

STUDENT DECLARATION

I declare that this project paper entitled “**The Impact of Internal and External Factors on Student Entrepreneurial Intention**” is the result of my own research except as cited in the references. The project paper has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

Signature :

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SUPERVISOR DECLARATION

‘I hereby declare that have read this thesis and in our research is sufficient in terms of scope and quality. This project paper is submitted to University Technical Malaysia Malacca as a requirement for completion and reward Bachelor degree of technology management (technopreneurship)’

Signature :

Name :

Date :

Signature :

Name :

Date :

DEDICATION

To my family support, I finished my final year project (PSM) especially for my beloved father and mother.

ACKNOWLEDGEMENT

First, thanked a lot to god for giving me the strength, knowledge and ability to a complete the Bachelor Degree Project (PSM). I sincerely appreciate and thank the help, teaching, support and contribution from our supervisor DR. NORHIDAYAH BINTI MOHAMAD. This research brought forward as a tool in completing our studies to graduate in Bachelor of Technopreneurship at University Technical Malaysia Malacca (UTeM).

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ABSTRACT

Recognizing the importance of entrepreneur's contribution to the economic growth of a country, the government took drastic efforts actions to intensify its efforts to promote and develop entrepreneurship among the public, especially young generation. As a result, the number of entrepreneurs who start businesses at a younger age in Malaysia is increasing. In fact, there were also among those who have a higher education qualification. However, press reports around 2016 show the increase number of unemployment graduate. Here a question arises, whether the graduates would not be interested to have business venture and expect to be smart workers? Therefore, the purpose of this study is to identify the reason student involve in doing business. Data for this study were collected using a questionnaire. The study sample consisted of 278 students randomly selected from 960 students in Faculty of Technology Management and Technopreneurship (FPTT), University Technical Malaysia Melaka (UTeM). Data were analyzed using multiple regression analysis by SPSS. The result shows family background is main factor that contribute students interest doing in business.

ABSTRAK

Menyedari hakikat pentingnya sumbangan usahawan ke atas pertumbuhan ekonomi sesebuah negara kerajaan telah mengambil langkah drastik untuk memperhebatkan usaha mempromosikan dan membudayakan keusahawanan di kalangan masyarakat terutamanya golongan muda. Ekoran daripada itu, bilangan usahawan yang memulakan perniagaan pada usia yang lebih muda di Malaysia semakin meningkat. Malahan, ada juga di kalangan mereka ini yang memiliki kelayakan pendidikan yang lebih tinggi. Meskipun begitu, laporan akhbar di sekitar tahun 2016 menunjukkan bilangan pengangguran di kalangan graduan adalah tinggi. Timbul satu persoalan disini, adakah para graduan tersebut tidak langsung berminat untuk menceburi bidang perniagaan dan mengharapkan kerja makan gaji semata-mata? Sehubungan dengan itu, bagi mengenalpasti mekanisme sesuai untuk menarik minat pelajar untuk bekerja sendiri. Kajian ini cuba menilai kesan faktor dalaman dan faktor luaran yang mempengaruhi pelajar dalam perniagaan. Data untuk kajian ini dikumpulkan menggunakan boring soal selidik. Sample kajian yang terdiri daripada 278 orang pelajar dipilih secara rawak daripada 960 orang pelajar di Fakulti Pengurusan Teknologi dan Teknousahawanan (FPTT), Universiti Teknikal Malaysia Melaka (UTeM). Data yang diperoleh dianalisis menggunakan analisis regresi berganda dengan SPSS. Keputusan keseluruhan menunjukkan latar belakang keluarga adalah faktor utama yang menyumbang minat pelajar dalam perniagaan.

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Business is trying to distribute and change the goods or services from the producer to the end-user. A business bartering was done with the approval for producers and consumers to help to the parties involved. According to Gabriel (1995) is an activity of the business of buying and selling goods or services for purpose of gain. Then, Book et al., (1999) argue that business is the exchange of money for good or services for profit.

Based on National Development Council (2006), to cultivate entrepreneurship among students at the university level, amount of courses that related to entrepreneurship has been offered but it's still not successful. Therefore, to ensure the government is successful, the entrepreneurial culture among student must be actively pursued in order to succeed in changing the minds of students of higher education institutions (IPT). According to Azzyati (2015) as evidence of the seriousness of the

Government in this regard, as much as RM20 million has been allocated to developing of entrepreneurship in the Youth Development Program.

According to Perbadanan Usahawan Nasional Berhad (PUNB) has given PROSPER Young Entrepreneurs Scheme offers funding of between RM5 million to RM100 thousand to start your business. This scheme is suitable for young natives that are interest in entrepreneurship to start a business. Among the facilities offered are Shari'ah-based financing products, loan amount, repayment period up to 7 years, Assistance Monitoring & Corporate Development, Entrepreneurship Development Training. In addition to financing, PUNB also provided training for entrepreneurs to get financing Perbadanan Usahawan Nasional Berhad (PUNB) to enhance entrepreneurial skills and develop their business. Some of this training program is also open to those who wish to take part.

Entrepreneurship programs offered at the university are to ensure that students were involved in the business. Among the programs conducted by universities such as Pusat Pembangunan dan Keusahawanan, PPK UTeM is Agrosis Program, Entrepreneurs Journey 1,2,3 and GraduanBay Program. The entrepreneurship program exposes students about ways to venture into the business world, business interests, and business features that can done by students at the university. The focus on this research is confined to a few universities offer entrepreneurship programmer like Universiti Teknikal Malaysia Melaka (UTeM).

Nowadays, to be a success entrepreneur in business many factors can be influence like internal factors and external factors. Refer to (Hayton et al., 2002; Morrison, 2000) among various socio-cultural characteristics, the earlier experience, education and religion of entrepreneurs have been highlighted as key factors that influence entrepreneurs' cultural values and thus the level of entrepreneurship. In addition, the entrepreneur's earlier related work experience before opening a new

venture is an important factor that influences how the entrepreneur handles the start-up and the growth of the business (Hatch and Dyer, 2004).

According to Badrul (1995), many of the successful entrepreneurs are that they have a complete knowledge and education about the management aspects of the business. In Malaysia, the government, through its agencies the Kementerian Pembangunan Usahawan (KPU), Jabatan Pertanian Negeri, Unit Perancangan Ekonomi Negeri (UPEN) dan Kementerian Pembangunan Luar Bandar has been instrumental in the of Bumiputera entrepreneurs.

In conclusion, entrepreneurship is very important to provide opportunities and exposure for young people involved in the business to expose them to the economic conditions of business before starting a business. Internal and external factors are important to influence people to become a successful entrepreneur in international business goals.

1.2 PROBLEM STATEMENT

Based on statistic Malaysia unemployment rate 1998-2016, unemployment rate for Malaysia was at 3.5 percent in March of 2016 from 3.4 percent in the previous three months. It is showing the highest jobless rate since June 2010 as there were 509.5 thousand people unemployed, up from 506.4 thousand people in February. The number of employed persons were 14,200.7 thousand, compared to 14,196.9 persons in a month earlier. Total to labour force rose to 14,710.1 thousand from 14,703.3 thousand in February. Unemployment Rate in Malaysia averaged 3.26 percent from 1998 until 2016, reaching an all time high of 4.50 percent in March of 1999 and a record low of 2.70 percent in August of 2012. So, unemployment Rate in Malaysia is reported by the Department of Statistics Malaysia. Apart from that The Department of Statistics Malaysia (2011) found that the unemployment rates in Malaysia had increased from 3.2 % in 2007 to 3.7% in 2009. It is shows graduates are weak in terms of knowledge, skills and attitudes. The increasing rate of unemployed graduates becomes one of the issues that triggers world's concerns lately.

Previous research by Safarin (2013) this research aims to investigate factors that lead to the unemployment problem among Malaysian graduates from three aspects, which are graduates' attributes, lecturers' competency and quality of education. This unemployment issues lead the government to restructure the education policy in Malaysia. Based on Pelan Pembangunan Pendidikan Malaysia 2015-2025 many employers reported that some graduates are weak in terms of knowledge, skills and attitudes. This mismatch is expected to be increasingly difficult to overcome due to the expected increasing due to technological developments that change the shape of the industry and the types of jobs offered. Accordingly, Malaysia youth needs to be educated for a future in which more and more demanding, not only equip them with skills and a strong ethical foundation, but also to empower and improve the resilience of entrepreneurship to explore new opportunities. Therefore, it is important to move away from the job search to a generator. In order to enhance the entrepreneurial intention or

support government policy education it crucial identifies the factors that impact on students entrepreneurial intention which is this research, the researcher aim to identify internal and external factor contributes students interest in doing business



Figure 1.1: Statistic Malaysia unemployment rate 1998-2016

Efforts to start a business are an important step in the entrepreneurial process (European Commission, 2003; Henry, Hill & Leitch, 2003; Reynolds, Baygrave & Auto, 2004). To understanding the behavior to form a business, there are many previous studies that attempted to correlate the behavioral characteristics of entrepreneurs with real action. Shapero and Sokol (1982) and Krueger, Reilly & Carsrud (2000) have agreed that the Entrepreneurial Intentions Model is the best gauge for judging any initiative to start a business.

There are a variety of studies have been conducted to identify significant factors in formation of new businesses. In previous empirical studies, the tendency to start a business focused approach to nature and various personality traits of entrepreneurs have been featured (Momaday, 1982). In addition, there are also studying that focus on personalities (Sexton and Bowman-Upton, 1990) and background of entrepreneurs (Carr, 1996; Mehta, 1997; Stephens & Feldman, 1997; Reynolds, 2000), while others focus on the needs to help in planning and problem (Adrich, 1989). In this research, researcher will examine to factors that influence students interested in business.

Besides, various efforts have been undertaken by the government to enhance the education system by applying entrepreneurial element in any program offered at any school regardless of high or low levels. In addition, the Graduate Entrepreneur Association Malaysia UGM (2004), to become the platform for students interested in entrepreneurship in agriculture in particular, as a lucrative income, fixed and competitive. Up to now the university has increased expertise of 2000. But looking more closely, found the students in the country on average still afraid to venture into their propensity to engage in the business world still vague. They, this study investigate whether students are more interested in business if they participate in entrepreneurship programs.

1.3 RESEARCH OBJECTIVES

This research consists of three main objectives that look into the internal and external factors on student entrepreneurial intention. Following is the main objectives:

- RO1. To identify the main internal factor that influence student interested in doing business.
- RO2. To identify the main external factor that influence student interested in doing business.
- RO3. To identify the main factor that contributes to student interested in doing business.

1.4 RESEARCH QUESTIONS

This research question to examine, analyze and investigate the impact of internal and external factors on students entrepreneurial intention. This research achieved the research objectives by answering the following research questions:

- RQ1. What are the main internal factors that influencing student's interest in doing business?
- RQ2. What are the main external factors that influence student interest in doing the business?
- RQ3. What is the main factor that contributes to student interested in doing business?

1.5 SCOPE OF RESEARCH

Scope of this research must have related with the title. It is important to conduct this research if have a main scope. The main scope is researcher focus to university student only to answer the questionnaire. The selected university is Universiti Teknikal Malaysia Melaka (UTeM). In this research, the researcher chooses this university because it has provided entrepreneurship programmers in faculty. These courses very important to involved student learn about the business and easy to join in the business for the future.

1.6 SUMMARY

This chapter gives and overview about the research problem statement, objectives, research questions, scope and limitation that need to be achieved in this study. This study was conducted in Universiti Teknikal Malaysia Melaka (UTeM). The purpose of this study is to determine the impact of internal and external factors on student entrepreneurial intention. Further, this study used questionnaire to solve the research problem.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter discussed about the overview of student involves in business and also the main factors can be influence the student in doing the business. The entrepreneur attitude, government support, education system and entrepreneurship program also discussed in this chapter which each of the variable is explained on how it will affect of student involve in business. Lastly, theoretical framework of the research had been drafted in this chapter.

2.2 DEFINITION OF SMALL BUSINESS?

Over the past decades, new and small firm growth has received considerable attention from researchers and policy-makers around the world. New firms have been identified as engines of growth, innovation and wealth creation (Audretsch and Thurik, 2000; Birch, 1981; Davidsson, 1995; Davidsson et al., 1998; Levie, 1997; OECD, 1994, 1998, 2002; Storey, 1994; Welbourne, 1997). According Boswell, (1973) the birth of the