

Factors that Influence UiTM's Undergraduates towards Entrepreneurial Intentions

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ABSTRACT

Entrepreneur's intentions form the initial strategic template of new organizations, are important underpinnings of new venture development. The study is to determine which entrepreneurial characteristics of respondents such as internal locus of control, need for achievement, risk-taking propensity and self-efficacy would influence them towards their entrepreneurial intentions. In this study, the researchers randomly selected respondent's students from UiTM Perlis. They are graduating undergraduates who had voluntarily attended the Undergraduates Basic Entrepreneurship Course (KAKS). KAKS is a basic undergraduate entrepreneurship-training program specifically allocated for graduating students. The National Entrepreneurship Institute (INSKEN) sponsors this program. The Malaysian Entrepreneurial Development Center (MASMED) with the consent and cooperation from UiTM organizes this program. The result of the study based on the entrepreneurial characteristics of respondents will be useful in selecting and training potential entrepreneur graduates undergoing this program in the future.

Keywords: entrepreneurial intention, locus of control, need for achievement, risk-taking propensity, self-efficacy.

INTRODUCTION

The impact of training and education on the creation of future entrepreneurs has been raising discussion among academician, researcher and practitioner. According to Ede, Panigrahi and Calcich (1998), we can successfully train people to become entrepreneur. In UiTM, MASMED conducted directly the entrepreneurship programs with the funds received from the Ministry of Trade and Industry. Undergraduates Basic Entrepreneurship Course (KAKS) is one of the program conducted by MASMED which are funded by The National Entrepreneurship Institute (INSKEN). KAKS is a basic entrepreneurship-training program specifically allocated for graduating students.

The duration of this training program is schedule for two-weeks of intensive courses. The students that attended this program would be able to enhance their knowledge in business area of their concern and skills development in marketing, operations, administration and finance. With the acquired ability and knowledge after attending this program, participant's graduates would be able to start-up new business ventur and thus reducing unemployment among graduates.

Previous studies have proved that some entrepreneurial characteristics might change the student's attitude towards entrepreneurship but some not. The issue on entrepreneurship training and education would make possible to change student's personal characteristics in entrepreneurial context. A review on entrepreneurship education and training would influence individual entrepreneur's trait to start-up new business venture. The issue raises among organizer, coordinator and secretariat program on why do students involve in those training program do not successfully achieve the training objectives. Thus the focus of this study is to investigate on the influenced of entrepreneurial characteristics among students KAKS towards entrepreneurial intention. Which of these characteristics might influence students entrepreneurial intentions to start-up their own business, As a matter of assisting graduating students in solidified their future career plans, the researchers want to investigate on how significant do the four entrepreneurial characteristics would influence the participants of KAKS program and their entrepreneurial intention. Besides, the study also explore the demographic profile among respondents of UiTM undergraduates who attended the KAKS program.

LITERATURE REVIEW

The characteristics typical of a successful entrepreneur are the ability to take risks, innovativeness, self-efficacy, need for achievement, business management skills, marketing skills, locus of control, and ability to co-operate (Casson, 1982; Littunen, 2000; Louw, et.al., 2003). Many study in entrepreneurial characteristic's has focused to such factors as *need for achievement* (McClelland, 1961; Kroon and Moolman, 1991; Timmons, 1999), *locus of control* (Rotter, 1966; Brockhaus, 1982), *risk taking propensity* (McClelland, 1967; Brockhaus, 1980; Hatten, 1997) and *self efficacy* (Bandura, 1982; Boyd and Vozikis, 1994). The discussion of above factors might help the researcher to determine people's career choices towards entrepreneurial intention as studied by McClelland's in the 1950'S (McClelland, 1967).

Entrepreneur intention is the state of mind that can directs and guides the actions of the entrepreneurs towards the development and implementation of the business activities. It refers to the degree of readiness to start up a new business. If the readiness to set up a new business is primarily shaped by the founding related conditions. A change in these conditions should have an effect on entrepreneurial intention. One of the entrepreneurial characteristic that are related to the entrepreneurial intention is the need for achievement (Abdul Razak et al. 2010).

Achievement of the entrepreneur is the result of the behavioral dynamics whereby two entrepreneurs, working under the same social environment with identical manufacturing process and products and manifest differential degrees of success. Previous research found that entrepreneurs could learn the need for achievement characteristic. The research conducted by Swierczek & Thanh Ha (2003) found that the need for achievement is a significant attitude motivated people to become an entrepreneur. In the other research (McClelland, 1987) has shown a significant relationship with entrepreneurial intention. This study has proven by Vesalainen and

Pihkala (1999) that need for achievement is the factor associated with the entrepreneurial orientation.

Several studies have shown that internal locus of control has a significant relationship with entrepreneurial intention. (Rotter, 1966; Johnson 1990; Venkatapathy, 1984). Internal locus of control is consistent with a high achievement motivation; it is the desire to take personal responsibility and self-confidence. According to Rotter (1966), the locus of control of an individual is either internal or external. He reported that an internal control expectation refers to control one's own life, where the results of one's actions are dependent either on one's own behavior or on one's permanent characteristics. With reference to Rotter's theory, the internal control expectation involves learning and thus motivates and supports active striving. Moreover, an internal control expectation is usually associated with entrepreneurial characteristics (Littunen, 2000). Furthermore, according to Robbins (2003), internal locus of control refers to the degree to which people believe they are masters of their own fate. While, McShane and Von Glinow (2005), reported that locus of control refers to a generalized belief about the amount of control people have over their own lives. Successful entrepreneurs believe in themselves. Entrepreneurs do not believe the success or failure of their venture is dependent on their fate or luck. Individual who feel that they are much in charge of their own destiny, have a high internal locus of control. However, those who think that events in their life are due mainly to fate, luck or powerful others have an external locus of control. Many studies proposed to conduct a separate dimension on internal and external locus of control (Littunen, 2000).

Another important characteristic to be an entrepreneur is the risk-taking propensity. The element of risk is an essential component of business decision. Caird (1998) mentions a good nose of business, the desire to take risks, the ability to identify business opportunities, the ability to correct errors effectively and the ability to grasp profitable opportunities as characteristic of an entrepreneur. According to Robbins (2003), risk taking propensity or ability to avoid risk has shown to have an impact on how long it takes entrepreneurs to make a decision before making their choice. While Mayne (1997) states that individual's perception of risk influenced by his or her own and other people experienced. Successful entrepreneurs are not gamblers. When they decide to participate in a venture, they do so in a very calculated, carefully thought-out manner. They do everything possible to get the odds in their favor and they often avoid taking unnecessary risks. In addition, risk-taking propensity is a distinctive dimension of entrepreneurship in existing firms (Covin & Slevin, 1989).

RESEARCH METHODOLOGY

In this study, the total populations for KAKS students' were 150 candidates. The data taken in this study were from final year students studying in UiTM of who had attended the KAKS program. The participant students comprised of various disciplines namely from Faculty of Business Management, Engineering, Applied Science, Computer Science, Sports Recreation and Accounting. Immediately after the participants finished completing the KAKS program the researcher distributes a structural questionnaire survey to all students who had participated in this KAKS entrepreneurial training program. The researchers immediately collected the questionnaires after they had finished answering them. However, only one hundred and thirty questionnaires (87%) returned to us and only ninety-nine questionnaires (65.5%) were usable for data analysis using SPSS 14.00.

The questionnaire is an instrument used to measure the research objectives The instrument used in the study were from past research on entrepreneurial characteristics and entrepreneur intention. Need for achievement scale was adopted from McClelland (1967), self-efficacy was adopted from

Chen, teal (2001), risk taking propensity using Kogan-Wallach instrument (Hisrich & Brush, 1985), locus of control using Rotter's scale (Hisrich & Candida,1985) and entrepreneurial intention was adopted from Franke & Luthje (2003). The questionnaire contained two parts; first part is on respondent demographic profile and the second part is on entrepreneurship characteristic and entrepreneurial intention. There were 19 items question on respondent profile and 55 item questions on entrepreneurial intention and entrepreneurship characteristic.

In this study, the Cronbach's Alpha measures the reliability coefficient of the four independent variables and one dependent variable. The summary of reliability test study is shown in Table 1. The consistency (α) of need for achievement for this study is 0.826 and the previous research shown the reliabilities alpha ranged from 0.59 – 0.79 (McClelland, 1961, McClelland, 1990, Hirsch and Peters, 1995; Littunen, 2000; Shane, et.al., 2003; Franke & Luthje, 2004). The Reliability test scale (α) for locus of control is 0.859. Previous Reliabilities scales (α) were between from 0.64 to 0.79 ranged (Rotter, 1966; Hisrich and Peters, 1995; Littunen, 2000). The reliabilities scale for risk taking propensity in previous study were ranged from 0.52 to 0.68 (Low & MacMilland, 1988; Brockhaus, 1980; Hisrich and Peters, 1995) and for this study the reliability scale for risk taking propensity is 0.65. Present finding shows the reliability scale (α) is 0.740. The entrepreneurial intention as dependent variable for this study has a reliability scale (α) of 0.89 and previous study reported were 0.7 to 0.87 (Gist, 1987; Scherer, Adams & Wiebe, 1990; Boyd and Vozikis, 1994; Luthjen & Franke, 2003, Kennedy, J., et. al., 2003).

Table 1: The Descriptive Statistics of Reliability Test Scale (α)

Items	Reliability Test Scale (α)
Need for Achievement	0.826
Locus of Control	0.859
Risk Taking Propensity	0.650
Self-Efficacy	0.740
Entrepreneurial Intention	0.890

FINDINGS AND DISCUSSION

Demographic Profile

Table 2 shows a demographic profile of respondents. The gender of respondents was distributed between male 31(31.3%) and female 68 (68.7%) respondents. Majority (93.9%) of respondents were 21 years and above. The findings also composed of CGPA ranged. Majority (78.8%) of the respondents have CGPA between 2.50 to 3.50. In term of family background, more than half (60.6%) have family background in business. Regarding their business experienced almost half of the respondents have business experienced. Of the total respondents, 39.4% of their family did not involved in business and 60.6% of the respondent's family had involved in business. In terms of business experiences, 47 (47.5%) of respondents stated yes and 52 (52.5%) stated do not have business experienced.

Table 2: Demographic Profile of respondents

	Respondents	Frequency	Percentage (%)
Gender:	Male	31	31.3
	Female	68	68.7
Age	≤ 20	6	6.1
	21 and Above	93	93.9
CGPA:	2.00-2.49	13	13.1
	2.50-2.99	42	42.4
	3.00-3.49	36	36.4
	3.50 and above	8	8.1
Family Background in Business:	Yes	60	60.6
	No	39	39.4
Business Experienced:	Yes	47	47.5
	No	52	52.5

Regression Results

Regression analysis examines the simultaneous effects of several independent variables on a dependent variable (Sekaran, 2003). The regression model in table 3 shown that the model were able to explain 34.4% of the entrepreneurial intention among respondents from the KAKS program.

Table 3 : Model Summary of R Square

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
2	.598	.358	.344	.353

- a. Predictors: (Constant), Need for Achievement, Risk Taking
- b. Dependent Variable: Entrepreneurial Intention

With reference to the regression output in table 4 the independent variables; need for achievement and risk-taking were significant to the dependent variable, entrepreneurial intention at $p < 0.05$ and with F-value equal to 26.716. An examination of the t-values in table 5 shows that the independent variables; need for achievement and risk taking propensity contribute to the students entrepreneurial intention. However, the result on the other independent variables locus of control, and self-efficacy show that these two variables were not significant ($p > 0.05$).

Table 4: Significance Level

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	6.644	2	3.322	26.716	.000
	Residual	11.938	9	.124		
	Total	18.582	98			

- a. Predictors: (Constant), Need for Achievement, Risk Taking Propensity
- b. Dependent Variable: Entrepreneurial Intention

Table 5: Significance Level of Need for Achievement, Risk Taking Propensity and Entrepreneurial Intention.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig .
	B	Std. Error	Beta		
1 (Constant)	1.246	.426		2.925	.004
Need for Achievement	.607	.105	.510	5.794	.000
Risk Taking propensity	.170	.085	.176	2.001	.048

- a. Predictors: (Constant), Need for Achievement, Risk Taking Propensity
b. Dependent Variable: Entrepreneurial Intention

This finding were supported by the study of McClelland (1967) which reported similar findings on the need for achievement on the entrepreneurial intentions. The findings were also similar with the work of Hisrich and Peters (1995) that need or achievement and risk-taking propensity as a crucial factors towards people aspiration to start their own business. Only two of the four factors were significant in this study but these possible characteristics are unique characteristics that are associated with successful entrepreneurs and successful individuals including managers and professional (Low and MacMillan, 1988)

CONCLUSION

Many studies have contributed on the explanation of entrepreneurial characteristics and entrepreneurial intention and perhaps this present study might be beneficial for the other researcher to conduct the similar study in entrepreneurial field. Researcher assumes that this is a good step in measuring the achievement of KAKS candidates'. In addition, the study on entrepreneurial characteristics might give significant contribution on entrepreneurship field training and development. From the findings, researcher would conclude that there were significantly influenced in entrepreneurial characteristics towards entrepreneurial intention. The two variables that have significantly contribute towards entrepreneurial intention to start up business are need for achievement and risk-taking propensity.

The researcher would like to recommend to the secretariat of the program to conduct a motivational course on entrepreneurial characteristics among KAKS or other entrepreneurial training programs in order to develop and maintain their achievement motivation level of entrepreneurial characteristics and entrepreneurial intention in entrepreneurship field. Furthermore, the secretariat of the program should perform a thorough follow-up program on the progress of their entrepreneurial intention among the candidates of KAKS program after they had graduated from the institution. Finally, through a proper planned, structured and organized entrepreneurial training programs, we would be able to nurture and create potential new entrepreneurs in Malaysia and meeting the goal of one Malaysia.

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