to the initiative to prospective graduates for growing interest towards self-employment and get to know level of tendency of entrepreneurial intention.

## 1.2 Research Questions

1. What is the relationship of attitude of undergraduates to develop entrepreneurial intentions?
2. What is the relationship of subjective norm of undergraduates to develop entrepreneurial intentions?
3. What is the relationship of perceived behavioral control of undergraduates to develop entrepreneurial intentions?
4. What is the relationship of personality traits of undergraduates to develop entrepreneurial intentions?



### **1.3 Research Objective**

1. To identify the relationship of attitude of undergraduates to develop entrepreneurial intentions.
2. To identify the relationship of subjective norm of undergraduates to develop entrepreneurial intentions.
3. To identify the relationship of perceived behavioral control of undergraduates to develop entrepreneurial intentions.
4. To identify relationship of personality traits of undergraduates to develop entrepreneurial intentions.

### **1.4 Significance of Study**

Unfortunately, being self-employed is not the main career option amongst them (Rajendran, 2011). Contribution of young Malaysians to entrepreneurship would stimulate the economic growth of country and it could help Malaysia to become a developed country by year 2020. The youth are those who can help the nation to move towards more advanced and prosperous economy.

#### **1.4.1 Industry**

Family background can affect an individual's intention to be an entrepreneur (Kolvereid, 1996a). Parents who have been doing business indirectly train individuals regarding the knowledge of the business. At the same time expose and experience of the individual. As conclusion, with entrepreneurial experience is open public employment by venturing into business. It also managed to reduce the unemployment rate.

### **1.4.2 Policy Maker Implementation**

By having a good understanding on factors affecting entrepreneurial intention among students, all the plans that provided by government to them will be fully utilized. Practical information will be provided when investigating in depth into the entrepreneurial intention as policy makers can make better and informed decisions in designing the entrepreneurial course structure which helps in increasing the student's participation in business in future (Ooi, 2008).

### **1.5 Chapter Summary**

As a conclusion, chapter one is the introduction and foundation of a brief overview in the research. Therefore, this chapter will provide directions, insight and scope of the study in the following chapters. To have a better understanding about the concept of factors affecting entrepreneurial intentions, a review of literature and a testing of proposed theoretical framework is conducted, in which will be explained in the following chapters of this research.

## **Chapter 2**

### **Literature Review**

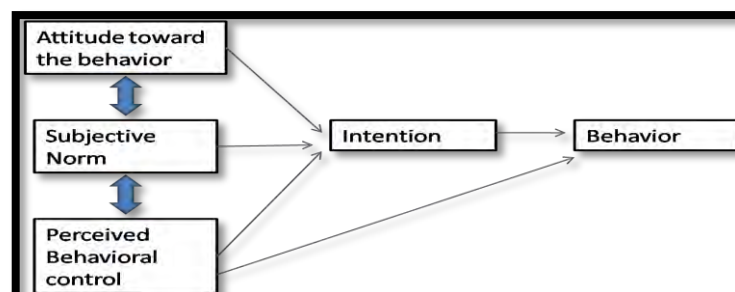
#### **2.0 Theory of Planned Behavior (TPB)**

Theory of Planned Behavior (TPB) is derived from Theory of Reasoned Action (TRA) by Fishbein and Ajzen (1975). Ajzen and Fishbein (1980) to forecast and illuminate human behavior in a specific context, it would allow prediction of behaviors that were not under complete voluntary control. TRA could predict behaviors but the mere information of intention was inadequate to predict behavior. Hence, perceived behavioral control is included (Ajzen & Fishbein, 2000) and it is formed by control a belief that gives rise to the perceived ease or difficulty in performing the behavior. It indicates that people are expected to transform their intention into action, provided there is an adequate degree of actual control over the behavior. Thus, intention is assumed to be the direct antecedent of behavior, guiding the behavior in a controlled manner (Ajzen, 1991).

Shapero's Entrepreneurial Event model (SEE) by Shapero and Sokol (1982) as cited in Athanasios Hadjimanolis and Panikkos Poutziouris (2011) considered solid formation due to the interaction among contextual factors, which would influence on the individual's perceptions. In the SEE, entrepreneurial intention derives from perceived desirability (the attractiveness for a person to start-up own business), perceived feasibility (the extent to which individuals feel that they are capable to start own business) and form a propensity to act if there are opportunities (Krueger, Reilly & Carsrud, 2000). It assumed that inertia in human behavior is changed by a negative or positive external event, the "trigger event" that changes an individual's situation or future plans (example: choice of future employment).

Armitage and Conner (2001) used TPB because of its detailed and consistent theoretical specification. Krueger et al. (2000) recommended that TPB presents a significant opportunity towards better understanding and prediction of entrepreneurial actions; the empirical data have shown that TPB is a useful model since the whole model was significant.

Past research confirmed the legitimacy of using TPB in explaining entrepreneurial intention across various cultures. It can be concluded that the more favorable the attitude and subjective norm, and the greater the perceived behavioral control, the stronger the person's intention toward entrepreneurship (Scholten et al., 2004). Due to the strong support, TPB is adopted in this study.



Source: Ajzen, I. (1991). Theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50, 179–211

Figure 2.1: Model of Theory of Planned Behavior

## **Confirmation Testing**

Researchers conducted a test on this model to determine whether it is consistent with Ajzen's result. This is because the model was developed in 19th century and researchers conducted the research in 21st century. Researchers would like to investigate the significant of this model in different time frame.

## **2.1 Review of the Literature**

### **2.1.1 Entrepreneur**

Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence. Hisrich and Peters (2002, p.10). Researchers recognize that their definitions of entrepreneurship, they often contain similar elements, such opportunity recognition, newness, organizing, creating and risk taking.

An economist defines an entrepreneur as the one who makes the combination of resources to make them valuable. While to a psychologist, entrepreneur is typically driven by certain forces such as needs to obtain or attain something, to experiment and to accomplish targeted goal. To businessmen, an entrepreneur may be a threat, an aggressive competitor but may also be an ally, a source of supply, a customer, or someone who creates wealth for others as well as finds better ways to utilize resources, reduce waste, and provide jobs to others (Hisrich, Peters & Shepherd, 2005). There some people believed entrepreneurs are born, not made. However, according to Barringger & Ireland (2010) this myth is busted since many studies done in the past have reached a consensus where entrepreneurs can be made and are not genetically.

### **2.1.2 Entrepreneurial Intention**

Individuals would like to be self-employed as they perceive that entrepreneurship is a suitable career path for them (Davidsson, 1995) and is a way for them to accomplish their personal goals, pursue own ideas and realize financial rewards (Barringer & Ireland, 2010: 31).

Ajzen (1991:439) define that intention is the immediate antecedent of behavior. He claimed that behavior is not performed mindlessly but follows reasonably and consistently from the behavior-relevant information and behavior reinforced by rewarding events and weakened by punishing events. Other than that, other scholar agrees that Entrepreneurial intention defined as willingness of individuals to perform entrepreneurial behavior, to engage in entrepreneurial action, to be self-employed, or to establish new business (Dell, 2008, Dhose & Walter, 2010). An individual may have potential to be entrepreneur but not make any transition into entrepreneurship unless they have such intentions (Mohammad Ismail et al., 2009).

The researcher suggest that entrepreneurial intention helps in explaining the reasons on why certain individuals tend to start own business before opportunity scan or deciding type of business to involve in and giving chance to the undergraduates to understand what factors drive them to make their decisions to pursue entrepreneurial career and how the venture becomes reality.

### **2.1.3 Attitude toward the Behavior**

According to Ajzen and Fishbein (2000:216), an attitude refers to individual's general feeling of favorableness or unfavorableness toward various stimulus objects. Trevelyan (2009), Sagiri and Appolloni (2009) also indicated that behavior of a person is solely depends upon individual's beliefs and attitudes, and those beliefs and attitudes play a very important role in determining individual's action.

Individual's perceptions on ability to perform specific tasks increase the likelihood of attitude converting into intention and subsequent behavior (Ajzen, 1991). Ajzen (1991) referred attitude toward the behavior as the extent to which a person has a positive or negative valuation towards the behavior; while Li (2007) defined it as the individual's attractiveness towards being self-employed in the present study. Xavier et al. (2009) referred it as the extent to which people perceived that there are good opportunities for them to start-up a business, or the degree on their attachment towards high status of entrepreneurs. Individuals who get to know their referents have started a business be more likely to see it as legitimate.

Leong (2008) conducted the similar research in Open University Malaysia and showed that the more students value the entrepreneurial career path, the stronger their intentions to be entrepreneur. Krueger et al. (2000) tested the attitude-intentions of students, finding a significant influence of the attitude toward the behavior on intention.

While the result obtained from undergraduates by Frazier and Niehm (2006) emphasize that positive attitude toward self-employed and the confidence of the ability to create a new venture successfully appear to predict stronger levels of entrepreneurial intention. According to Byabashaija and Katono (2011), the result strongly evidenced the students who are exposed to entrepreneurship education, their entrepreneurial attitude and entrepreneurial intention will change accordingly. This is because entrepreneurship education can help to build confidence and promote self-efficacy of students.

Dell (2008) mentioned that desirability to be entrepreneur is the measure of individual's attitude toward entrepreneurship. He suggested that attitude can be developed and strengthened through information cues from previous experience and role model. External information cues (availability of resources) and internal (individual's perception on their capability and task-specific knowledge) can enhance entrepreneurial self-efficacy and in turns, strengthen their attitude toward entrepreneurship.

The researcher insists that training and skill development programs are important in fostering personal capabilities and interests among students to have positive attitudes towards entrepreneurship. Past results concurred that attitude toward the behavior is an important variable when investigating entrepreneurial intention.

Based on the literature review, the following hypothesis is formed:

**H<sub>1</sub>:** There is no significant relationship between attitude toward the behavior and entrepreneurial intention.

#### **2.1.4 Subjective Norm**

Subjective norm also defined as social norm refers to the perceived social pressure to perform or not to perform a desired behavior (Ajzen, 1991). Pressure from family, friends and society affect one's behavior to be an entrepreneur.

Krueger et al. (2000) found that subjective norm have a significant relationship between attitude toward the behavior and perceived behavioral control. However, Kolvereid (1996a) argues that subjective norm has a direct significant relationship with self-employed intention by testing on first-year undergraduate Norwegian business students.

Kolvereid replicate his study in 1999 with Tkachev by testing on a sample of Russian university students from different courses and subjective norm found to be positively correlated with self-employed intentions (Kolvereid & Tkachev, 1999). Kolvereid and Isaksen (2006) tested subjective norm on a Norwegian business founders and subjective norm was found to be significantly associated with self-employed intention (Kolvereid & Isaksen, 2006).

A comparison was done by the scholar between East Asian and Anglo-Saxon Countries and found that individualist culture will be less likely to be affected by subjective norm compared to collectivist culture (Begley and Tan 2001).