

ENTREPRENEURIAL INTENTION
AND BUSINESS GROWTH AMONG MICRO
BUSINESS OWNER

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DECLARATION OF APPROVAL

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this project paper and in my opinion, this work
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DECLARATION OF ORIGINAL WORK

‘I hereby declare that the work in this project report is my own except for questions and summaries which have been duly acknowledged.’

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DEDICATION

Thankyou my beloved family and friends for supporting me and my supervisor,
Mr. Albert Feisal @ Muhd. Feisal B. Ismail for your guidance and advice upon
completion of this study.

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ABSTRACT

SME industry play a vital role from time to time. Nowadays, government Malaysia conscious about the involvement of micro entrepreneurs in the industry. However, being a micro business owner is not necessary to act as micro entrepreneur. Therefore, the purpose of this study is to examine entrepreneurial intention among micro business owner in their business growth. Factors of intention such as attitude toward behaviour, subjective norm and perceived behavioural control has an influence level on micro business owner's entrepreneurial intention. In order to test the relationship on dominant factors and entrepreneurial intention, three hypothesis was developed for this study. Apart from that, the research focuses on Melaka and was carried out by collecting secondary data through questionnaires to the sampling size. This study used explanatory analysis and correlation coefficient analysis conducted by SPSS software. Results showed the influence level effect on entrepreneurial intention among micro business owner. Attitude toward behaviour and perceived behavioural control have positively significant relationship to entrepreneurial intention which shown correlation coefficient value of 0.648 and 0.739 with p-value less at 0.05 for each set of variable while subjective norm has no significant relationship to entrepreneurial intention among micro business owner.

Keywords: Entrepreneurial Intention, Micro Business Owner, Theory of Planned Behaviour

ABSTRAK

Industri PKS memainkan peranan penting dari semasa ke semasa. Pada masa kini, kerajaan Malaysia sedar tentang penglibatan usahawan mikro dalam industri. Walau bagaimanapun, seorang pemilik perniagaan mikro tidak semestinya bertindak sebagai usahawan mikro. Oleh itu, tujuan kajian ini adalah untuk mengkaji niat keusahawanan di kalangan pemilik perniagaan mikro dalam pertumbuhan perniagaan mereka. Faktor-faktor niat seperti sikap terhadap tingkah laku, norma subjektif dan kawalan tingkah laku mempunyai pengaruh ke atas niat keusahawanan pemilik perniagaan mikro. Untuk menguji hubungan faktor dominan dan niat keusahawanan, tiga hipotesis telah dibangunkan untuk kajian ini. Selain itu, kajian ini memberi tumpuan kepada Melaka dan dilakukan dengan mengumpul data sekunder melalui soal selidik kepada saiz sampel. Kajian ini menggunakan analisis penjelasan dan analisis koefisien korelasi yang dijalankan oleh perisian SPSS versi 23. Keputusan menunjukkan kesan pengaruh pengaruh terhadap niat keusahawanan di kalangan pemilik perniagaan mikro. Sikap terhadap tingkah laku dan kawalan tingkah laku mempunyai hubungan positif dengan niat keusahawanan yang menunjukkan nilai koefisien korelasi masing-masing 0.648 dan 0.739 dengan p-nilai kurang pada 0.05 manakala norma subjektif tidak mempunyai hubungan yang signifikan dengan niat keusahawanan di kalangan pemilik perniagaan mikro.

Kata Kunci: Niat Keusahawanan, Usahawan Mikro, Teori Tingkah Laku yang Dirancang

TABLE OF CONTENTS

CHAPTER	TITLE	PAGES
	DECLARATION	ii
	DEDICATION	iii
	ACKNOWLEDGEMENT	iv
	ABSTRACT	v
	<i>ABSTRAK</i>	vi
	CONTENTS	vii
	LIST OF TABLE	xi
	LIST OF FIGURES	xiii
	LIST OF ABBREVIATION	xiv
	LIST OF APPENDICES	xv
CHAPTER 1	INTRODUCTION	1
	1.0 Introduction	1
	1.1 Research Background	1
	1.2 Problem Statement	3
	1.3 Research Question	4
	1.4 Research Objectives	4
	1.5 Significance of Study	5
	1.6 Scope of Study	6
	1.6.1 Scope	6
	1.6.2 Limitation	6
	1.7 Summary	7
CHAPTER 2	LITERATURE REVIEW	8
	2.0 Introduction	8
	2.1 Entrepreneurship	8

2.2	Entrepreneur	9
2.3	Small and Medium Enterprises (SMEs)	10
2.4	Micro Business Owner	11
2.5	Entrepreneurial Intention	12
2.6	Theory of Planned Behaviour (TPB)	14
2.7	Previous Research	15
2.8	Theoretical Framework	18
	2.8.1 Attitude toward Behaviour	19
	2.8.2 Subjective Norm	19
	2.8.3 Perceived Behavioural Control	20
2.9	Summary	21
CHAPTER 3	RESEARCH METHODOLOGY	22
3.0	Introduction	22
3.1	Research Design	22
3.2	Methodological Choices	23
3.3	Data Collection Methods	24
	3.3.1 Primary Sources	24
	3.3.2 Secondary Sources	25
3.4	Research Strategy	25
	3.4.1 Survey and Questionnaire	25
	3.4.2 Case Study	26
3.5	Sampling Design	27
	3.5.1 Location of the Research	27
	3.5.2 Target Population	27
	3.5.3 Sampling Technique	28
	3.5.4 Sampling Size	28
3.6	Construct Measurement	29
3.7	Data Analysis	33
	3.7.1 Descriptive Analysis	33
	3.7.2 Cronbach's Alpha	34

	3.7.3	Pearson Correlation Coefficient Analysis	35
	3.7.4	Regression Analysis	36
3.8		Pilot Test	36
	3.8.1	Reliability and Validity for Pilot Study	37
	3.8.2	Feedback from the Pilot Test	37
3.9		Summary	38
CHAPTER 4		FINDINGS AND ANALYSIS	40
	4.0	Introduction	40
	4.1	Survey Response Rate	40
	4.2	Reliability and Validity Analysis	41
	4.3	Data Analysis	43
	4.3.1	Analysis for Respondent's Background	43
		4.3.1.1 Gender	44
		4.3.1.2 Age	45
		4.3.1.3 Highest Education Level	47
		4.3.1.4 Involvement in Business at Melaka	48
		4.3.1.5 Number of Employees	48
	4.4	Descriptive Analysis	49
	4.4.1	Descriptive Mean Score Analysis	50
		4.4.1.1 Attitude towards the Behaviour	50
		4.4.1.2 Subjective Norm	51
		4.4.1.3 Perceived Behavioural Control	52
		4.4.1.4 Entrepreneurial Intention	53
	4.5	Pearson Correlation Coefficient Analysis	54
	4.6	Multiple Linear Regression Analysis	55
	4.7	Hypothesis Testing	58
		4.7.1 Analysis of Relationship between Attitude toward the Behaviour with Entrepreneurial Intention	58
		4.7.2 Analysis of Relationship between Subjective	59

	Norm with Entrepreneurial Intention	
	4.7.3 Analysis of Relationship between Perceived Behavioural Control with Entrepreneurial Intention	60
4.8	Conclusion	61
CHAPTER 5	DISCUSSION, CONCLUSION AND RECOMMENDATION	62
5.0	Introduction	62
5.1	Discussion of Major Findings	62
	5.1.1 Summary of the Result of Hypothesis Testing	62
	5.1.2 Relationship between Attitude toward the Behaviour and Entrepreneurial Intention	64
	5.1.3 Relationship between Subjective Norm and Entrepreneurial Intention	64
	5.1.4 Relationship between Perceived Behavioural Control and Entrepreneurial Intention	65
5.2	Research Limitations	66
5.3	Implication	66
5.4	Recommendation	67
5.5	Conclusion	68
	REFERENCES	70
	APPENDICES	76

LIST OF TABLES

TABLE	TITLE	PAGE
2.1	Classification of SMEs	10
2.2	Different between businessman and entrepreneur	12
2.3	Summary from previous research	15
3.1	Likert Scale Table	26
3.2	Operationalization of Construct	26
3.3	Measurement for Attitude toward the Behaviour	29
3.4	Measurement for Subjective Norm	30
3.5	Measurement for Perceived Bahavioural Control	31
3.6	Measurement for Entrepreneur Intention	32
3.7	Cronbach's Alpha Size Table	35
3.8	Feedback from respondent (pilot study)	37
3.9	Reliability Test (Pilot Study)	37
3.10	Research Objective, research question, research hypothesis and data Analysis	38
4.1	Survey Response Rate	41
4.2	Reliability Test (Actual Study)	42
4.3	Summary of Reliability Statistics	42
4.4	Analysis of Respondent's Background	43
4.5	Frequency and Percentage of Gender	44
4.6	Frequency and Percentage of Age	45

4.7	Frequency and Percentage of Highest Education Level	47
4.8	Frequency and Percentage of Involvement in Business at Melaka	48
4.9	Frequency and Percentage of Number of Employees	48
4.10	Descriptive Statistic of Attitude towards the Behaviour	50
4.11	Descriptive Statistic of Subjective Norm	51
4.12	Descriptive Statistic of Perceived Behavioural Control	52
4.13	Descriptive Statistic of Entrepreneurial Intention	53
4.14	Summary of Pearson Correlation Coefficient Analysis	54
4.15	Model Summary	55
4.16	Analysis of Variance (ANOVA)	56
4.17	Summary of Regression Coefficients	56
4.18	Pearson Correlation Analysis of Attitude toward the Behaviour	58
4.19	Pearson Correlation Analysis of Subjective Norm	59
4.20	Pearson Correlation Analysis of Perceived Behavioural Control	60
5.1	Summary of the Result of Hypothesis Testing	62

LISTS OF FIGURES

FIGURE	TOPIC	PAGE
2.1	Theory of Planned Behaviour	14
2.2	Theoretical Framework	18
3.1	Value of Correlation Coefficient	35
4.1	Respondents' Distribution by Gender	44
4.2	Respondents' Distribution by Age	46
4.3	Respondents' Distribution by Education Level	47

LIST OF ABBREVIATION

SME	Small and Medium Enterprises
TPB	Theory of Planned Behaviour
SPSS	Statistical Package for Social Science
IV	Independent Variable
DV	Dependent Variable
ATB	Attitude toward Behaviour
SN	Subjective Norm
PBC	Perceived Behavioural Control

LIST OF APPENDICE

APPENDICE	TITLE	PAGE
A	Gantt Chart	76
B	Questionnaire	78

CHAPTER 1

INTRODUCTION

1.0 Introduction

The purpose of this chapter is to draw out the overview of this study. It contains the background of the research, problem statement, research questions, research objectives, significance, scope and limitation of the research.

1.1 Research Background

Government Malaysia had played a focus on the development of entrepreneur in Malaysia. There is a total fund of RM5.85 billion to assist 80,860 SME beneficiaries and 169 SME development programmes have been implemented in 2017 with. This shown that government believes that entrepreneurship is important in the growth of the economy of Malaysia.

Small and medium enterprises (SMEs) act as a base for the growth of new or existing industries towards Malaysia's future development and potentially in contribution to the substance of the economy. SMEs are reflected as the backbone and contribute to the industrial development in the country. There are 98.5% of companies established in Malaysia are stand up from SMEs while a number of microenterprises in 2016 seize the 76.5% from the total SMEs in Malaysia, there are around 693, 670 microenterprises in Malaysia (SME Corporation, 2016). SMEs Malaysia GDP 2016 contribution has

increased steadily to 36.6% as compared to 36.6% recorded in 2015 (Department of Statistics Malaysia, 2016). This reflects the importance of SMEs in the economic construction of the country. Besides that, SMEs play an important role in creating the job, this can be shown from the percentage of employment has been increased from 64.5% to 65.3% in the year 2016 (Department of Statistics Malaysia, 2016). Despite this contributions, SME is also playing a major contribution in maintaining and creating a functioning market economy, which providing stimulation of competition, job opportunities creation and economic recovery promotion (Ahmedova S., 2015).

Entrepreneurs more likely to register in SMEs because SMEs has a low registration process, simple structure and flexible decision-making process. This makes SMEs become the most popular marketable entities registered by entrepreneurs. In the new political economy, the important player in job creation is small companies, but not large firms. These are because small companies have much more advantages than large firms. For example, small companies are able to react faster to the environment changes and small companies are more able to provide the employees with the feeling of family. Therefore, in order to maintain the sustainability of small and microenterprise, it is crucial to understand the entrepreneurial intention among micro business owner.

Besides that, entrepreneurship has been considered as a significant engine of growth in the economy. This is because entrepreneurship is an important generator towards economic growth, parties of creation jobs and innovation. People have associated that entrepreneurship is able to care out benefits such as self-employment, economic improvement, shortage reduction, and increased living standard.

The entrepreneurial intention is important to be a forecaster of entrepreneurial behaviour or action of accompanying business as an entrepreneur (Ozaralli, N., & Rivenburgh, N.K., 2016). Entrepreneurial intentions of a person needed to be determined to provide a clear goal for people and what they want to attain in the future. Entrepreneurial intention could affect a businessman to perform or not to perform the business development. Several studies have highlighted that many SME owner is not

interested in growth or they may purposely avoid themselves from tracking growth and people also blurred to what happens to entrepreneur intentions (Neneh, B.N., and Vanzyl, J., 2014). In short, to better understand the engagement of business consultants in a sustainable entrepreneurship and build up for business growth, it is important to apply their entrepreneurial intention at the business level.

1.2 Problem Statement

Creating a new business or entrepreneurship is seen as a self-aware and sensible voluntary process (Linan et al., 2013). However, people claim that they tend to stay business small rather than grow up their business. A businessman is unnecessary to be an entrepreneur. Developing their business is not what they want to do or what they can do (Doug & Poly White, 2017). Many people rather act as a businessman more than being an entrepreneur due to several reasons such as people want to avoid regulation, risk and delegate responsibilities (Doug & Poly White, 2017). Hence, the entrepreneurial intention is needed to investigate as people need to understand the factors of influencing entrepreneurial intention among micro business owners in growing up their business into a larger area.

Besides that, the existing research on the business growth of the micro business is limited. Most of the existing research of entrepreneurial intention is largely related with a person's intention to start a business and most of them used students as their target respondents rather than test the hypotheses on the actual business owner (Sahinidis, Vassiliou, and Hyz, 2014). Therefore, through the process of discovering entrepreneurial intention among the micro business owner, this can help to determine the factors for influencing micro business owners to grow up their business and involving themselves in entrepreneurship.

1.3 Research Question

From this research, the reasons behind the problem are uncovered. A few questions have been made to solve the issues.

1. What is the level of micro business owner's attitude towards his/her entrepreneurial intention?
2. What is the influencing level of subjective norms to the entrepreneurial intention of the micro business owner?
3. How far does perceived behaviour control influencing entrepreneurial intention of the micro business owner?
4. What is the most influential factor to the entrepreneurial intention of the micro business owner?

1.4 Research Objectives

The aim of this research is to study the entrepreneurial intention among micro business owner. In detail, these are the specific research objectives:

1. To examine the level of micro business owner's attitude toward the behaviour influences his/her entrepreneurial intention.
2. To determine the influencing level of subjective norms to the entrepreneurial intention of the micro business owner.

3. To investigate the relationship between perceived behaviour control and entrepreneurial intention of the micro business owner.
4. To identify the most relevant variable influenced to entrepreneurial intention among the micro business owner.

1.5 Significance of Study

This study aims to examine entrepreneurial intention among micro business owner. Although there are many things in common when running a business and owning an entrepreneurial company, there are still differences between each other. During the initial stages, both business and enterprises startups are equally required hard work and commitment, but only a few micro business owners will become micro-entrepreneurs after the time period (Seth S., 2014). Despite this, creating a new business or starting a business is deliberated a Voluntary Conscious Process (Linan, et al., 2013). Throughout this research, the factors influencing entrepreneurial intention among micro business owner can be studied.

This research can be indicated on the suitable entrepreneurial courses, programs, and training that would promote entrepreneurial intention of the micro business owner. Governments can develop programmes based on the finding from this research to provide help in the form of financial provision, policy, and education support in order to assistance micro business owner in their business growth and maintain the sustainability to their business. There are many related agencies that can provide support to the micro business owner such as Perbadanan Usahawan Nasional Berhad (PUNB), SME Bank, Malaysian Industrial Development Finance Berhad (MIDF) and so on. Based on this research, these relevance agencies can exploit the entrepreneur programmes to reinforce entrepreneurial intention among micro business owner.

1.6 Scope and limitation of the Study

1.6.1 Scope

This study implemented to examine the entrepreneurial intention among micro business owner. Therefore, the data of this research will be collected from the micro business owner operate their business in Melaka. Microbusiness owner in Melaka has been choosing because Melaka has existing of the micro business owner. With this, it will be easier to get information. All the information that needed to complete this report will be collected by asking the micro business owner about their intention to involve themselves in Entrepreneurship.

1.6.2 Limitation

The current study is subject to some limitations. Firstly, the study will only cover on entrepreneurial intention. The entrepreneurial intention may not become actual behaviour in the future. Therefore, respondents may choose a completely different decision in the future even if the respondents stated in the survey that they have a high entrepreneurial intention. Besides that, the results shown in this study only represent the decisions of the selected respondents, while other unselected respondents may have different results.

The second limitation happened in this study is the possible difference between "awareness" and "reality". The collected data was based on the perceptions of the respondents. The answer from the selected respondents may do not represent the idea of all relevance micro business owner. There might be some error of margin during the questionnaire session.

In the other way, this study meets the limitation on location. The target respondent only focuses on a micro business hence the limitation occur which this study will focus only respondents who operate micro business in Melaka. Thus the result might be unreliable for other research even on the same topic.

Although this study is subject to some limitations, however, these limitations can be overcome by further studies.

1.7 Summary

In conclusion, chapter one act as a tool to overview the brief introduction of this research. To produce a good result, this research is completed by following the planning step by step. Through the problem statement, research questions and research objectives have been determined. It was important to ensure the research conducted accurately. Therefore, it is necessary to study the research scope in order to control on target population so that it will increase the accuracy of the research.