

MOTIVATIONAL FACTORS TOWARD ENTREPRENEURIAL INTENTIONS

ALIA BINTI MD YUSOFF

Report is submitted in fulfillment of the requirement for the degree of the Bachelor  
in Technopreneurship with (Honours).

Faculty of Technology Management and Technopreneurship  
Universiti Teknikal Malaysia Melaka

JUNE 2016

## APPROVAL AND DECLARATION SHEET

I / We hereby declare that I have read this thesis and in my / our \* opinion this thesis is sufficient in terms of scope and quality for the award of a Bachelor of Technopreneurship with (Honours)

Signature : .....

Supervisor Name : DR. HASLINDA BINTI MUSA

Date : 9<sup>TH</sup> JUNE 2016

Signature : .....

Evaluator Name : ENCIK MUKHIFFUN BIN MUKAPIT

Date : 9<sup>TH</sup> JUNE 2016

\* Delete where inapplicable

“ I admit that this report is the result of my own work except summarizes and quotes that everything I have explained the source. ”

Signature : .....

Name : .....

Date : .....

## DEDICATION

*To my beloved parents whom I want to hug tightly, to my brothers and sisters whom I love very dearly, and to my friends whom I love you all sincerely.....*

## ACKNOWLEDGEMENT

Assalamualaikum. First of all, Syukur Alhamdulillah to the Almighty Allah for His kind blessing to allow me to complete this Projek Sarjana Muda (PSM) successfully. Then, big appreciations to my beloved parents, Encik Mohammad Yusoff B. Jamaluddin and Puan Normah Bt. Haji Shuib and family who always give me supports in term of moral, motivation, advices and financial. It will not be easy for me to go through the completion of my PSM without their concern and support.

Besides that, I would like to express my sincere gratitude and appreciation to my supervisors, Encik Amin B. Mohamed and Dr. Haslinda Binti Musa, who has guide me, assists me and support me during the process of the entire research. Their wide knowledge, valuable comment and feedback given, have been of great value for me. Their understanding, encouragement and patience have provided a good basis for the present research.

I would also appreciate all the respondents who spend their precious time and patience in helping me to fill up the questionnaires. It would be impossible to complete my research project without their honest contribution. Therefore, I am truly appreciated the efforts of the respondents who are kindly and patiently provided me with useful information.

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

## ABSTRACT

Engineering student's willingness to engage in entrepreneurship may be affected by many different factors. Entrepreneurship intention is found to determine student's willingness to engage into entrepreneurial behavior in future. Entrepreneurship is identified by many economists as a vital force in the purpose of industrialization in general and economic development in particular. The goals or objective for this project is to identify the external and internal motivation factors towards the intention to become entrepreneurs among UTeM engineering students and to determine the relationship between external and internal motivation factors and entrepreneurial intentions among UTeM engineering students. This study will be focused on the three needs that are the need for achievement, need for affiliation and need for power as the internal motivation factors. Whereas, the external motivation factors is focused on entrepreneurial role models, family background, and entrepreneurship education. The sample selected comprised of final year engineering students from five engineering faculties in University Teknikal Malaysia Melaka (UTeM) which are FKP, FKE and FKEKK at the main campus and FKM and FTK at the industrial campus. The data gathered were analyzed using descriptive analysis. The finding sees that there is a significant relationship between the external and internal motivation factors (independent variable) and entrepreneurial intentions among UTeM engineering students (dependent variable). But, there are two factors that insignificant which are the need for achievement and need for affiliation that has no effect on the entrepreneurial intentions.

*Keyword: Entrepreneurship, entrepreneurship intention, internal and external motivation, engineering students, university*

## ABSTRAK

Kesediaan pelajar kejuruteraan untuk melibatkan diri dalam bidang keusahawanan boleh dipengaruhi oleh pelbagai faktor. Niat keusahawanan didapati menentukan kesediaan pelajar untuk melibatkan diri ke dalam tingkah laku keusahawanan pada masa akan datang. Keusahawanan dikenal pasti oleh ramai pakar ekonomi sebagai kuasa penting dalam tujuan perindustrian dalam pembangunan am dan ekonomi khususnya. Matlamat atau objektif untuk projek ini adalah untuk mengenal pasti faktor-faktor motivasi luaran dan dalaman terhadap niat untuk menjadi usahawan di kalangan pelajar kejuruteraan UTeM dan untuk menentukan hubungan antara faktor-faktor motivasi luaran dan dalaman dan niat keusahawanan di kalangan pelajar kejuruteraan UTeM. Kajian ini akan memberi tumpuan kepada tiga keperluan iaitu keperluan untuk pencapaian, keperluan untuk gabungan dan keperluan untuk kuasa sebagai faktor motivasi dalaman. Manakala, faktor-faktor motivasi luaran memberi tumpuan kepada contoh model keusahawanan, latar belakang keluarga, dan pendidikan keusahawanan. Sampel yang dipilih terdiri daripada pelajar kejuruteraan tahun akhir daripada lima fakulti kejuruteraan di Universiti Teknikal Malaysia Melaka (UTeM) iaitu FKP, FKE dan FKEKK di kampus induk dan FKM dan FTK di kampus perindustrian. Data yang dikumpul telah dianalisis dengan menggunakan analisis deskriptif. Dapatan melihat bahawa terdapat hubungan yang signifikan di antara faktor-faktor luaran dan dalaman motivasi (pembolehubah bebas) dan niat keusahawanan di kalangan pelajar kejuruteraan UTeM (pembolehubah bersandar). Tetapi, terdapat dua faktor yang tidak signifikan iaitu keperluan untuk pencapaian dan keperluan untuk gabungan yang tidak mempunyai kesan ke atas niat keusahawanan.

*Kata kunci: Keusahawanan, niat keusahawanan, motivasi dalaman dan luaran, pelajar kejuruteraan, universiti*

## TABLE OF CONTENT

<b>CHAPTER</b>	<b>TITLE</b>	<b>PAGE</b>
	<b>TITLE</b>	<b>i</b>
	<b>APPROVAL AND DECLARATION</b>	<b>ii</b>
	<b>DEDICATION</b>	<b>iv</b>
	<b>ACKNOWLEDGEMENT</b>	<b>v</b>
	<b>ABSTRACT</b>	<b>vi</b>
	<i>ABSTRAK</i>	<b>vii</b>
	<b>TABLE OF CONTENT</b>	<b>viii</b>
	<b>LIST OF TABLES</b>	<b>ix</b>
	<b>LIST OF FIGURES</b>	<b>xiv</b>
	<b>LIST OF APPENDICES</b>	<b>xv</b>
<b>CHAPTER 1</b>	<b>INTRODCUTION</b>	<b>1</b>
	1.1 Background of Study	1
	1.2 Problem Statement	3
	1.3 Research Questions	4
	1.4 Research Objectives	4
	1.5 Scope of Study	5
	1.6 Significant of Study	5
	1.7 Conclusion	6
<b>CHAPTER 2</b>	<b>LITERATURE REVIEW</b>	<b>7</b>
	2.1 Entrepreneurship	7
	2.2 Entrepreneurial Motivation	8
	2.3 Successful Entrepreneurial Motivation	9



Model	
2.3.1 McClelland Achievement Motivation Theory	9
2.4 Theoretical Framework	12
2.4.1 Internal Motivation Factors Toward Entrepreneurship	12
2.4.1.1 Need for Achievement	12
2.4.1.2 Need for Affiliation	13
2.4.1.3 Need for Power	14
2.4.2 External Motivation Factors Towards Entrepreneurship	15
2.4.2.1 Entrepreneurial Role Models	15
2.4.2.2 Family Backgrounds	17
2.4.2.3 Entrepreneurship Education	19
2.5 Proposed Theoretical Framework	21
2.6 Conclusion	22
<b>CHAPTER 3 RESEARCH METHODOLOGY</b>	<b>23</b>
3.1 Introduction	23
3.2 Research Design	24
3.2.1 Explanatory Studies	25
3.3 Methodological Choices	25
3.4 Data Collection Method	26
3.4.1 Primary Data Sources	26
3.4.2 Secondary Data Sources	26
3.5 Sampling Procedure	27
3.5.1 Target Population	27
3.5.2 Sampling Frame and Sampling Location	27
3.5.3 Sampling Method	28
3.5.4 Sampling Size	28
3.6 Research Instrument	28
3.6.1 Questionnaire Survey	28
3.6.2 Questionnaire Design	30

3.7 Scale of Measurement	30
3.7.1 Nominal Scale	30
3.7.2 Ordinal Scale	31
3.7.3 Interval Scale	32
3.8 Data Analysis Method	32
3.8.1 Correlation	32
3.8.2 Regression	33
3.9 Conclusion	34
<b>CHAPTER 4    RESULT AND ANALYSIS</b>	<b>35</b>
4.1 Introduction	35
4.2 Respondents Profile	36
4.2.1 Gender	36
4.2.2 Age	37
4.2.3 Faculty	38
4.2.4 Family Own Business	39
4.2.6 Types of Business	40
4.3 External Motivation Factors ( Independent)	42
4.3.1 Entrepreneurial Role Models	42
4.3.2 Family Backgrounds	43
4.3.3 Entrepreneurship Education	44
4.4 Internal Motivation Factors ( Independent)	45
4.4.1 Need For Achievement	45
4.4.2 Need For Affiliation	46
4.4.3 Need For Power	47
4.5 Entrepreneurial Intentions After Graduation	48
4.6 Reliability Analysis	
4.7 Inferential Analysis	49
4.7.1 Pearson Correlation Coefficient	51
4.7.2 Multiple Regression Analysis	51
4.8 Hypothesis Testing	54
4.9 Conclusion	56
	59

<b>CHAPTER 5</b>	<b>CONCLUSION AND RECOMMENDATION</b>	60
	5.1 Introduction	60
	5.2 Conclusion	60
	5.3 Limitations of the Study	61
	5.3.1 Sampling Location	61
	5.3.2 Target Respondent	61
	5.3.3 Time Constraints	62
	5.3.4 Ethnic Group	62
	5.4 General Recommendations	63
	5.4.1 University	63
	5.4.2 Government and Policy Maker	63
	5.5 Recommendation for Future Research	64
	<b>REFERENCES</b>	65
	<b>APPENDICES</b>	71

## LIST OF TABLES

<b>TABLE</b>	<b>TITLE</b>	<b>PAGE</b>
1	Krejcie and Morgan Table	29
2	Interval Scale	32
3	Respondent's Gender	36
4	Respondent's Age	37
5	Respondent's Faculty	38
6	Respondent's Family Own Business	39
7	Respondent's Types of Business	40
8	Descriptive Analysis of Entrepreneurial Role Models	42
9	Descriptive Analysis of Family Background	43
10	Descriptive Analysis of Entrepreneurship Education	44
11	Descriptive Analysis of Need For Achievement	45
12	Descriptive Analysis of Need For Affiliation	46
13	Descriptive Analysis of Need For Power	47
14	Descriptive Analysis of Entrepreneurial Intentions	48

<b>TABLE</b>	<b>TITLE</b>	<b>PAGE</b>
15	Cronbach's Alpha Level of Consistency	49
16	Reliability Statistic	50
17	Rules of thumb about Correlation Coefficient	51
18	Correlations	52
19	Model Summary of MRA	54
20	ANOVA	55
21	Sample of Multiple Regression Analysis	56

**LIST OF FIGURES**

<b>FIGURE</b>	<b>TITLE</b>	<b>PAGE</b>
1	Acquired – Needs Model ( McClelland, 1987)	10
2	Proposed Theoretical Framework	21
3	Respondent’s Gender	36
4	Respondent’s Age	37
5	Respondent’s Faculty	38
6	Respondent’s Family Own Business	39
7	Respondent’s Types of Business	41

**LIST OF APPENDICES**

<b>APPENDIX</b>	<b>TITLE</b>	<b>PAGE</b>
A	Pearson Product-Moment Correlation Table	71
B	Gantt Chart	73
C	Questionnaire	75

## CHAPTER 1

### INTRODUCTION

#### 1.1 Background of Study

Entrepreneurship has become one of the trend that is growing rapidly in Malaysia and overseas. Entrepreneurship is important and has been widely acknowledge as a contributor to job creation, innovation and economic development to the nations (Sesen, 2013; Hopp & Stephen, 2012; Nabi & Linan, 2011). To get bright future for nations, both education and entrepreneurship are essential for economic prosperity and growth. Thus, more and more young people need to engage in entrepreneurship.

According to website ([www.businessdictionary.com](http://www.businessdictionary.com)), entrepreneurship is defined as the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. Moreover, entrepreneurship originated from the term of “entreprenre” that come from French economic as early the 17<sup>th</sup> and the 18<sup>th</sup> centuries, it means that someone who undertakes and not undertakes of significant project or activity(J.Gregory, 2001).

These days, entrepreneurship has widely impact and attract many young people especially among students of higher learning institutes (IPT) to engage in entrepreneurship. This is because the entrepreneurial programme held at universities were able to attract and increase students acceptance about entrepreneurship. Thus, universities today are playing a leading role for the development of entrepreneurship culture, and nurture some necessary entrepreneurial skills and behavior to take on



business in upcoming life. In doing entrepreneurial activities, there are only few university students with a certain qualities that are encouraged enough to willing to take the opportunity to open his or her own business while in the study.

It seems that university students are potentially suitable for directing their capabilities toward entrepreneurial actions. However, being an entrepreneur is often viewed as an aversive career choice where one is faced with everyday life and work situations that are fraught with increased uncertainty, impediments, failures and frustrations associated with the process of new firm creation (Campbell, 1992). Students intention towards entrepreneurship has become an interesting topic. Entrepreneurial intention is a state of mind when people wish to create a new firm or a new value driver inside existing organizations. Many past studies have been conducted to investigate the motivations to become self – employed and to find out what is it about certain people especially young entrepreneurs that drives them to take on the risk, the uncertainty and the independent structure of business ownership. In the findings by Ali et al., (2010), the study explores entrepreneurial attributes among the students of the Islamic University of Bahawalpur, a public sector Pakistani university using Multistage sampling of 521 graduate students. The results indicate that the attributes are self–efficacy, efficiency, commitment, and entrepreneurial inclinations.

Other findings such as from Aykol and Gurbuz (2008), the determinants of entrepreneurial intention among young educated public in Turkey are gender, having entrepreneurial parents, subjective norm, perceived behavioral control, attitudes, favourable environmental conditions, and academic support.

From the above findings, the factors obtained is likely the most motivational factors that influence the intention to become entrepreneur among the university students. From the above research also demonstrates the university graduates who are in business majors are more likely to select careers in entrepreneurship that non – business majors.

Therefore, in this paper, the study aim to examine the motivational factors that influence the intention to become an entrepreneur among the undergraduate engineering students. The research divided the motivation factors into two variables which are internal motivation variables and external motivation variables. This is helpful to identify and understand the relationship that involve between the motivation variables and engineering students involvement in entrepreneurship.

## **1.2 Problem Statement**

In Malaysia, government has established various institutions and taken various steps to promote entrepreneurship, but growth rate and progress of it is very slow. For the last few years, graduate unemployment has been a major problem in Malaysia. This is because, current of new graduate is more to depend on the government and the private sector for employment. Thus, students willingness to do business is important as they can solve the unemployment issues.

There are numbers of motivation variables which develop the intention of students to create his or her venture. However, there are not many research conducted that involved among university engineering students. Many past studies conducted overseas on motivation factors on entrepreneurial intentions, usually focus on those university students that has taken entrepreneurial courses that shows graduate university students in business majors are more willing to do business than students in non-business majors.

Therefore, this research focused on investigating the motivation factors that influence a student's intention to become entrepreneurs; A Case Study on Final Semester Engineering Students of Engineering Faculties in Universiti Teknikal Malaysia Melaka (UTeM). This study helped to identify the internal and external motivation factors toward entrepreneurial intentions as well as examining the relationship involved that determines the engineering student's decisions to become entrepreneurs.

### 1.3 Research Questions

The research questions will be:

**RQ1:** What are the external motivation factors towards entrepreneurial intentions among UTeM engineering students?

**RQ2:** What are the internal motivation factors towards entrepreneurial intentions among UTeM engineering students?

**RQ3:** What is the relationship between the external and internal motivation factors and entrepreneurial intentions among UTeM engineering students?

### 1.4 Research Objectives

The research objectives are as follows:

**RO1:** To identify the external motivation factors toward entrepreneurial intentions among UTeM engineering students.

**RO2:** To examine the internal motivation factors towards entrepreneurial intentions among UTeM engineering students.

**RO3:** To determine the relationship between the external and internal motivation factors and entrepreneurial intentions among UTeM engineering students.

## **1.5 Scope of Study**

The scope of study for this research focused on the external and internal motivation factors that influence entrepreneurial intentions among the undergraduate engineering students; A Case Study on Universiti Teknikal Malaysia Melaka (UTeM) final year engineering students. The research scope involved at the Engineering Faculties of University Teknikal Malaysia Melaka (UTeM) main campus and industrial campus located at Ayer Keroh, Melaka.

## **1.6 Significance of Study**

Many universities in Malaysia has provide an entrepreneurship program or education to encourage students to become an entrepreneur. The entrepreneurship program supposedly be served only if there is a well planned and well drawn out curriculum which would bring about an all round development in the individual, and also suited to the needs of a society too. The universities also should arrange some practical training and environments for students who are motivated and have willingness for their own business.

The significance of study was to identify external and internal motivation factors that has affects an engineering student intention to become entrepreneurs. This information were helpful in understanding the relationship between the internal and external motivation factors on how it influence the entrepreneurship intention and the decisions to become entrepreneurs among UTeM final semester engineering students.

## **1.7 Conclusion**

This chapter starts with the background of study, problem statement, research questions, research objectives, scope of study and significance of study.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Entrepreneurship

Entrepreneurship is the process by which individual pursue opportunities regardless to the resources they currently control (Stevenson & Jarrilo as cited in Barringer & Ireland, 2010). Fred Wilson stated that entrepreneurship is the art of turning ideas into a business (Barringer & Ireland, 2010).

Entrepreneurship originated from French word “Entreprendre”. Entrepreneurs are also known as self – employed people. There is no fix definition for entrepreneurs since people from different field of study perceived and defined it defferently. 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).

Some people believed entrepreneurs are born, not made. However, this myth is busted since many studies done in the past have reached a consensus where

entrepreneurs can be made and are not genetically inherited (Barringer & Ireland, 2010). Everyone has the potential to become entrepreneur especially for those who have undergone educational process in universities (Gelard & Saleh, 2011; Ooi et al., 2011).

Becoming entrepreneurs, they are their own bosses and they make decision by themselves which offers the prestige of being in-charge, provides a greater possibility of achieving a significant financial rewards and achieving personal professional goal (Principles of Entrepreneurship, n.d.).

Being a successful entrepreneur is not easy. Long term, systematic planning and business expertise is needed such as developing business model, putting together a new venture team, raising money, establishing partnerships, managing finances, leading and motivating employees. Individuals should be very careful in determining own self as it helps them to make the right decision in choosing the right path for getting involved to be self – employed (Kr. Baruah, n.d.). Hence, identify entrepreneurship intention for a person before becoming entrepreneur is important, this may give a person a clear goal about what he want to be and what to do in accomplishing his goals and lead to succeed.

## **2.2 Entrepreneurial Motivation**

Entrepreneurial Motivation is the drive of an entrepreneur to maintain an entrepreneurial spirit in all their actions. It is important in our daily lives. This is because motivation involves energy, direction, perseverance and intentions. Goals and motives play a role in predicting human behavior. This indicates a link exists between intentions, motivations, and behavior.

Motivation implies an inner state that causes a person to act towards the attainment of goals. It is an inspirational process of steering an individual's drives and actions towards goals. It causes a chain reaction. Motivation is an internal psychological feeling which produces goal directed behavior. It is an ongoing

process because human needs are never completely satisfied. Motivation is dynamic force setting a person into motion or action. The word motivation is derived from motive which is defined as an active form of a desire, craving or needs and desires effect of change the behavior which becomes goal oriented. In rediscovering motivation, Krueger and Carsrud (1993) reviewed that critique on entrepreneurship intentions studies argued that there is a lack of basis to support on intention – action linkage although intentions have been centered as predictors of future action. The link has been used loosely as implied or assumed. They then argued that motivation provides the link between intension – action. ( Edelman et al., 2010) states that motivations could be the stimulus to transform a latent intention that drives entrepreneurship and reiterated that it could be the missing link between intentions and action. It implies that the underlying attitudes and goals of entrepreneurial motivation should give rise to entrepreneurship intention.

## **2.3 Successful Entrepreneurial Motivation Model**

### **2.3.1 McClelland Achievement Motivation Theory**

For this study, the proposed motivation model used for internal motivation is McClelland’s Achievement Motivation Theory. “Achievement Motivation Theory attempts to explain and predict behavior and performance based on a person’s need for achievement, power, and affiliation” (Lussier&Achua, 2007, p. 42). The Achievement Motivation Theory is also referred to as the Acquired Needs Theory or the Learned Needs Theory. Daft (2008) defined the Acquired Needs Theory as “McClelland’s theory that proposes that certain types of needs (achievement, affiliation, power) are acquired during an individual’s lifetime” (p. 233).

The Achievement Motivation Theory evolved from work McClelland began in the 1940s. In 1958, McClelland described human motives in the Methods of Measuring Human Motivation chapter of Atkinson’s book, *Motives in Fantasy*,