

THE BARRIERS FACED BY STUDENTS OF UNIVERSITI TEKNIKAL
MALAYSIA MELAKA IN STARTING UP NEW BUSINESS

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in my view, this project paper is sufficient in term of scope and quality for
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Submitted in partial fulfillment of the requirement of Bachelor Technopreneurship

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“I hereby declare that this project paper is the result of my independent work except the summary and excerpts that have been specifically acknowledgement”

Signature : *aisyah*

Name : SITI NOR AISYAH BINTI ARIFFIN

Date : 25th June 2014

DEDICATION

To My beloved mother and father

Esah binti Abdullah

Ariffin Bin Ariffin

To My beloved sisters

Rosnaini binti Ariffin

Nor Asiah binti Ariffin

Nurul Idayu Binti Ariffin

To My Beloved brothers

Sukri bin Ariffin

Mohd Azan bin Ariffin

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ABSTRAK

Pelajar telah menghadapi banyak halangan dalam memulakan perniagaan baru. Halangan ini adalah seperti sumber, pengetahuan, kemahiran keusahawanan, dan takut kepada kegagalan. Kajian untuk mengkaji halangan yang dihadapi pelajar dalam memulakan perniagaan baru dan untuk mengetahui kekuatan halangan kepada dalam memulakan perniagaan baru. Selain itu, berdasarkan kaedah tinjauan, kajian ini telah mengumpul data oleh 120 pelajar dari Universiti Teknikal Malaysia Melaka untuk mengetahui persepsi responden terhadap halangan yang dihadapi oleh pelajar seperti pengetahuan, sumber, kemahiran keusahawanan dan takut kepada gagal. Penyelidik telah menggunakan kaedah sebab dan akibat dan memilih metodologi kuantitatif. Penyelidik telah menggunakan analisis deskriptif dan Analisis Regresi Berganda (MRA) untuk mengetahui halangan yang ketara dan paling intensiti yang dihadapi oleh usahawan pelajar dalam memulakan perniagaan baru. Selepas data dianalisis, penyelidik mendapati kemahiran usahawan adalah halangan paling penting dalam memulakan perniagaan baru. Selain daripada itu, untuk halangan yang ketara yang kedua ialah ilmu manakala halangan ketiga penting ialah takut gagal. Sebaliknya, sumber adalah didapati menjadi halangan tidak penting yang dihadapi oleh pelajar pada masa ini. Oleh itu, keputusan menunjukkan bahawa kemahiran keusahawanan mempunyai halangan yang paling penting dan intensiti dalam memulakan perniagaan baru berbanding dengan pengetahuan, takut kepada kegagalan, dan sumber.

Kata Kunci: *Halangan, Perniagaan, Pelajar, Kemahiran Usahawan, Sumber, Takut Gagal, Pengetahuan*

ABSTRACT

Students have faced a lot of barriers in starting up a new business. These barriers include resources, knowledge, entrepreneurial skill, and fear of failure. This research examines the barriers faced by students in starting up a new business. This research collected data from 120 students from the Technical University of Malaysia, Malacca to examine their perception of the four barriers faced by student entrepreneurs such as knowledge, resources, entrepreneurial skill and fear of failure. The researcher used quantitative methodology for this study which consists of descriptive analysis and Multiple Regression Analysis (MRA) analysis to find the significant barriers faced by student entrepreneurs in starting up a new business. After the data were analyzed, the researchers found that entrepreneurial skill is the most significant barrier in starting a new business. In addition, the second most significant barrier is knowledge while the third important barrier is the fear of failure. Resources was found not to be an important barrier faced by the students at this time. Therefore, the results indicate that entrepreneurial skills have more significant barriers in starting up a new business compared to knowledge, fear of failure, and resources.

Keywords: Barriers, Business, Students, Entrepreneurial Skill, Resources, Fear of failure, Knowledge

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LIST OF ABBREVIATION

SPSS	Statistical Program for Social Science
ANOVA	Analysis of Variance
MRA	Multiple Regression Analysis
UTeM	Universiti Teknikal Malaysia Melaka
R	Multiple Correlation
Sig	Significant
SMEs	Small and Medium Enterprise
<i>r</i>	Correlation Coefficients
GEM	Global Entrepreneurship Monitor
<i>R</i>	Coefficient Determination

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CHAPTER 1

INTRODUCTION

1.1 Background

Nowadays, many students want to be an entrepreneur as the main form of employment, but they realize that there are barriers that they must face. Therefore, as a developing nation, Malaysian government tries to enhance the number of young entrepreneurs also known as student entrepreneurs in starting up the new business. This statement can be proven when the government had announced in the first core in budget 2014 to intensify economic activity through development, entrepreneurship and small, medium and enterprise (SMEs) industry and becoming entrepreneurship nation in the future (Ministry of Finance Malaysia, 2013). Before the budget 2014 was announced, there had been many plans by the Malaysia government to increase the number of entrepreneurs such as through the Ministry of Youth and Sports Malaysia and The Institute of Youth Development Research Malaysia organize various programs, training, research and other activities pertaining to youth development, for example entrepreneurship (Ling, Geraldine, Selvadurai, and Abdul Hamid, 2009).

Almost every year Malaysia government allocates funds to improve the young entrepreneurs in this country but the result looks disappointed. This study focuses on undergraduate students because they are seen to have more interest in starting up a new business. Therefore, this research topic is about examining barriers in starting up a new business faced by university students.

1.2 Problem statement

Recently, many students have been facing barriers in starting up a new business. Even though, the students have been exposed to setting up business while studying, they are unable to identify the barriers in starting up a new business. This research intends to study the most significant barriers in starting up a new business among the undergraduate students. In addition, this research would like to measure the intensity of barriers such as *knowledge*, *resources*, *entrepreneurial skill* and *fear of failure* in order to making decision whether to starting up or not in business.

The outcomes of this study aims to overcome the problem of thus can reduce the unemployment problem after graduate. This research only focuses on undergraduate students who are having their own business and undergraduate students who are seeming interest having their own business so that they can know how to handle the problems wisely

1.2 Research questions

This research wants to identify the significant barriers that faced by students who are having their own business or in the future there have interest for starting up a new business. Besides, there a lot of barriers that are faced by entrepreneurs and that are the reasons the study only focusses the barriers faced by student entrepreneurs in starting up the business. This research also wants to measure the intensity that is barriers impact on the students who are wants starting up a new business. Therefore, among the barriers of this study, this research wants to identify which barriers have a strong impact to the student entrepreneur in starting up a new business.

- 1) What are the significant barriers that students face in starting up a new business?
- 2) To what extent does the barriers impact student entrepreneur in starting up a new business?

1.3 Research objectives

- 1) To identify the significant barriers of students in starting up a new business.
- 2) To measure the intensity of barriers that impact students in starting up a new business.

1.4 Scope of study

This research identifies the main barriers that faced by students in starting up a new business. In order to identify the main barriers, this research also focuses the strength of the barriers that impact students in starting up a new business. This research focuses on the undergraduate student study on bachelor degree that had their own business and interest in starting up a new business at the Technical University of Malaysia Malacca.

1.5 Relevance of study

The relevance of this research helps students to identify the barriers in starting up a new business. Sandhu, Fahmi, and Riaz (2010) make the research about “Entrepreneurship barriers and entrepreneurial inclination among Malaysian postgraduate students”. There are lack a research study about barriers face of student entrepreneurs. According to Fatoki (2011), further studies can investigate the barriers faced by actual entrepreneurs (i.e. Youths that have actually started their business). Moreover, the study about the barriers that faces the students in starting up a new business. Therefore, this research can help students overcome the barriers if they want to start up a new business.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter is divided into five segments. The first segment is a review of the concept of entrepreneurship education. The second, review on definition of entrepreneurship and entrepreneurs and the third is young entrepreneurs. The fourth, review on barriers on business startups. Lastly, review on variables of this research that were taken from the previous studies

2.2 Entrepreneurship education

Entrepreneurial education in Malaysia has started as early as the primary school level, which is adapted in the mathematics subject. It continues in the lower secondary level through the subject of integrated living skills which started in the year 1991. Then, they attempt to encourage an entrepreneurship, culture is continued at the upper secondary level where students are given the opportunity to take an elective subject which is related to entrepreneurship. Mohamed, Rezai, , Shamsudin, and Mahmud (2012).

In addition, according to Ronstadt, 1987;Katz, 2003; Solomon et.al, 2002; Robinson and Hayes, 1991; Sexton and Upton 1984, stated that entrepreneurship education does play a significant role in fostering the spirit of entrepreneurship among the graduates as cited in (Anuar, Mohd Nasir, Abdul Rahman and Sadek, 2013). Kazela (2009) as cited in (Fatoki and Chindoga, 2011) said that two groups of youth are most likely to engage in entrepreneurship is high school and university graduates. This is important because lessons may be learned and shared about curriculum development and the relative impact of different approaches used towards enterprise or entrepreneurship education and training. Therefore, entrepreneurial education is important to nurturing the entrepreneurship when they still young so that they can adapt the scenario of entrepreneurship environment

2.3 Definition of entrepreneurship and entrepreneur

Kim (2008) stated that defining entrepreneurship and entrepreneur is a difficult and intractable task as cited in (Sandhu, Sidique, & Riaz, 2010). According to Mohamed, Rezai, Shamsudin, and Mahmud (2012) said the meaning of entrepreneurship is still low among the trainers from entrepreneurship courses. Rezai et al. (2011) explained that informal entrepreneurship education cannot provide the acquisition of entrepreneurial skills as expected as cited (Mohamed, Rezai, Shamsudin, and Mahmud, 2012). According to Shane and Venkataraman (2000) defining entrepreneurship as the discovery, assessment and exploitation of opportunities, stating that entrepreneurship is starting new products, services, new ways of production, new strategies and organizational forms and new markets for products and inputs that did not exist previously .

According to Mariotti and Glackin (2012), an entrepreneur is a person who organizes and manages a business, assuming risk for the sake of potential return. An entrepreneur is defined by Longman's dictionary as someone who starts a new business or arranges business deals in order to make money, often in a way that involves financial risks. Henry et al. (2003, p. 30), for example, define an entrepreneur as "someone who sets up and runs his/ her own business" and an aspiring entrepreneur as someone "who hopes to do likewise" as cited in (Nabi, Holden, and Walmsley 2006). In addition, they see the entrepreneur as part of a social system who is influenced by and, through his entrepreneurial activities, influences the social environment and the personality traits that the sociological system engenders (Department of Electronics, University of York, 2009, 5) as cited in (Appiah 2010).

According to Dornelas (2001), the term entrepreneur comes from the French word entrepreneur, which refers to a person who takes risks and starts something new as cited in (Artuso, Sutter, Castro, Polo, and Almeida, 2012). On the other hand, Entrepreneur, is the one who takes initiative, organizes some social-economic mechanisms, and accepts risk of failure (Shapero, 1975), and is distinguished by the qualities of commitment and determination, leadership, opportunity obsession, tolerance of risk and ambiguity, motivation to excel, creativity, self-reliance, and ability to adapt (Timmons, 1999) as cited in (Raeesi, Dastranj, Mohammadi, & Rasouli, 2013). Therefore, there are many definitions of entrepreneur, based on my view entrepreneur is a person who recognizes a business opportunity and assumes the risk of creating and running a business to take advantage of it.

2.4 Review of student entrepreneurs

According to Kazela (2009) state that the two groups of youths most likely to be involved in entrepreneurship are high school and university graduates .Whilst accepting that there is debate around the meaning of graduate entrepreneurship (see, Nabi et al., 2006a for example), in broad terms, it can be defined as the interaction between the graduate as the product of university education and business start-up in terms of an individual's career-orientation and mindset towards self-employment (Nabi and Holden, 2008). Chindoga (2011) said, a meta analysis of studies on entrepreneurship in South Africa revealed that no South African study has investigated empirically barriers to youth entrepreneurship with a focus on both university and high school students.

Besides, Artuso, Sutter, Castro, Polo, and Almeida, (2012) said the most appropriate age group for entrepreneurship, it is possible to observe that most enterprises are in the hands of young people aged 18 to 24 years old . Therefore, GEM (2011) argues that most of the new entrepreneurs in Brazil are in the range of 25 to 34 years. Therefore Artuso, Sutter, Castro, Polo, and Almeida (2012) found a significant difference between the age group 18 to 24 and the age group 25 to 34, and suggested that further investigations be done to point to the particular characteristics of each group. According to Artuso, Sutter, Castro, Polo, and Almeida (2012) state that the tendency is that the number of young entrepreneurs increases, making it important to know more about this group, to evaluate policies to encourage youth entrepreneurship and to provide the necessary support so that the new enterprises have success and longevity.

2.5 The barriers to start-up business

To start-up the business in the middle of their study required much an effort and undoubtedly will be more pressure for them, except to those who are interested in running a business (Anuar, Mohd Nasir, Abdul Rahman, and Sadek, 2013). According to Rima et.al (2012) said entrepreneurial activity is the element of risk in entrepreneurship that can bring the failure if the business start-up did not pull off. Therefore, it is important thing to identify the barriers for developing nation that can hinder economic progress.

In addition, it is therefore important to understand what motivates students and graduates to explore self-employment and business start-up, what constraints and enablers may be encountered during the early stages of starting a business graduate, and what support systems can be put in place to increase the likelihood of conversion into established businesses with growth potential (Smith and Beasley, 2013). Totally it will be an advantage for the students that will make an entrepreneur as a full time career after graduates and it is not an easy as they thought were the constraints in running a business cannot be avoided (Anuar, Mohd Nasir, Abdul Rahman, and Sadek, 2013). It is important to understand these barriers to entrepreneurship will also assist policy makers in formulating strategies to mitigate or remove these barriers in order to increase entrepreneurial activities (Sandhu, Sidique, & Riaz, 2010). Therefore, the barriers that were selected for this research will be discussed in the next section.

2.6 The variables of the study.

Variable	Year	Author
Skill:- personal skill, key skill Graduate entrepreneur	2006	Ghulam Nabi, Rick Holden, Andreas Walmsley
Challenges of set of skill of student	2008	Ghulam Nabi, Rick Holden
Fear of failure Lack of resources	2010	Manjit Singh Sandhu
Lack of general business knowledge Lack of finance and experience of familial entrepreneurship	2011	Kelly smith, martin Beasley
Lack of finance Lack of basic business skill Fear of failure	2011	Olawale Fatoki and Lynety Chindoga
Aversion to risk Fear of failure Lack of resources	2012	Rima M. Bizri, Alia Kojok, Abdallah Dani, Mohammad Mokahal and Mohammad Bakri
Entrepreneurial skills Micro level	2013	Azyyati Anuar, Ida Normaya Mohd Nasir, Firdaus Abdul Rahman & Daing Maruak Sadek
Inappropriate syllabi and content Inappropriate teaching method	2013	Richard Shambare
Fear of failure Lack of market experience Lack to adequate entrepreneurship training Aversion to risk Lack of appropriate technical and practical skills Shortage and resources	2013	Ramin raeesai, meisam Dastraj, Sahar Mohammdi & Ehsan Rasouli

2.1 Table of literature review from past studies