

DETERMINANT OF ENTREPRENEURIAL INTENTION  
AMONG BUSINESS STUDENT  
IN PUBLIC INSTITUTION AT MELAKA

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## DECLARATION

“I hereby declare that I have read this thesis and in my opinion this thesis is sufficient in terms of scope and quality for the award of the Bachelor Degree of Technopreneurship with Honour”.

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This report submitted in partial fulfillment of the requirements for the award of  
Bachelor Technopreneurship with honours.

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## DECLARATION

I hereby declare that the work in this project is my own except for the quotations and summaries which have been duly acknowledge. The project has not been accepted for any degree and is not concurrently submitted for award of other degree.

Signature : .....

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Date : 16 June 2017

## DEDICATION

I would like to dedicate this thesis to my beloved father, Roslan Bin Ismail and my lovely mother, Roslina Binti Ariffin. I also would like to dedicate this thesis to my siblings. There is no doubt in my mind that without their continued support and counsel, I could not have completed this process.

## ACKNOWLEDGEMENT

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A project report is an assessment of one’s great skill and attitude. One needs to devote in immense patience, time and brains for the compilation of one such rewarding outcome of true efforts.

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## ABSTRACT

This study aimed to investigate the determinant of entrepreneurial intention among business student in public institution at Melaka. The objective of this study was specifically; i) To identify the most factors that affect entrepreneurial intention among business student. ii) To identify the relationship between determinant and entrepreneurial intention.

A descriptive survey research was used to get the primary data by using questionnaire. Respondents were encompassed of 385 individual who are business student in selected public institution in Melaka. The Cronbach's Alpha Reliability test which can ensure high reliability result was conducted on every variable.

The findings of multiple regression analysis identify the most factors that affect entrepreneurial intention among business student in public institution at Melaka. After test for the coefficient multiple regression analysis of each variable, the result revealed that subjective norms were scored the highest regression coefficient among the other two variables. Subjective norm has the strongest factor that affect entrepreneurial intention among business student where value beta equal to 0.456. The result of Pearson correlation analysis to identify the relationship between determinant and entrepreneurial intention and to find out whether the independent variables are strengthen or weaken each other. Firstly entrepreneurship education, this research results showed that there is significant relationship between entrepreneurship education and entrepreneurial intention which carries correlation coefficient value of 0.406. Besides that, based on result there is a significant relationship between perceived behavioural control and entrepreneurial intention shows that value correlation of 0.506. Lastly subjective norm, it shows that there a significant relationship between subjective norm and entrepreneurial intention with higher coefficient of 0.624.

The discussion of the objectives, implications of study, limitations and recommendations for future research are discussed in the end of the study.

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**LIST OF ABBREVIATION**

UTeM = Universiti Teknikal Malaysia Melaka

UiTM = Universiti Teknologi Mara

EI = Entrepreneurial Intention

ES = Educational Support

PBC = Perceived Behavioural Control

SN = Subjective Norm

Ho = Hypothesis Null

H1 = Hypothesis Alternatives

R = Correlation

SPSS = Statistical Package for Social Science

**LIST OF SIMBOLS**

< = Less than

> = More than

% = Percent

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Introduction

This chapter contains description of the background of the study, problem of statement, research questions, research objectives, scope of the study, limitation of study, significant of the study and summary.

#### 1.2 Background of the Study

Entrepreneurship and small businesses have been designated as the “engines of growth” because of their job creating phenomenon, not only in the advanced countries (Birch 1987; Dimo 2007; Mulugeta Atnafu, 2016) but also developing and privatizing economies across the globe” Governments and policymakers have become keenly aware of the economic development benefits that are derived from the establishment and growth of entrepreneurial endeavours (Khan, Dev Biswas, & Ahmed, 2009).

Nowadays entrepreneurship has become a buzzword daily by basic economic experts, academics and students of universities and polytechnics. Business entrepreneurship or self-employment is one of the largest and source of income since the beginning of the economic and market appeared on earth. In primitive societies and those who have long had a variety of skills such as making weapons, skills they use to ensure their continued existence (Buzeye Zegeye, 2013)

With the beginning of the Industry Revolution and growing product range as well as a variety of business opportunities for potential entrepreneurs. Entrepreneurial plays an important role for the creation of new ventures, expansion of existing efforts, social development, technology and economy in this country (Lumpkin & Dress, 1996; Buzeye Zegeye, 2013). The world economy at this time of uncertainty, job options are no longer ignored and jobs appeal to someone is engaging in entrepreneurship, especially increased unemployment. In Malaysia the choice job more exciting and satisfying career for people and especially to students of the University.

More specifically, entrepreneurship is the main road to drive economic growth, innovation and competitiveness (Scarborough and Zimmerer, 2003; Kuratko and Hodgetts, 2004; Buzeye Zegeye, 2013). A lot of research about the field revealed, there is a strong positive correlation between entrepreneurship and economic growth in terms of creating job opportunities, among both urban and rural areas, stimulating creativity and innovation to transform technology, knowledge and skill. Entrepreneurship is increasingly emerged as one of the most popular research domain among academic to study on the importance and the contribution of entrepreneurship (Lee, Chang et al, 2005; Buzeye Zegeye, 2013).

Interest in the study of entrepreneurship has increased amongst diploma, undergraduate and graduate students over the last decade (Solomon, Weaver et al, 2005; Buzeye Zegeye, 2013). Besides the luxury of thinking university or polytechnic graduates are the elite and intelligent group of people, easy to get a job after graduation, no longer reflect the realities of the world of work today (Seet & Seet, 2006; Buzeye Zegeye, 2013). In a competitive work environment today, the number of jobs is not limited and it has to be competitive to get jobs because job at this time is limited. As a result, many graduates do not get jobs after graduation. Students now seem to find a business education that can equip them with entrepreneurial knowledge and skills necessary to succeed in doing business or to create jobs than to seize entrepreneurial opportunities existing (Brown 1999; Henry, 2003). Finally, entrepreneurship can be recognized as a very rewarding career options and viable business students.

The number of graduates from either public or private universities has increased every year. Added graduates have also increased the competition among them, mainly to fill vacancies in the market. Thus, graduates need to expand the scope of their work to see entrepreneurship as a potential career and not only limit themselves to be employed. However, not all students who like to work and own businesses, either themselves from non-business or business studies. Some people may think they have to face many risks and challenges in this field. They must be prepared mentally and physically to participate in entrepreneurship.

Therefore, it is important to identify the determinant of entrepreneurial intention among business student. The study by researchers earlier showed that less than 95 percent of the world's listed companies to small and medium enterprises (SMEs) (Lukacs, 2005; Wijewardena & Cooray, 1995). While, 95 per cent of the total number of company in the United Kingdom falling from SMEs and only 2 percent are classified as Large Companies (PB). Similarly in Australia, the number of SMEs reached 97 percent of all companies in the country (Wijewardena & Tibbits, 1999; Donny Abdul Latief, 2012).

Intention stems from intentionality, which is a state of mind directing a person's attention toward a specific goal in order to achieve something. The entrepreneurial process is a way of thinking: a way of thinking that emphasizes opportunities over threats. Identifying opportunities is clearly an intentional process, and therefore, entrepreneurial intentions are important for the explanation of entrepreneurship (Krueger, Reilly, & Carsrud, 2007).

Entrepreneurial intentions have a psychological nature. "Psychologists have proven that intentions are the best predictors of any planned behaviour, particularly when the behaviour is rare, hard to observe, or involves unpredictable time lags" (Krueger et al, 2007). Since new business ventures are not developed in a day, entrepreneurship could be seen as a type of planned behaviour.

Krueger and other colleagues have discussed entrepreneurial intentions to show that people will not indulge in starting new firms as a reflex, but rather they

consider the option much more carefully and quite well in advance (Krueger et al, 2005; Scutjens & Stam 2006).

Consequently the aim of this study was to investigate determinants of entrepreneurial intention among business student. There are several factors that may influence them to become an entrepreneur either internal or external factors. It is very important to determine the factors that encourage them to towards entrepreneurship (Shamsul Hana, 2012). In an attempt to identify factors, this study will show the factors that affect entrepreneurial intention among business student and the relationship between entrepreneurial intention and determinants.

### **1.3 Problem Statement**

Fostering entrepreneurship among university students has become an important topic among entrepreneurship researchers. The university is an institution, which students pass on toward working life. Right after graduation, students decide where their career will start. The first reason of this concern is the growing need for entrepreneurs who accelerate economic development through generating new ideas and converting them into profitable ventures. Now the number of graduates who are inclined towards entrepreneurship has increased but the number of graduates who participate as entrepreneurs remain low (Norasmah & Salmah, 2009). The Government gives priority to developing entrepreneurial culture among graduate student and people don't feel worry as all students have a purpose or entrepreneurial skill enough to become entrepreneur (Ahmad Yasruddin, Nik Abdul Aziz Nik & Azyati, 2011; Shamsul Hana, 2012)

Secondly, for the unemployment issues among graduates, serious concern has been raised by policy makers and academicians. In curbing the issue, these graduates can choose to be self-employed. Many fresh graduates do possess the knowledge and skill that are important for starting-up own business, however, only a tiny percentage of students choose to be self-employed immediately after graduating. It may be due to lack of self-confidence or lack of encouragement or reassurance.

There may also be others who are potential entrepreneurs but are not properly aware of the career options that are open to them (Advising Entrepreneurial Students, n.d.). As becoming entrepreneur can be one of the options; their intention on becoming self-employed had prompted researchers to investigate particularly on the influence of entrepreneurial characteristics and entrepreneurial intention among undergraduates towards entrepreneurial activities.

Thirdly, realizing the importance of entrepreneurship for social and economic development of Malaysia, entrepreneurship is a topic requiring a lot of attention from academicians and researchers. Inclination towards entrepreneurship is commonly associated with several personal characteristics (values and attitudes, personal goals, creativity, risk-taking propensity and locus of control) that might be expected to be influenced by a formal program of education. Education also serves as a preparatory function in relation to new venture creation, transferring of knowledge and the relevant skills that increase the self-efficacy (Bandura, 1986) and effectiveness of the potential entrepreneur. There is also preliminary evidence that entrepreneurial attributes can be positively influenced by educational programs and that many entrepreneurship programs and courses are able to build awareness of entrepreneurship as a career option and to encourage favourable attitudes toward entrepreneurship (Gorman, Hanlon & King, 1997).

Fourthly, a study conducted by (Norasmah & Salmah, 2009) show that graduates engage in entrepreneurship is relatively very low in the sense that many prefer to work by organizations elsewhere and not become an entrepreneur (Shamsul Hana, 2012), This study will focus on factors that affect student entrepreneurial intention among business, the relationship between entrepreneurial intention and determinants, and entrepreneurship training programs. This study tried to see a trend towards a tendency among university students who take courses in business and not directly answer the question about the tendency of students to the entrepreneurial business.

Lastly, the government has introduced Entrepreneurship Development Policy Institute of Higher Learning (IHL) aims to promote and strengthen the development of entrepreneurship are more organized and holistic among local institutions in order to produce quality human capital and have thoughts, attributes and values of

entrepreneurship; and produce more entrepreneurs who will act as a catalyst for the country's economic transformation to a high-income economy hinged on innovation toward achieving developed nation status by 2020.

Therefore, to increase the number of entrepreneurs, the tendency should be reviewed because it is an important concept to understand when it's reason for career individuals (Franco, Haase, & Lautenschlager, 2010; Shamsul Hana, 2012). Several factors are among the factors that affect entrepreneurial intention among business student and the relationship between entrepreneurial intention and determinants.

#### **1.4 Research Question**

- 1) What are most determinants of entrepreneurial intention among business student in public institution at Melaka?
- 2) What are relationship between determinant and entrepreneurial intention?

#### **1.5 Research Objective**

- 1) To identify the most factors that affect entrepreneurial intention among business student in public institution at Melaka.
- 2) To identify the relationship between determinant and entrepreneurial intention.

#### **1.6 Scope of the Study**

This study focused on the business student in public institution at Melaka. This research investigated on the determinant of entrepreneurial intention among business student in Universiti Teknikal Malaysia Melaka (UTeM), Universiti Teknologi Mara (UiTM), Politeknik Kota Melaka and Politeknik Merlimau Melaka. The respondents will be either business students. The study sticks the most factor determinants of entrepreneurial intention among business student's namely entrepreneurship education, perceived behaviour control, and subjective norms and find out relationship between determinants and entrepreneurial intention. On top of that, this study will be done in selected business student in public institution at Melaka.

### **1.7 Limitation of the Study**

There are some limitations in this study:

#### **I) Respondent cooperation**

It's quite difficult to cooperate with respondents. Some respondents did not complete the entire answer questions and also leave them empty for some information such as age and gender. Furthermore, some of the respondents have forgotten or refuse to fill in some important questions that need to be analyzed in the questionnaire.

#### **II) Running out of time**

The study was conducted within the time limit. Due to time constraints, this study should be limited to a small population size.

#### **III) Lack of experience and skills**

Specific skills and experience are required to conduct significant. However, researchers are still a new field of research.

### **1.8 Significant of the Study**

This research will generate knowledge about the link between entrepreneurship among business student in public institution at Melaka. In addition, this study will help to develop a new framework on entrepreneurship, particularly among business students in public institution located in Melaka.

This study helps to identify most factors that determine entrepreneurial intention among business students in public institution at Melaka and can be the basis for future research. The findings could also be a tool for career guidance to students to make better career choice (Shamsul Hana, 2012). The findings may also help the government tackle the problem of unemployment among graduates in Malaysia.

The results will reveal the number of students business in university at Melaka which has a tendency to become entrepreneurs in the future. After the decision may be disclosed responsible party can provide an opportunity or channel on entrepreneurs to student.

### **1.9 Summary**

This chapter explains on the background of the study, problem of statement, research questions, research objectives, hypothesis, scope of the study, limitation of study, significant of the study and summary. The next chapter will explain on literature review of past researcher on this topic and also the research framework.