

## **SUPERVISOR'S APPROVAL**

'I/We here declared that I/We had read through this thesis and in my opinion that this thesis is adequate in term of scope and quality which fulfil the requirements for the award of Bachelor of Technopreneurship with Honours (BTEC)

SIGNATURE :

NAME OF SUPERVISOR : DR. IMRAN QURESHI

DATE :

SIGNATURE :

NAME OF PANEL : EN. KAMARUDIN ABU BAKAR

DATE :

THE MOTIVATING FACTORS INFLUENCE THE ENTREPRENEURIAL  
INTENTION AMONG YOUTH GENERATION IN MELAKA

KOO WEI LIANG

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## DECLARATION OF ORIGINAL WORK

“I admit that this report is the result of my own, except certain explanations and passages where every of it is cited with source clearly.”

Signature : .....

Name : KOO WEI LIANG

Date : .....

## **DEDICATION**

I dedicate this thesis to my beloved parents, Mr Koo Kim Huat and Madam Yeow Geok Chang, who always be my side and give me selfless support in term of moral, motivation, financial, advices and guidance. Without their support and gentle prodding, I believe it will be difficult for me to complete my Final Year Project (FYP) successfully.

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## ABSTRACT

Entrepreneur is an individual whom created business and manage in more productive and innovative manner. Entrepreneurship is known as an important source of job growth and economic development of a country and the entrepreneur is the driving force behind the economic development of a countries. Hence, the entrepreneurial intention is the preliminary step in business propensity and driving an individual to become an entrepreneur. The main purpose of this research was to identify the motivating factors that influence the entrepreneurial intention among the youth generation in Melaka. There were the three motivating factors examined in this research which were Entrepreneurship Specific Education, Family Role and Personality Trait while Entrepreneurial Intention as dependent variable. In addition, researcher adopted descriptive research design to collect the data and information that will be useful for the researcher in studying the research objectives. There were 385 set of questionnaires distributed to the target respondents in Google Form. All the data collected were analysed by using SPSS software. Pearson Correlation Analysis and Multiple Regression Analysis were conducted to study the relationship and correlation among the variables. The R-squared value on Model Summary represented that all three independent variables had strong positive impact toward entrepreneurial intention as  $0.716 < 0.7$ . Moreover, the third research objective was achieved as the beta valued showed on the coefficient table indicated that personality trait was the strongest predictor for entrepreneurial intention. In the nutshell, the findings of this research can assist educational institutions especially Institute of Higher Education (IHE) to create and implement effective entrepreneurship development programs to cultivate the entrepreneurial mindset and motivate the youth to act to be a real entrepreneur.

## **ABSTRAK**

*Usahawan adalah individu yang mencipta perniagaan dan mengurus dengan cara yang lebih produktif dan inovatif. Keusahawanan dikenali sebagai sumber pertumbuhan pekerjaan yang penting dalam pembangunan ekonomi sebuah negara dan usahawan adalah penggerak di sebalik pembangunan ekonomi sebuah negara. Oleh itu, niat keusahawanan adalah langkah awal dalam kecenderungan perniagaan dan mendorong individu untuk menjadi seorang usahawan. Tujuan utama kajian ini adalah untuk mengenal pasti faktor motivasi yang mempengaruhi niat keusahawanan di kalangan generasi belia di Melaka. Terdapat tiga faktor motivasi yang diperiksa dalam kajian ini iaitu Pendidikan Keusahawanan, Peranan Keluarga dan Prinsip Kepribadian manakala Niat Keusahawanan sebagai pemboleh ubah yang bergantung. Di samping itu, penyelidik menggunakan reka bentuk penyelidikan deskriptif untuk mengumpul data dan maklumat yang berguna bagi penyelidik dalam mengkaji objektif penyelidikan. Terdapat 385 set soal selidik yang diedarkan kepada responden sasaran dalam Borang Google. Semua data yang dikumpul dianalisis dengan menggunakan perisian SPSS. Analisis Korelasi Pearson dan Analisis Regresi Berganda telah dijalankan untuk mengkaji hubungan dan korelasi antara pemboleh ubah. Nilai R-kuadrat pada Ringkasan Model mewakili bahawa ketiga-tiga pemboleh ubah bebas mempunyai kesan positif yang kuat ke arah niat keusahawanan sebagai  $0.716 < 0.7$ . Selain itu, objektif penyelidikan ketiga dicapai apabila nilai beta ditunjukkan pada jadual pekali menunjukkan bahawa sifat keperibadian merupakan peramal yang paling kuat untuk niat keusahawanan. Secara ringkasnya, penemuan kajian ini dapat membantu institusi pendidikan terutamanya Institut Pengajian Tinggi (IPT) untuk mewujudkan dan melaksanakan program pembangunan keusahawanan yang berkesan untuk memupuk minda keusahawanan dan memotivasi belia untuk bertindak sebagai usahawan sebenar.*

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## LIST OF ABBREVIATIONS AND SYMBOLS

<b>Abbreviations</b>	<b>Meaning</b>
ESE	Entrepreneurship Specific Education
PBC	Perceived Behavioural Control
TPB	Theory Planned Behaviour
H <sub>0</sub>	Null Hypothesis
H <sub>1</sub>	Alternative Hypothesis
UTeM	Universiti Teknikal Malaysia Melaka
UTC	Urban Transformation Centre
SME	Small and Medium Enterprises
MRA	Multiple Regression Analysis
PMCC	Pearson Product Moment Correlation
$\alpha$	Alpha
$B$	Unstandardized beta
$SE B$	Standard error for unstandardized beta
$\beta$	Standardized beta
$t$	T test statistic
$p$	Probability value
PT	Personality Trait
FR	Family Role
VIF	Variance Indicator Factor
SPSS	Statistical Package for Social Science
ANOVA	Analysis of Variance

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Introduction**

The objectives of this research study are to examine three factors' relationship, which are entrepreneurship specific education (ESE), personal traits, and family role with the dependent variable which is entrepreneurial intention among youth generation from age 20 to 40 years old in Melaka. This research paper will provide more understanding about how ESE, personal traits and working experience influence the entrepreneurial intention among youth generation in Melaka.

In this chapter, the researcher had covered the background study of the research topic, which is the critical factors influencing the entrepreneurial intention among youth generation in Melaka. Moreover, the research included the characteristic between youth generation in workplaces. Furthermore, research had covered problem statement, research questions, research objectives, scope and limitation of study and significant of research in this chapter.

#### **1.2 Background Study**

In this world, there are two (2) types of humankind only in workplaces which are employer or employee. According to Peter Drucker, he defined that entrepreneur is an individual that create something new, something different and unique, they change, and they transmit values (Community College, 2010). However, not every business owner is entrepreneur. According to Ward (2018), she said that entrepreneurs

are people who have a talent for spotting opportunities and the abilities to develop those opportunities into profitable businesses. Moreover, an entrepreneur is an individual who starts a side hustle that can eventually create a full-time, sustainable and profitable business with employees (Ferreira, 2018). According to Lazarevic (2017), youth are becoming social entrepreneurs that they began their businesses as incentives for social and economic change. Besides from seeking a profit, social entrepreneurs are trying to solve different social issues either health, nutrition, education or something else.

No doubt, entrepreneurs contributed a significant amount of Gross Domestic Product (GDP) to the nation. According to Anabel Gonzalez, senior director of the Bank Group's Trade & Competitiveness Global Practice by Suwannapha (2016), Malaysia's transition to a high-income country will highly depending on the contribution of SMEs to GDP. According to Hamdan (2016) from Star Online, it stated that Malaysia SME entrepreneurs are expected to contribute more than 41% of the total nation GDP by year 2020. According to Finance Ministry's secretary-general Tan Sri Mohd Irwan Serigar Abdullah as stated in Star Online (2013), the development of creative and innovative entrepreneurs will keep Malaysia moving towards high income nation status. Moreover, the Ministry of Entrepreneur Development aims to strengthen the economic contribution of SMEs by acting as a facilitator to entrepreneurs and SMEs in establishing their business, ensure cooperation and strategic networking between the public and private sectors, and activities to promote the entrepreneurial culture (Bernama,2018).

According to Rasli et.al (2013), entrepreneurship was known as an important source of job growth and economic development of a country and the entrepreneur was the driving force behind the economic development of a countries. The growth of entrepreneurship will improve the living standard of the country (Dolly, 2017). Furthermore, entrepreneurship helps to bring new products and ideas to the market, without the creative ideas from entrepreneurs, the world would not be as advanced as now in the field of culture, science and technology (Gerlach, 2014). In addition, entrepreneurial development act as catalytic for employment generation through promotion of small and medium business as entrepreneurs act as a source of direct and indirect employment for many people in a country (Relivingmbadays, 2013). In addition, entrepreneurship had also emerged as one of the most effective approaches

in developing economic of country and sustaining its competitiveness while confronting the escalating threats of globalization (Keat, Salvarajah & Meyer 2011; Mamun et.al 2017). According to Mat et.al (2015), the nation will define the country's competitive force based on its entrepreneurial spirit and innovativeness.

Besides that, the entrepreneurial intention among youth generation is the core reason that drive the youth to become entrepreneur rather than employee. Entrepreneurial intention is the fundamental step in business propensity and represents the basis for consequential entrepreneurial actions (Bygrave, 2009). Entrepreneurial intention is one of the vital factors that encourage youth or even elder generation to begin their business adventure. Hence, most of the youth generation ultimately wanted to become an entrepreneur. Entrepreneurs are vitally important not only to nation's economic but to society and social as well. This statement was proved and supported by Azhar and Javaid (2010); Dickson, Solomon and Weaver (2008) as cited in Usman and Kamau (2017) that entrepreneurship is important in creating and generating significant contribution toward nation's economic and social development such as job creation, reduce unemployment, technology advancement and better lifestyle.

Therefore, it is important to study the factors that can encourage the youth to become entrepreneur instead of working to other. Apart from that, there are many governmental and non-governmental organizations such as Entrepreneurship Development Organization (EDO), Malaysian Youth Council (MBM), Entrepreneurs Development and Economic Committee (Edec) etc existed to help the Malaysian to create their own business venture with proper guidance to increase the probability of succeed. According to WOB (2017), it stated that the youth generation are looking towards a good work-life balance and crave the freedom to pave their own path in life. Besides that, the innovations and inventions of entrepreneurs would improve the living standard, creating wealth, contribute to job creations and conditions for prosperous society (Seth, 2017).

### 1.3 Problem Statement

Wealth inequality is a common issue in many developed and developing country (Leong, 2017). Due to the recent economic instability and high inflation rate, the living cost is rising gradually which cause many people to have second job to encounter the imbalance between income and expenses. Besides that, to the stabilize and improvise the living standard, people often looking for second passive income by investing on stock market, part-time E-commerce seller, broker, or even grab driver to earn extra income.

The youth choose to be employee rather than entrepreneur because of many factors such as lack of entrepreneurial knowledge, good offers from other company and lack of entrepreneurial competencies etc. According to Sharma (2017), fresh graduates and degree holders are looking for financial stability, they don't want to take the risk and they are educated to become very good employee and how to get jobs but not as a great leader or entrepreneur. In addition, according to Clifford (2014), youth choose to work with the company that having social benefit embedded in its core mission that allowed youth employee to give his or her talents, skills and knowledge daily, beyond donating money. There are many companies provide good offers to youth to work with them because youth are easier to train due to being driven and eager to excel (Garthwaite, 2013). Moreover, youth refuse to become entrepreneur as they are lacking entrepreneurship capital and entrepreneurship knowledge (Baijal, 2016). Running a small business is not an easy task, it comes with plenty of challenges and the entrepreneurs must come with appropriate solutions to handle the challenges (Pozin, 2017).

Youth unemployment is one the biggest global challenge nowadays (Pompa, 2015). Moreover, the rate of youth unemployment rate in Malaysia is considerably high. According to Andria (2018), the main reasons caused youth unemployment are skill mismatch and market uncertainties as challenges for every economy in tackling the issues of high youth unemployment rate. Youth unemployment is one of the contentious political issues as well as a burden for people living through it. It will result in significant long-term negative impacts if it left unchecked (Dass, 2018). Furthermore, there are many fresh graduates are not able to get employed within six months after their graduation nowadays. According to Halim (2018), the rising of

youth unemployment rate in Malaysia was mainly contributed by fresh graduates, approximately 204,000 which constitute 40.5% of total unemployment rate. In addition, the advent of technology has brought about an increasingly digital economy, 43 percent of Malaysian employees are worry that digitalized economy would threaten their jobs based on the survey done by Workday (Lee, 2018). The rising digital economy and automation system cause massive destruction in job opportunities among middle-low class jobs. According to study, there are 47 percent of the jobs in United States are threatened by automation (Kong, 2017).

Entrepreneurs are significant important in contributing and stimulating the growth of economic in the country. Malaysia is one of the countries where the government offers generous funding and physical infrastructure to support entrepreneurship. However, the total entrepreneurial activity rate of Malaysia was second lowest in Asia Pacific, it indicated that the proportion of youth intention to start a business and hold positive attitudes towards entrepreneurship was extremely low (Voon, 2016). The Global Entrepreneurship Monitor (GEM) report attributed that the low rate of start-up business among Malaysian are due to lack of entrepreneurial education, cumbersome regulations, poor R&D and market openness (Voon, 2016). The entrepreneurship ecosystem of Malaysia comprises of three key stakeholders which are government, industry and university. According to the previous sport minister, Khairy Jamaluddin as stated on The Star Online (2017), he said that the entrepreneurial spirit among Malaysians is low although Malaysia is having many entrepreneurship development organisations (EDOs). According to The Edge Financial Daily (2014), the government and non-governmental organisations including Malaysian Youth Council (MBM) are providing mentorship program to encourage the grow of youth entrepreneurship. Furthermore, MBM and Entrepreneurs Development and Economic Committee (Edec) introduced 9 Teraju to encourage youth to become successful entrepreneur with proper guidance.

Recently, the study shows that there is declination of entrepreneurship due to several factors including proliferation of chain stores, corporations undertaking entrepreneurial activities, mounting student debt and population decline in certain areas (Smith, n.d). Therefore, it is important to study the critical factors that can encourage youth to become entrepreneur so that they can contribute to nation's economic by continually inventing and innovating new products and creating more job

opportunities. The development of entrepreneurship is one of the good approaches to fight against youth unemployment (Pompa. 2015).

#### **1.4 Research Questions**

The research questions below are designed and developed to address the researching issue:

1. What are the factors that influence the entrepreneurial intention among youth generation?
2. What is the effect of the factors on the youth's entrepreneurial intention?
3. What is the most critical factors that influence the entrepreneurial intention among youth in creating new business?

#### **1.5 Research Objectives**

The research objectives are designed and developed to overcome problems:

1. To identify the factors that influence the entrepreneurial intention among youth generation.
2. To analyse the relationship of the factors that influence the youth's entrepreneurial intention.
3. To determine the most critical factors that influence the entrepreneurial intention among youth in creating new business.

## **1.6 Scope of Study**

This research study was conducted to investigate the factors that influencing the intention of youth generation to become entrepreneur instead of being employed in area Melaka. In addition, this research aims to analyse the impact of the influencing factors on the youth's entrepreneurial intention. In this study, the target respondents in this research were youth with age ranged from 20 to 40 that categorized as youth by The National Youth Development Policy of Malaysia. The target respondents that being chosen in participating the survey have no limitation on races, beliefs and gender. These group of youth are merely coming from generation Y (millennial) and generation Z.

## **1.7 Limitation of Study**

The researcher limited this research in the aspect of geographical. This study was only focus on the area of Melaka province only not the whole Malaysia. Hence, the data collected were merely limited for Melaka only and the result of this research could not be generalized for a whole Malaysia. This was due to the time constraint where approximately six months of time frame given to complete the whole research. Moreover, researcher not able to conduct the research and investigation on other provinces due to the lack of financial resources. Thus, the researcher might conduct further study on other provinces which involve larger samples.

Besides that, this research was limited to youth generation which are age ranging from 20 to 40 years old only. The group of people are mainly from millennials and generation Z which are born to highly digitalized world. Hence, the result generated have reference value for youth generation only. The further study about this research title could focus on older generation such as generation Y and baby boomer.

Apart from that, the data collection unable to meet the expectation. The data collection was through questionnaire distribution, not hundred percent of respondents are giving the true feedbacks. Hence, the quantitative results were lower reliable as

compared to qualitative results. For further study, research might apply qualitative method to collect the data from the potential and target respondents or apply both qualitative and quantitative if possible.

### **1.8 The Significance of Study**

The purpose of this research paper is to investigate the critical factors that will influence the entrepreneurial intention among youth generation in Melaka. The study on the impact of the critical factors that influence the entrepreneurial intention among youth generation in Melaka area will benefits the country on how to encourage youth and teenagers to become entrepreneurs that can contribute positive consequences to the nation's economy. Entrepreneurs are the driving force that keep the country moving toward modern status by continuously creating innovative ideas and inventing new ideas that can derive financial rewards and sustain in the highly competitive marketplaces. This study contributes the guidelines and advices to the country, high educational institution and youth generation themselves on how to become a good entrepreneur.

In addition, this study provided the support and reference to the academic perspective to further study of the relationship between the three factors (Entrepreneurship Specific Education (ESE), personal traits family role) and the entrepreneurial intention among youth generation. Moreover, the finding of the study has important contribution to the high educational institution and youth generation themselves to understand the factors that can encourage them to become entrepreneur rather than working with others.