

**ENTREPRENEURIAL INTENTION: AN EMPIRICAL STUDY
AMONG OPEN UNIVERSITY MALAYSIA STUDENTS**

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JANUARY 2008

DECLARATION

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I hereby declare that this project paper is the result of my own work, except for quotations and summaries which have been duly acknowledged.

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- (V) Chapter 1 : Introduction
- (VI) Chapter 2 : Entrepreneurial Education In Open University Malaysia
- (VII) Chapter 3 : Entrepreneurial Intentions
- (VIII) Chapter 4 : Research Methodology
- (IX) Chapter 5 : Data Analysis And Discussion
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ABSTRACT

It has always been the interest of our government to promote entrepreneurship and new venture in business as a mean to enhance economic growth for the nation and creating jobs to help to solve the problem of unemployment.

The research conducted particularly among the students of Open University Malaysia (OUM) has attempted to understand the factors that stimulate or impede their entrepreneurial intention. The study has also focused on examining how many OUM students possess the entrepreneurial intention towards self-employment, how the relationship of demographic factors affecting their entrepreneurial intention, and lastly but not least how is the curriculum offered in OUM has helped to promote students' interest in entrepreneurship.

It appears that the students find entrepreneurship both personally and generally desirable which suggests that entrepreneurial career in future might become more typical and popular among university graduates. However, training and skill development programs are necessary to increase the personal capabilities and generate interest and intention among students to have positive attitudes towards entrepreneurship.

This survey has also confirmed the previous studies by others that the male persons at their prime age of 31-45 years old continue to be the most active group in terms of entrepreneurship and the role of entrepreneurial role models in the family has a positive effect on the entrepreneurial perception and intentions.

It also appears that the entrepreneurial intention among female students is fairly low. This paper suggests that there should be continuous effort to promote female entrepreneurship and continuous effort from university to work closely with a variety of business support agencies or other government agencies to raise students' awareness of various avenues of support and programs available to assist them in their business start-ups.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter will discuss the context of the study, the problem statement, the objective, and scope of the study, assumptions made and the limitation of the study.

1.2 Context of Study

Entrepreneurship is becoming a very relevant instrument to promote economic growth and development in different regional and national economies. Since 1970, many western countries have shared the same experience that large established firms can no longer create any net increase in employment. This has resulted in high level of unemployment and the small and new firms are important as creator of new jobs (*Davidson 1995a, 1995b*). There is a widespread hope that small and new firms will help solve problem of unemployment and generate economic development.

The question of “What makes people found their new firms?” and what factors that influencing individuals’ intention to go into business and what determinants of entrepreneurial intention would be part of our discussion.

The economic function of entrepreneurs allows us to highlight their important role as development agent. The entrepreneurs are responsible for the promotion of enterprises and businesses; they infuse dynamism in economic activity, manage organizational and technical changes and promote innovation and learning culture.

Entrepreneurship is an attitude that reflects an individual's motivation and capacity to identify an opportunity and to pursue it, in order to produce new value or economic success (*Ajzen 1991, Shapero 1982*). This attitude is crucial for competitiveness and encourages innovation.

Many researches have been done on the drivers of entrepreneurial aspirations and the transformation from entrepreneurial aspiration to new venture creation. There are evidence that aspiring entrepreneur do have different demographic characteristics such as age, gender, self-employment experience, family background, education background, strength of financial resources, dissatisfaction with hours of work and pay etc. It also associated with the psychographic factors such as attitude toward risk, achievement motive, tolerance for ambiguity, locus of control etc. (*Katz, 1992, p30*). Other geographical factors are organization, unemployment, the environment and nature of business.

According to Bird (1988), factors that determine intentions are attitude, subjective norms, perceived behavioral control, perceived control liability of behavior, self-efficacy, perceived desirability and feasibility. Whereas, among the theories about intentions are:

- i) Sahpero's (1975) theory about the entrepreneurial event
- ii) Bird's (1988) model about entrepreneurial intentionality
- iii) Ajzen's (1991) theory of planned behavior

iv) Quinn's/Wrich's model of intellectual capital

Among all the factors, this paper will focus more on the factor of education development to promote business awareness and interest for entrepreneurship, to improve business skills of the graduates, to develop innovative and technological mind for new business ventures and business creation for sustainable business growth.

Generally, the university students find entrepreneurship is desirable which suggest that the entrepreneurial career in the future might become more typical for the university graduates (*Passio, 2005*). However, training and skill development program might be necessary to increase the personal capabilities. Such program shall also continually help to promote positive entrepreneurial attitude towards entrepreneurship in general.

1.3 Problem Statement

In this study, we are interested in how people with an academic degree perceive entrepreneurship as a personal career alternative.

It is widely accepted that the educational system of universities has to provide an academic environment that serve as a catalyst for high-technology start-ups. The universities shall be fostering innovations and new product development through entrepreneurship as primary task of universities. The role of university graduates shall also be enhanced as founders of innovative business (Robinson and Sexton 1998).

An entrepreneurial intention survey would be conducted to see the founding intentions among students and what make them intend to become self-employed.

We must acknowledge the fact that the scope of study would be too wide if we want to cover all universities, and all groups of academic graduates besides the fact that among the university graduates are highly heterogeneous. Hence, we will select only the students of Open University of Malaysia (OUM) as our targeted respondents to examine how they perceive entrepreneurship. We will cover not only student from business study but also students from other disciplines and engineering background to measure their business intention which are important for the new technology-based business start up.

The following problem statements would be covered in our study:

- a) How many OUM students possess the attitude and entrepreneurial intention towards self-employment and perceive entrepreneurship as their career choice?
- b) How the relationship of the demographic factors affecting their entrepreneurial intention?
- c) How relevant is the curriculum offered in OUM in promoting students' interest in entrepreneurship?

1.4 Objective of Study

The general objective of the study is to find out the entrepreneurial attitude and the amount of entrepreneurial intention the students have in OUM.

More precisely, the objective of the study is also to find out the following:

- a) The existence of certain personality features and traits that could be associated with the entrepreneurial activity.
- b) How the education system and training can affect the entrepreneurial intention among the students.
- c) Through comparison of students' personality traits, attitudes towards entrepreneurship and perceptions of contextual factors hopefully can shed some light on differences in entrepreneurial intention among students. This will help us to gain insight into how university administration and faculty could foster new venture among the OUM students.

1.5 Importance of The Study

The finding of the study hopefully can give some indication on what are the suitable entrepreneurial courses, programs and training that would promote the graduates' interest to start up their own businesses.

The proposals derived from the survey can also provide some initiatives in formation of educational curriculums for the creation of future entrepreneurs and success of their new ventures.

1.6 Scope, Assumption And Limitation of The Study

1.6.1 Scope of Study

The scope of the study will concentrate on the entrepreneurial intention and attitude of self-employment among the graduate students of OUM only.

1.6.2 Assumption of The Study

The group of academic graduates selected as the respondents of the survey are highly heterogeneous. As such, the following assumptions have to be made:

- a) That the samples selected are mainly from campus at Angkasa Raya can represent the overall population of the actual study.
- b) The internal and external factors selected are as determinants for study of entrepreneur intention hopefully can represent the driving factors for entrepreneurial tendencies among the graduate students.

1.6.3 Limitation of The Study

The study has the following limitations:

- a) In this paper, we will use the Entrepreneurial Intention Questionnaire (EIQ) developed by Linan and Rodriquez (2004) as the basis for the study. The re-test reliability and validation of the

study instrument to determine its suitability in our study is a limitation (*Baharu Kemat, 1994*).

- b) The study will examine the students currently enroll in OUM only. The limitation would be to get the feedback from those students who had undergone the entrepreneurial courses and had graduated. We have not been able to find out how many have actually venture into their own businesses,

1.7 Definitions

In order for us to understand the model and its rationale in the empirical analysis of the characteristics of entrepreneurship, it is vital to understand the meaning of some of the terminologies being used in the study.

a) Intention

The decision to start a new firm is assumed to be planned for sometime and thus preceded by an intention to do so. However, in some cases this intention is formed only shortly before the actual decision and in some cases the intention never leads to actual behavior. Hence, entrepreneurial intentions are assumed to predict individual's choice to found their own firms (*Ajzen, 1991*).

b) Conviction

The model suggests that a major determinant of entrepreneurial intention is the individual's conviction that this career is suitable alternative for

him/her. It suggests that such a choice would be instrumental in terms of improving one's economical standard or make it possible to stay in the preferred place of living (*Ajzen & Fishbein, 1980*).

c) Entrepreneurship

Entrepreneurship is defined as having a passive and active component with propensity to induce changes oneself, but also the ability to welcome and support innovation brought by external factors by welcoming change, taking responsibility for one's actions, positive or negative, to finish what we start, to know where we are going to set objective and meet them, and have the motivation to succeed. (*Shapero-Sokol, 1982*).

Entrepreneurship is not just the abilities and skills to run an enterprise but include a set of other key competencies and goes beyond a narrow perspective. It includes planning, organizing, analyzing, communicating, doing, and de-briefing, evaluating and recording progress in learning. Other important aspects of entrepreneurship include identifying one's personal strengths and weaknesses, displaying proactive behavior, being curious and creative, understanding risk, responding positively to changes and the disposition to show initiative (*Spaero-Sokol, 1982*).

d) Entrepreneurial Intention

Psychological research shows that intention is a crucial predictor of subsequent planned behavior (*Bagozzi et.al, 1989*). Consequently, entrepreneurial intention is a decision to form a new business venture that is planned rather than being conditioned. An individual may have the potential of being entrepreneur because own competency and self-efficacy but may not make the transition into entrepreneurship because of a lack of intention (*Krueger et. al, 2000*).

e) Attitude

Include self-reliance, open mindedness, respect for evidence, pragmatism, commitment to making a difference, assertiveness, competitiveness, independence (*Garther, 1985*).

1.8 Approaches For Report Presentation

This paper will be presented in 6 chapters with Chapter 1 carrying the topics of problem statement, objective of study, importance of study, scope, assumption and limitation of study and some important definitions. Chapter 2 is regarding establishment of OUM, the importance of entrepreneurial education in OUM and the development of entrepreneurial intention among OUM students. Chapter 3 will feature the perspective of intention from researcher point of view, various approaches in studying the entrepreneurial intention, critics to various approaches of the study, demographic factors and other elements that have relationship with the entrepreneurial intention. Chapter 4 is regarding the methodology of study which outlines the design of study, the instrumentation and analysis of data. Chapter 5 will outline the hypothesis and cover the analysis and finding. Last but not least is Chapter 6 which will put forward the summary of finding, recommendations or proposals based on the finding and conclusion.

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CHAPTER 2

ENTREPRENEURIAL EDUCATION IN OUM

2.1 Introduction

This chapter will cover briefly the history and formation of Open University Malaysia (OUM), the current entrepreneurial courses and programs offered to promote the entrepreneurial intention and to develop the enterprise talents. It will also cover the importance of entrepreneurial education in helping those who are already working or already self-employed.

2.2 The formation of OUM

The provision for education is becoming challenge for the government as the nation strives to become a fully developed country by the year 2020. Universities are taking up the challenges by updating the content of their programs and utilizing the latest technologies to improve the delivery systems.

One of the emerging delivery system is the Open and Distance Education, which is becoming the way of providing education to the public especially those working adults who seek to upgrade their professional knowledge and skill for the purpose of their career progression.

With this in mind, the Ministry of Education invited the Multimedia Technology Enhancement Operation Sdn. Bhd. (METEOR), a consortium of technology public university in the country to set up an open university. This move has led to the establishment of Open University Malaysia (OUM) in August 2000 with its official launching on 26 August 2002.

OUM adopts the motto 'University for All'. Its philosophy underlies the belief that education should be made available to all, regardless of time, place, age, and social economic background. The Open and Distance Learning (ODL) is specifically targeted at working adults who need to take care of their families as well as their careers while pursuing higher education.

OUM's strengths span over a wide range of discipline, from IT and engineering to Arts and Social Science, Business and Science. It offers academic programmes that cater to the demand of industry and the marketplace in general. Its new approach to tertiary education certainly gives rise to greater flexibility in learning as well as providing the necessary knowledge and skills for the workplace to compete in the ever challenging environment of the new millennium.

2.3 The importance of Entrepreneurial Education

2.3.1 Need For Entrepreneurial Education

At its most fundamental level, entrepreneurship is about the successful development and commercialization of new innovative ideas. This process is impossible without highly creative and highly educated individuals who will be the tomorrow high-impact entrepreneurs.

Equally important are the innovative and skilled individuals who will work for these entrepreneurs in refining, producing, marketing and distributing the products and services that entrepreneurs themselves develop. Indeed, an increasing number of existing companies, especially in the high-tech industries recognize talent as a scarce commodity and see that 'war for talent' as a large part of their strategic planning.

We live in an increasingly global environment. If we were to meet growth challenge, our country requires highly skilled entrepreneurial talent and workers who not only have the 21st century skills and knowledge, but have no fear in putting those skills to work to generate and to commercialize new ideas, products and services.

The goal of entrepreneurial education is to teach young people to see opportunities and act on them. Many people choose to leave problem solving and innovation to others. Entrepreneurs do not. There are new ideas, approaches, methods and styles involved in entrepreneurship.

Entrepreneurial education and spirit applies to everyone regardless of what position, occupation or profession an individual is in.

According to Birley And Westhead (1994), the importance of entrepreneurial education is to help:

- a) To find solutions to problems or needs
- b) To accept and respond to changes
- c) To adjust to an increasingly global, competitive economy (aspects of tradition and the past may be left behind)
- d) To find new ways to solve social problems
- e) To improve performance
- f) To stimulate new business and the economy (new jobs and employment opportunities)
- g) To inspire and enhance opportunities for women, youth, elderly, minority groups
- h) To move to an information society where the strategic resources are information, knowledge and creativity
- i) To help workers shift to a service industry base from manufacturing and industrial base
- j) To help reduce the number of failed business ventures.

2.3.2 Ensuring A Skilled, Entrepreneurial Workforce

The university shall provide access or incubation for business development. The university shall provide the facilities and educational support to encourage those who are thinking of starting a business to research and explore ideas before committing themselves to a specific business idea. The university play a crucial role as a facilitator in encouraging especially those younger graduates to explore new ideas of creating their own business as an alternative to finding employment.

Universities shall also work closely with a variety of business support agencies or other government agencies to raise students' awareness of various avenues of support and programs, which are available to assist them in their business start-ups. University shall assist in the growth of going-to-be entrepreneurs including those already engaged in business-related activities. Currently, it does not appear to be a strong expectation from students that support and other assistance could be obtained from university.

On a different track, Birley and Westhead (1994) has highlighted that the support for self-efficacy development need to be promoted to increase their intention and perception of market opportunity. This shall include achievement motivation, desire for self development, the need for approval and esteem, and other demographic characteristics.

The collaborative activities of university with other business entities have augmented the development of new enterprise pathway for the students with entrepreneurial intention (*Yorkshire Forward, 2003:28*).

Various modules can be developed for those interested students from any discipline to guide them through on the planning and establishment of a new company. This will help them to gain experience from the forming and running of a new business venture.

There are other environment factors particularly on the policy issues we need to look at in conjunction with the effort to develop enterprise talent through education so that the effort can be much more effective as a basis for the economic growth. Among the collaborative works which can directly affect the graduates' entrepreneurial intention are (*Small Business Service, 2004:7*):

- a) Building an enterprise culture.
- b) Encouraging a more dynamic start-up market.
- c) Building the capability for small business growth.
- d) Improving access to finance for small businesses.
- e) Encouraging more enterprise in disadvantaged communities and under-represented groups.
- f) Developing better regulation and policy by relevant government agencies.

The university shall be committed to embrace and to encourage entrepreneurship in a variety of way. This includes launching of variety of initiatives to stimulate an enterprise culture aimed at developing creativity and entrepreneurial attitudes in the early education and higher education. Other key actions include the continued development of enterprise 'hubs' which enhance and enable closer links between business sectors with the

university in research and development of new technological based products for new business ventures (*Cromie, Hamilton, 1988*).

A variety of organizations shall be formed in the university and shall seek to work closely with other business sectors to ensure the graduates possess the required entrepreneurial skill to make such ventures successful. The development of relevant entrepreneurial programs for study is therefore important.

Generally, the risk taking propensity among the student population is not very encouraging except for those who are eager to become self-employed (*Krueger & Carsrud, 1993*). If a graduate can get a good offer, it is less likely that he/she will move outside the comfort zones and take risk unless certainty increases and the reward or return is higher.

Certain initiative can be attempted to mitigate risk for students to encourage self-employment. University program such as 'proof of concept' can be designed to enable students to pursue their business ideas or concepts. Funding can be allocated to certain projects for the graduates to test their market ideas or to develop their innovative products and services. Such assistance will enable the young graduates to progress towards their entrepreneurial goals.

2.4 Development Of Entrepreneurial Education

There is a considerable consensus that entrepreneurship can be taught and teaching method can be enhanced in favour of a certain reformation or reorganization of the traditional education.

As the entrepreneurs have an important role in the economy of the country, the need to promote entrepreneur learning in school is therefore, essential for economic growth on national level. Encouraging the enterprise spirit is a key to creating jobs and improving competitiveness for economic growth.

As a matter of fact, entrepreneurship is not just a mean for creating new businesses but a general attitude that can be usefully applied by everyone in everyday life and in all working activities. According to Hynes (2001), entrepreneurial skills and attitudes provide benefits to society even beyond their application to business activity. In fact, personal qualities that are relevant to entrepreneurship, such as creativity and spirit of initiative, can be useful to everyone in their working activity and in their daily life. In a broader sense, entrepreneurship should be considered as general attitude that can be usefully applied in all working activities and in life.

To be able to include everybody in entrepreneurship education, traditional teaching has to be changed to encourage entrepreneurship. The educational system traditionally teaches young people to obey, to reproduce facts and to look for work as an employee. Entrepreneurs on the contrary, must trust their own judgment; learn by doing and creating their own jobs. Enterprise can be taught

through education by teaching entrepreneurial qualities that is creativity, independence and need for achievement and all these should be taught early in our educational system. In other words, to create an entrepreneur, there is a need for education to shape their attitudes and skills such as self-motivation, creativity, opportunity seeking and the ability to cope with uncertainty.

In the traditional school educational system, there is too much emphasis on academic knowledge in preparation for an academic career. There is too little encouragement of the spirit of entrepreneurship and not much attempts made to arouse the interest among young people in the prospect of running their own business. There is also too little provision for acquiring the knowledge and skills which are needed to become an entrepreneur.

The educational systems in the past have not been geared towards the development of entrepreneurship and self-employment. The final goal of educational path is being rather to produce employees working in a big company or in public sectors.

This raises questions on what entrepreneurship education should be or must be to be an important economic development mechanism. According to Alberti (1999), entrepreneurial education is the structural, formal conveyance of entrepreneurial knowledge, namely the concept, skills and mentality individuals use during startups and development of growth-oriented ventures. It is the process of providing individuals with the concepts, creating and skills to recognize opportunities that others have overlooked, and to have the insight, self esteem and

knowledge to act when others have hesitated. Fostering entrepreneurship also means having a vision of a future with a lot of possibilities (*Black, 2003*).

Entrepreneurship education is aimed at promoting change in attitude to increase the number of students who view business start up as a viable career option. To succeed in this, entrepreneurship education must be concerned with learning and facilitating for entrepreneurship and knowledge must be converted into solutions benefits customers in the market place. In contrast to traditional education, there should be a transformation of knowledge and skills and changing and fostering of right attitudes and motives.

The inculcation of the right attitudes, on both general and specific levels, is the task of entrepreneurial education. On a general level, entrepreneurship education is about making the public view entrepreneurship as positive as possible (*Cooper et. al,2004*). Spreading the positive view of entrepreneurship will expand the public support for it. By doing this, entrepreneurship education will therefore reproduce the social mechanism that facilitate the birth and growth of business and firms. On a specific level, the task for entrepreneurship education is concerned with entrepreneurial intentions (*Cooper et. al, 2004*).

To realize this, firstly, entrepreneurship education is supposed to build an awareness of entrepreneurship as career option. The individual will see entrepreneurship as a viable alternative for him/herself. The idea is that, entrepreneurship education will lead to entrepreneurship as a calculated choice of career.

Secondly, entrepreneurship education is about fostering automated ways of seeing the world, where entrepreneurship is implicitly embedded in what is taken for granted and therefore consequently gears the students' decision-making structures (*Black, 2003*). As a result of entrepreneurship education, students are supposed to act and react spontaneously in an entrepreneurial way. The idea is that entrepreneurship education will lead to entrepreneurship as spontaneous or natural behaviour.

A beneficial way to conduct entrepreneurship education is to arrange competitions, live case discussions with successful entrepreneurs, students creating and running mini-companies and placement in entrepreneurial companies to gain practical experience.

The main difficulty associated with entrepreneurship education is how well it actually fulfils its tasks. The overall effectiveness of entrepreneurship education towards individuals and society has not been measured and evaluated. Sometime, the content and form of entrepreneurship education is not that important but the fundamental is the transformation of values that entrepreneurship education is supposed to bring forth to an individual that is the formation of the entrepreneurial qualities and identities.

2.5 Summary of Chapter

Promoting entrepreneurial education to encourage entrepreneurial intention is important element in entrepreneurship. Policies concerning education and training, enterprises and employment should work together coherently in order to create a comprehensive approach to address the various aspects that are related to meeting the objective.

All university curriculums should have explicit objectives for entrepreneurship education accompanied by appropriate guidelines and support mechanisms that facilitate its implementation.

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CHAPTER 3

ENTREPRENEURIAL INTENTION

3.1 Introduction

This chapter is going to discuss the transition from nascent entrepreneurial intention to actual business start-up.

Entrepreneurial aspiration refers to as stated desire to start a new venture or an expectation that one will be started (*Krueger et. al, 2000*). The study seeks to identify key characteristics of such intention and investigate whether those influences will affect subsequent transition into self-employment.

The central questions we want to explore regarding the entrepreneurial intention are as follows:

What are the factors that may be affecting the entrepreneurial aspirations?

How many of those with entrepreneurial aspirations actually start a new business?

Are the characteristics of those with stated entrepreneurial aspirations different from those without?

Aspiring entrepreneurs do have different demographic characteristics from those non-entrepreneurs. A number of those general attitudes and traits that previous research suggests which may be affecting the entrepreneurial intention will be included in the context of the following discussion.

3.2 Entrepreneurship and Entrepreneurial Perspective

3.2.1 Entrepreneurship

In almost all definition of entrepreneurship, we are talking about a kind of behavior that include (1) initiative taking, (2) the organizing and reorganizing of social and economic mechanisms to turn resources and situations to practical account (3) the acceptance of risk or failure. (*Kirzner, 1979*).

To an economist, an entrepreneur is one who brings resources, labour, materials, and other assets into combinations that make their value greater than before, and also one who introduces changes, innovations, and a new order.

To a psychologist, such a person is typically driven by certain forces the needs to obtain or attain something, to experiment, to accomplish, or perhaps to escape the authority of others.

To a businessman, an entrepreneur appears as threat, an aggressive competitor, whereas to another businessman, the same entrepreneur may be an ally, a source of supply, a customer, or someone who creates wealth for others, as well as finds better ways to utilize resources, reduce waste, and produce jobs others are glad to get (*Giffard, 1992*).

Entrepreneurship is the dynamic process of creating incremental wealth. The wealth is created by individuals who assume the major risks in terms of equity, time and career commitment or provide value for some

products or services. The product or service may or may not be new or unique, but value must somehow be infused by the entrepreneur by receiving and locating the necessary skills and resources (*Giffard, 1992*).

Although each of these definitions views entrepreneur from a slightly different perspective, they all contains similar notions, such as newness, organizing, creating, wealth and risk taking. Each definition is somewhat restrictive, since entrepreneurs are found in all professions such as medicine, research, law, architecture, engineering, social work, government sectors etc.

Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence (*Kirtner, 1979*).

The above definition stresses 4 basic aspects of being an entrepreneur regardless of the field. There are:

- 1) It involves the creation process, that is, creating something new of value. The creation has to have value to the entrepreneur and to the audience for which it is developed.
- 2) Entrepreneurship requires the devotion of the necessary time and effort. Only those going through the entrepreneurial process appreciate the significant amount of time and effort it takes to create something new and make it operational.

- 3) Assuming the necessary risk is the third aspect of entrepreneurship. These risks take a variety of forms, depending on the field of effort of the entrepreneur. It usually centers around financial, psychological and social areas.
- 4) The final part of the definition involves the reward of being an entrepreneur. The most important of those reward is independence, followed by personal satisfaction.

For profit entrepreneurs, money becomes the indicator of the degree of success.

For a person who actually starts his or her own business, the experience is filled with enthusiasm, frustration, anxiety and hard work. There is high failure rate due to such things as poor sales, intense competition, lack of capital , or lack of managerial ability. The financial and emotional risk can also be very high.

Then, what causes a person to make this difficult decision? The question would be explored by looking at the intention and decision process of becoming an entrepreneur in the following discussion.

3.2.2 Entrepreneurial Perspective

Besides concentrating on the individual characteristics of entrepreneurs, there is a need to study the macro-organizational behavior. The interplay between individual, organizational and environmental factors is crucial for understanding the entrepreneurial process. Studies on entrepreneurial behavior at the firm level will certainly be useful to better understand the process of entrepreneurship.

When firms are new and small, single individuals are responsible for important decisions and actions. As the firm becomes larger, more people inside the firm are likely to get involved in its management. It is important to recognize strategic issues in the firms in addition to individual level entrepreneurship.

Focusing strategic behavior and entrepreneurship at firm level is also known as corporate entrepreneurship or entrepreneurship. It is a process of creating a new business within established firms to improve organizational profitability and enhance a firm's competitive position or the strategic renewal of existing business (*Burgelman, 1984*).

The corporate entrepreneurship is conceived of as the effort to extend an organisation's competitive advantage through internally generated innovations that significantly alter the balance of competition within an industry or create entirely new industries.

Creating a corporate entrepreneurial culture is important as it is a process of organizational renewal that has two distinct dimensions ie: firstly,

innovation and venturing, creating new business through market developments on product, process, and technological and administrative innovations. The second dimension embodies renewal activities that enhance a firm's ability to compete and take risks including redefinition of the business concept, reorganization, and the introduction of system-wide changes for innovation (Miller, 1983).

The need to pursue corporate entrepreneurship has arisen from a variety of pressing problems including required changes, innovations and improvements in the market place to avoid stagnation and decline, weaknesses in the traditional methods of corporate management.

Generally, there are three types of corporate entrepreneurship. One is the creation of new business within an existing organization. The other is transformation or renewal of existing organization. Then, third is the enterprise changes the rule of competition for its industry. (Gumpert, 1985). This transformation of the firm from old to the new reflects entrepreneurial behavior.

Corporate venturing or new business development within an existing firm is one of the ways to achieve strategic renewal. Strategic renewal, as mentioned, involves the creation of new wealth through new combinations of resources. This includes action such as refocusing on business competitiveness, making major changes in marketing or distribution, redirecting product development, and reshaping operations (*Guth and Ginsberg, 1990*).

Strategic behaviour is important in corporate entrepreneurship. Top management actions and responses in relation to the autonomous strategic behaviour of middle managers may significantly influence the frequency and success of entrepreneurial effort in the firm (*Burgelman, 1983*).

The study of corporate entrepreneurship will provide an explanation on how a flow of creative ideas are produced and how innovation-supporting behaviours become part of the development process in entrepreneurial organizations. There are 5 factors influencing the development of corporate entrepreneurship namely 1)environment influences 2)strategic leaders influences 3)organizational conduct influences 4)organizational performance influences 5)corporate entrepreneurship culture influences. (*Russell, 1995*).

The first one, environment influences include the impact of major environmental shifts such as deregulation, moving away from one generic strategy towards other generic strategies, changes in industry competitive structures and technologies. There are opportunities stem from development of new technology for new products and services and commercialization of technologies developed by others. (*Russell, 1995*).

The second factor, strategic leaders influences include the management style of top managers in the organization can affect the level and performance of new corporate ventures. The middle managers' effectiveness at building coalitions among peers and high-level managers in support of their entrepreneurial ideas affect the degree of success in their implementation. The entrepreneurial behaviour in organizations is

dependent on the characteristics, value, beliefs and visions of their strategic leaders. (*Russell, 1995*)

Thirdly, the organization conduct influences refer to two factors. Firms pursuing acquisitive growth have lower level of R&D intensity than firms pursuing strategies of internal growth through innovation. The entrepreneurial posture and conduct of a firm represents a strategic philosophy of how the firm should operate.

The organizational performance influences include having the organization to make more radical and more frequent product and process innovations. Innovation and radical change normally will be precipitated when organizations experience performance downturn and need new practices and change of strategic directions or when firms have excess resources that allow them to seize upon opportunities that arise. Strategic changes may also induced by crisis or severe external threats.

Corporate entrepreneurship influences refer to how new product introductions affects performance. Normally new ventures often take several years to turn into contributors to overall corporate profit performance,

3.3 Entrepreneurial Alertness and Discovery of Opportunities

Alertness leads individuals to make discoveries that are valuable in the satisfaction of human needs. The difference of entrepreneur lies in their alertness to discover the unnoticed opportunities. Through their alertness, entrepreneurs can discover and exploit situations in which they are able to sell for higher prices that which they can buy for low prices.

According to M.Kirzner (1979), the entrepreneurial discovery process is associated with interpretation framework, stock of knowledge which is derived from everyday life experiences. Discovery in this contest means that the individual interprets incoming information in a way different from perceptions of the general public.

Gilad et al (1988) refers entrepreneurial alertness as an attitude of receptiveness to available but overlooked opportunities. According to him, alertness is like an antenna that permits recognition of gaps in the market and entrepreneur has an extraordinary sense of 'smelling' opportunities. In other words, individuals will not discover any profit opportunity if they 'switch off' their alertness systems. Even the most obvious opportunity can be ignored by a person who is not motivated to see it. Opportunity exists only if an individual able to perceive it. Without entrepreneurial alertness, opportunities remain unnoticed.

3.3.1 Recognition and Discovery of Opportunities

Opportunity discovery, like all human actions involve knowledge in solving problems. This cover technological knowledge, know-how, where to buy and where to sell, etc. The information and knowledge can be gained from everyday life experience learnt by deliberate search (*Kirzner, 1979*).

However, it is not unusual that opportunities still can not be seen even when a firm deliberately searches for them. This explains why a lot of companies set up R&D departments to search for profitable opportunities, but fail.

There are two kinds of entrepreneurial discovery, namely the ordinary and extraordinary (*Kirtzner, 1979*). In ordinary discovery, the entrepreneur endeavours to exploit profit opportunities by doing somethings better. This type of discovery largely promotes change within an existing situation. A profit opportunities emerges because inefficiency in the old system.

Extraordinary discovery is a forward interpretation involving a new dimension of interpreting events. In this case, the entrepreneur explores profit opportunities by doing something drastically different from the traditional. The new discovery also enhances revolutionary change to the economy.

In other words, entrepreneurial alertness is not limited to exploitation of opportunities. It also encompasses exploration of opportunities. White (1976) mentions that the existence of disequilibrium situation in the market implies profit opportunities. Entrepreneurs endeavor to exploit these

opportunities, thus eliminating errors, so that the economy moves towards equilibrium. According to him, everyone is surrounded by opportunities but they only exist when you can see it. It often the case that when new idea is invented, we all appreciate the idea and query why we have never thought of it.

3.3.2 Nature of Entrepreneurial Alertness

The essence of entrepreneurship is to keep alert to opportunities when the enterprise is in a profitable situation.

What constitute alertness? Some contends that an individual raises alertness and hence become innovative when they encounter difficulties. In other words, most people will awaken when they encounter a sudden crisis or a rapidly changing external condition.

Yu (1997) has given the example of an entrepreneurial economy in Hong Kong. According to him, entrepreneurs in Hong Kong experienced volatile political and economic conditions. This unique environment forces Hong Kong's entrepreneurs to be alert in order to survive. Admittedly, an adverse external environment can make people become more alert.

Another nature of alertness is that human agents tend to notice only those thing of their interest to notice. In other words, it is the self-interest motive that enhances the entrepreneur to be alert. This is called selective entrepreneurial attention (Giffard, 1992). In order to switch on the alertness of potential discoveries, gain must be offered to the discoverers themselves

to motivate them. That means, in the free market system, the entrepreneurial alertness will permit an individual to reap in gains or profit from their discoveries.

Another important nature in enhancing entrepreneurial alertness is self-competition. Self-competition is defined by Khalil (1997) as “inter-temporal competition between future and past selves stemming from the desire of the present self to test self-ability”.

For entrepreneur, businesses are their passions. They have a desire to fulfill a vision, to see things become true. This passion often supersedes the desire to make a profit though money is important at the early stage of entrepreneurial career. Owing to this self-challenging character, entrepreneurs often create uncertainty and changes to themselves and to the market and take advantage of the disequilibrium in the market.

3.3.3 Creativity and Opportunity Discoveries

According to deBone (1992) there is an interpretation framework in our mind originated from an individual's lived experiences. It is a device for receiving external information and organizes itself into patterns. Once the patterns are formed, the framework will be used as a broad catchment area for interpreting incoming events which involves a sorting of new experiences into existing categories, sometimes adding to or modifying the structure as a result.

The framework helps an individual to identify and solve problems, and to discover opportunities. However, the patterns are not symmetric. The lack of symmetry gives rise to new ideas and creativity (*deBono, 1992*).

In the opportunity discovery process, an individual's interpretation framework will make the best use of what information available the moment he or she experiences new events. A person lacking alertness and discovery capability will have difficulty interpreting this extra event.

Given that the interpretation framework is disrupted, some people will reject this new event as a deviance or obstacle. Others, seeing that the incoming event does not make sense may simply ignore it. However, entrepreneurs see things differently and are able to move out of the routine track and create. Modifying the categories of their framework, or in some cases even add a new category, entrepreneurs are able to give others a different sense of the meaning through re-creation (*Lane, 1996*).

Creative activity thus involves the shifting together of different sets of reference frames that would usually be ordered differently until something clicks into place as a new way of looking at how things fit together. (Thayer, 1998). Such discovery means that an individual escapes from the existing patterns of interpretation and re-organises ideas into new sequences. Being alert to alternatives, entrepreneurs will re-shuffle the events which they have experienced.

Such re-arrangement of information is a discovery or creativity (*de Bono, 1992*). Most people are unaware of the possible alternative, such as re-arranging the ideas, but the entrepreneurs are always able to do so.

3.3.4 Evaluation of Opportunities

How do we know the opportunity is valuable and can turn into a profitable gain? The answer is that every valuable insight must always be logical in hindsight (Thayer 1988).

Suppose we were to abandon the routine track in order to create a new idea, we have no way of fitting that idea into our existing interpretation system. We have no way of telling others whether the idea was truly crazy or simply unrecognizable in our present state of knowledge. We have to formulate our arguments and conclusions in logical terms after we have constructed them in an alternative way. It therefore follows that all valuable creative ideas must be logical in hindsight (Thayer 1988).

After such insight is gained, the solution is re-constructed in a series of steps that others are capable of following. In this view, creative activity and discovery involves solving a problem or seeing a solution in a single leap. This is precisely the concept of entrepreneurial innovation, in which entrepreneurial success depends on the capacity of seeing things in a way which afterwards proves to be true eventhough it cannot be established at the moment because a creative leap cannot be conclusively established as it literally leaps over the requisite logical steps (Klein, 1999).

3.3.5 Ordinary and Extraordinary Entrepreneurial Discoveries

As mentioned in our discussion, there are two types of innovative opportunities. The first type is the ordinary discovery which involves what might be called short-circuiting. A long and tedious way of carrying out some tasks suddenly give way to a quick and neat way of doing it. Once this has come about, it is so obvious and everyone probably will exclaim, "Why didn't we think of that before?". It is like finding a short cut to a route. (Cheah, 1992).

The second type is a eureka situation whereby a problem has been impossible to solve. Then suddenly in a flash of insight, the solution becomes clear. This is not a coincidence but rather, entrepreneurs have serious thinking on the subject all the ways.

The first type of ordinary discovery resembles the concept of insightful innovation in which the entrepreneurs are concerned with 'doing things better'. This activity does not involve a brand new development, but a restructuring of the old system. This process is a backward interpretation because it looks at something that is there and working it over. This type of entrepreneurial discovery largely promotes changes within an existing situation. (Cheah, 1992). It stems mainly from the discovery of existing profitable discrepancies, gaps, mismatches of knowledge and information which others have not yet perceived and exploited, but the entrepreneur is able to capitalize upon the opportunity for his gain.

The second type is associated with our concept of extraordinary discovery. It is forward looking and involves creating something new rather

than exploiting something old. Contrary to the first type of innovation where the entrepreneur tries to do things better, with the second type, the entrepreneur is concerned with doing things drastically different (*Kirton, 1984*)

Extraordinary discovery requires an individual radically re-interpret incoming events into new ideas. It is an invention which involves an act of constructing, filtering, creating and rendering a subject into something more tangible (*Kirton, 1984*). In short, an entrepreneur make sense out of an uncertain situation that initially make no sense.

As a result of extraordinary discovery, other members in the society may have difficulty understanding the entrepreneurial action but later proves to be logical.

3.3.6 Barrier to Entrepreneurial Alertness

It is often the case that individuals are not willing to disrupt their existing concepts and perceptions in order to put their previous and experiences together into new ideas.

Barrier or inertia is the opposite of alertness. It develops because individuals take experience for granted and interpret incoming information routinely, causing failure of being alert to opportunities. Entrepreneurial discovery or creativity means that entrepreneurs do not take the knowledge for granted. Rather, they are able to escape from the present routine. (*Weigert, 1981*).

To escape from inertia, entrepreneurs consciously challenge their way of interpreting things. For this, they require entrepreneurial vision. This reiterates our point that self-competition is an important source of entrepreneurial alertness. It is not surprising to discover that new ideas are formed and profitable opportunities are discovered only by those who can free themselves from the way of routine thinking. They are some individuals who may be more intelligent and better educated but unable to contribute new ideas because have not mastered the art of taking a fresh, clean look at old knowledge.

Inertia or lack of entrepreneurial alertness is often alleged to occur because a person is involved in too many urgent things and problem solving and unable to keep alert to opportunities. In some organizations, the organizational culture subconsciously discourage entrepreneurial alertness and discovery because members of the organization are required to follow typical courses of action prompted by the standard operating procedures.

Employees are expected to perform some appropriate acts for themselves and others when in various positions and situation. Such requirements discourage alertness and discoveries. Consequently, opportunities remain untapped as people conform to current corporate conventions rather than adopting new practices. Eventually, people will develop a habit of interpreting external events in a very routine and narrow framework in which the entrepreneurial discovery of opportunities is rare. As a result, people are being familiar with the existing way of doing things and given their narrow way of thinking, they become very bureaucratic and non-innovative.

3.4 ENTREPRENEURIAL ACTIONS FOR COMPETITIVE ADVANTAGE

In 21st century's competitive landscape, vital entrepreneurial strategies for competitive success demand effective strategic and entrepreneurial actions.

As competition developed, ability of an individual or firm to discover opportunities and to form competitive advantages through innovations that create new industries and markets remain dominant influence on firm's success.

Entrepreneurial strategies are the embodiment of what some view as an entrepreneurial revolution occurring in nations across the globe which characterized as emerging economies (Morris, 2001). An entrepreneurial mindset is required for individual or firm to compete successfully in the new competitive landscape through discovery of opportunities and entrepreneurial strategies.

An entrepreneurial mindset denotes a way of thinking about business and its opportunities that captures the benefits of uncertainty. These benefits are captured as individuals search for an attempt to exploit high potential opportunities that normally associated with uncertain business environments (Mc Grath and Mac Millan, 2000).

Integrating entrepreneurial and strategic action is necessary for firms to create maximum wealth. An entrepreneurial strategic actions are those actions through which companies develop and exploit current competitive advantages while supporting entrepreneurial actions that exploit opportunities that will help create competitive advantages for the firm to sustain in the future. (Mc Grath and Mac Millan, 2000). In short, those are the actions through which companies identify

and seek to exploit entrepreneurial opportunities their rivals have not noticed or have not fully exploited.

An entrepreneurial opportunity exist when external environmental conditions suggesting the viability of introducing and selling new products, services, raw materials and organizing methods at prices exceeding their production cost (Casson, 2000).

Entrepreneurial action using strategic perspective is helpful to identify the most appropriate opportunities to exploit and then facilitate the exploitation to establish competitive advantages which hopefully are sustainable for a reasonable period of time.

Strategic entrepreneurship, in this perspective, is the integration of entrepreneurial (i.e. opportunity-seeking actions) and strategic (i.e. advantage-seeking action) actions to design and implement entrepreneurial strategies that create wealth (Hitt et al, 2001). Entrepreneurial and strategic actions are complementary and not interchangeably and is designed to identify and pursue for entrepreneurial opportunities.

3.4.1 Strategic Entrepreneurship

Entrepreneurs create new goods and services and managers seeks to establish a competitive advantage with the new products created. Thus, entrepreneurial and strategic actions are complementary and can achieve the greatest wealth when integrated.

Entrepreneurship focuses on creation while strategic management focuses on building a competitive advantage. The primary interface is creation and performance. The integration of both creation-performance relationship is referred to as strategic entrepreneurship which involves both opportunity-seeking and advantage-seeking actions (Meyer et al, 2001). One concentrating on creation of future business and the other focusing on prevention of loss.

The integration of entrepreneurial actions and complementary strategic actions are important in identifying entrepreneurial opportunities that in turn lead to development and creation of new industries.

3.4.2 Entrepreneurial Resources

An appropriate set of resources is required to identify entrepreneurial opportunities with the greatest potential returns. Entrepreneurs and entrepreneurial firm will identify those opportunities that rivals have not observed or have underexploited. To build and maintain such competitive advantage, an entrepreneur or firm must have access to entrepreneurial resources that current and potential rivals cannot easily duplicate. A new venture created value or innovative technology using their internal capabilities would be an important predictor of its performance.

Compared to tangible resources, the intangible resources are more likely to contribute to competitive advantage because they are socially complex and difficult for their potential rivals to understand and imitate (Hitt

et al, 2001). The intangible resources such as unique knowledge and proprietary technology are the most competitive valuable resources. Special knowledge is a critical intangible resource that helps firms to identify and especially exploit opportunities to establish competitive advantage.

Entrepreneurial knowledge includes where to obtain under valued resources and how to exploit them. In effect, entrepreneurs bundle resources in new ways to create value. Entrepreneurs, then, exploit uncertainty about the time value of the bundle of resources. As a result, they create a disequilibrium in the market and able to exploit the opportunities (Poppo and Weigelt, 2000).

When a firm needs to enter into new areas to take advantage of entrepreneurial opportunities, acquisition and joint venture maybe the most effective way of entering markets that are new to the firm whereby there are great amount of learning the firm must undertake or the learning distance is high.

The firms need to have complementary resources for the joint venture to be successful (Hitt et al, 2000). If the partner firms are to learn from each other, they must have adequate absorptive capacity to do so. This means that the capabilities cannot be too dissimilar and the learning distance cannot be too great or the partners will not be able to learn from each other to be successful.

Increasingly, firms are using alliances and network to build entrepreneurial knowledge that is important for innovation or exploration of

new ideas and for implementation of entrepreneurship strategies or exploitation of opportunities emerged. (Sharma and Chrisman, 1999).

In short, creating new venture requires new knowledge and new knowledge is necessary in these cases because new businesses often are based on technologies different from those the firm currently employed.

In addition, these new businesses operate in new markets, making it necessary for the firm to develop knowledge of how to use the new technology and the need to acquire the resources and capabilities to compete effectively in the market and to create wealth (Hitt et al, 2001).

3.4.3 Entrepreneurship Through Strategic Alliance

Strategic network can help entrepreneurs and firms to develop resources and capabilities that are difficult to imitate, leading to a competitive advantage. Alliances and networks provide access to information, resources, technology and market which are important to entrepreneurial firms to compete effectively against other established firms.

This is especially true for entrepreneurs and independent new ventures to focus on creating a new market or a niche within an established market. The new independent ventures frequently is based on the network ties of an individual entrepreneur where sources of ideas for new ventures often come from social network (Zahra et al, 2000).

The network are sources of entrepreneurial opportunities. Some of the critical resources to create and operate a new venture are obtained through network ties which are positively related to entrepreneurial firm performance.

Strategic alliances and strategic networks have become highly popular means of entering international markets in search for entrepreneurial opportunities. Of late, entrepreneurial firms have been entering international markets in record numbers, often through international alliances (Zahra et al, 2000).

3.5 Perspective of Intention

3.5.1 Formation of Intention

Entrepreneurship is becoming a very relevant instrument to promote economic growth and development. It is a way of thinking that emphasizes opportunities over threat (Ajzen, 1991). The opportunity identification process is clearly an intentional process. Therefore, entrepreneurial intentions clearly merit our attention, further, it offers a mean to explain and predict entrepreneurship.

From psychological point of view, the intention to become an entrepreneur has been described as the single best predictor of actual behavior (Kovereid, 1996). However, methodologies and research instruments used so far differ widely. Then, the availability of a validated instrument to measure abilities, attitudes, and intention towards

entrepreneurship could be much help. In this study, we will pay particular attention to educational system as the main variable on the entrepreneurial intention level and how this variable affects the intention, which can result in actual entrepreneurial behavior.

Understanding intentions help researchers and theoreticians to understand related phenomena. These include what trigger opportunity scanning, the sources of ideas for a business venture, and how the venture ultimately becomes a reality.

In the psychological literature, intentions have proven the best predictor of planned behavior, particularly when behavior is rare, hard to observe and involves unpredictable time logs. According to Bird and Katz, entrepreneurship is exactly the type of planned behavior for which intention models are ideally used in understanding the business venture formation intentions. The intention models offer coherent, parsimonious, highly generalized, and robust theoretical framework for understanding and prediction of entrepreneurial activities, which is going to be used in our approach for the study.

3.5.2 Development of Entrepreneurial Intention Through Education

Generally, most people have very positive attitude towards entrepreneurship but only few people have actual plans of setting up a firm (Arenius-Antio et. al, 2004). More particular, it is university graduates that are not interested of the entrepreneurial career. In fact, there is a negative correlation between education and entrepreneurship. The more educated a person, the less likely she or he is to act as an entrepreneur (Arenius et. al, 2004).

On these ground, there is a positive influence of education on intention because of opportunity cost situation. That is, the relationship becomes complex because people with higher education normally have a better offer or better chances of success and attainment of personal goals not only as business owner-managers, but also as employees (Wameryd et. al, 1987) instead of going into self-employment.

As such, the university programs shall promote entrepreneurial education in more courses to change their mindset in the concept of entrepreneurship to improve the graduates' interest and intention toward entrepreneurship.

The entrepreneurial intention need to be developed, as the entrepreneurs are responsible for the enterprises and businesses development, induce technical change and innovation, and promote learning culture.

Further study may need to carry out to justify that some structural change in the educational system is needed to promote the entrepreneurial spirit, desire and intention among the graduates due the following reasons (Baharu Kemat, 1994) :

- a) Entrepreneurial training is lacking in the early education.
- b) Most of the courses available are preparing the students or graduates to be a knowledgeable employee instead of being an employer.
- c) The career education is not effective in shaping more entrepreneurs and to expose them to the business opportunities in making self-employment as a career choice.
- d) The educational programs and trainings provided shall help to develop certain characteristics of entrepreneurship besides the knowledge and technical know-how for the business venture.
- e) An effective and flexible teaching program, appropriate teaching materials, sufficient research and reference materials shall be made available in the entrepreneurial education.
- f) Certain policy framework is needed for implementing entrepreneurship education at national level, to improve the quality and effectiveness of the program, to open up such education and training to all and to make those programs easily accessible.

3.6 Various Approaches In Studying Entrepreneurial Intention

There are many models have been developed to guide the empirical study and analysis of entrepreneurial intention. Among the widely recognized models are:

- g) Bird (1995), Shapero & Sokol (1982) models which attempts to integrate research finding about the determinants of entrepreneurial intentions and behavior.
- h) Krueger & Brazael, 1994. Krueger 1993, 1994 models are the continued work which builds on the previous models.
- i) Other models that have been used for comparison include those proposed by Bird (1988), Boyd & Vozikis (1994), Campbell (1922), Katz (1992). Kreuger & Cassrud (1993), Martin (1984), Naffziger, Homsby & Kuratko (1994) and Scott & Twomey (1988).

Empirically, the situational variables (for example, employment status or informational cues) or individual (for example, demographic characteristics or personal traits) variables are poor predictors which usually resulted in disappointingly small explanatory power and validity (Bird & Katz, 1992). Intention models are more preferred because offer us a significant opportunity to increase our ability to understand and predict entrepreneurial activity.

Understanding the antecedents of intention increases our understanding of the intended behavior and attitude. According to MacMillan and Katz, personal and situational variables typically have an indirect influence on entrepreneurship through influencing key attitudes and general motivation to act. For instance, role models will affect entrepreneurial intention only if they change attitudes and beliefs

such as perceived self-efficacy. Intention-based models, on the other hand, describe how the exogenous influences can change intentions and ultimately, a venture creation (MacMillan and Katz, 1992).

Intention-based models provide practical insight to any planned behavior, better general understanding of how intentions are formed, understanding of how founders' beliefs, perceptions, and motives into the intention to start a business. In particular, this understanding will eventually offers sizable diagnostic power to allow entrepreneurship educators to better understand the motivations and intentions of students and trainees and to help students' and trainees understand their own motivations and intentions.

3.7 Demographic Factors And Other Elements In Relation To Entrepreneurial Intention

The empirical study on the characteristics of entrepreneur and founders of business and the reasoning behind the relationship of those characteristics with the intention model will be discussed in the following paragraphs.

In our empirical study, we will compare the samples with respect to different variables, which are generally assumed to have an impact on entrepreneurial intentions. The objective is to develop hypotheses from our results later on.

3.7.1 Situation

The importance of situational factors for the entrepreneurial decision is highlighted in the models proposed by Bird (1993), Martin (1984) and Shapero & Sokol (1982). The current employment status and changes in it, such as 'displacement', 'window of opportunity', 'free-choice period' are among the most important situational influences.

Various type of research have indicated a positive relationship between unemployment and firm formation (Davidson, Reynolds, 1994). Many of the business founders stated that during the recession, to avoid unemployment was the prime reason for founding their own firms. In fact, many research results also reveal that comparatively high proportions of nascent entrepreneurs are among the unemployed.

As such, situations variables can be assumed to have the strongest influence directly on behavior and the current employment status is assumed to affect intention and conviction.

3.7.2 Change-orientation

This is Ronen's (1983) reasoning about 'quest for novelty' as a driving force for entrepreneur. It reflects a general favorable description towards major life changes.

3.7.3 Achievement Motivation

Achievement motivation is perhaps the most used and the most criticized psychological concept in entrepreneurship research. Davidson (1989) and McClelland (1988) concluded that propensity for oneself to go into business due to this type of influence exists but that achievement motivation is not a major determinant of entrepreneurial behavior. It is related to performance compared with an individual's internal standards.

3.7.4 Autonomy or Independence

The need for autonomy or independence is one of the most frequently stated reasons for founding a firm as wanting to do so (Scheinberg & MacMilan, 1988). It is the beliefs concerning the workload, risk and financial gain to be expected by a business founder.

3.7.5 Gender

There is substantial overrepresentation of males among business founders in most countries (Scherer et. al, 1990). It is also reported higher interest in business ownership among males than among females. Between gender and intention, women have lower perceptions of self-efficacy for careers in which they are underrepresented.

3.7.6 Conviction

Conviction concern whether the respondent feels that running his/her own firm would be a suitable alternative for him/her, given his/her capabilities and life situation. Such feeling should be more closely reason related to behavior than mere know-how belief, and that is the conceptual reason for breaking our conviction from other domain attitudes (Krueger & Brazael, 1994).

3.7.7 Personal Background

Consistent relationships have been established between certain personal background variables of one hand and entrepreneurial behavior on the other hand. In most studies conducted, most of the small business owner-managers have had a self-employed parent (Stanworth et. al, 1989). Those individuals either considering, or about to start a business, most of them have their parent also been in business. This personal background

actually has positive effect on entrepreneurial preparedness, entrepreneurial career expectancy, and desirability of founding a firm (Stanworth et. al, 1989).

3.7.8 Radical Change

It is well known that immigrants and certain ethnic minorities are over represented as business founders. There is more entrepreneurial intention among immigrants (Shapero & Sokol, 1982).

Many reasons for such a relationship, among those are discrimination, deprivation, and cultural norms. The experience of radical change increases the probability of founding one's own firm (Reynolds, 1995). According to Reynold, those who have lived in several different places are more prone to found business than those who have stayed in the same place their entire life. Therefore, the number of places lived in will be included as another aspect of the radical change dimension.

Research also shows that immigrants on average should score higher on competitiveness valuation of money and also achievement motivation (Lynn, 1991). This is because enduring personal characteristic's may be the reason for their exhibiting themselves to radical change earlier in life and for being prepared to do so again by founding their own firm

3.7.9 Age

Age is also an important factor for determining a person's propensity to found a firm (Reynolds, 1995). The relationship is curvilinear, with the peak somewhere at the age around 35 years old.

3.7.10 Personality Traits

There are three different personality traits often associated with entrepreneurship. There are:

- a) Willingness to take risks
- b) Locus of control
- c) Need for independence

Different levels of entrepreneurial intentions can be attributed to the different personalities of the students.

3.7.11 Attitude Towards Self-Employment

We know from attitudes usually impact intended behavior to a certain extent (Ajzen & Madden, 1986). In this context, it seems that the more students value the entrepreneurial career path, the stronger their intentions are to become entrepreneurs themselves. The proposition that a more favorable attitude towards being self-employed leads to a higher level of entrepreneurial intention.

3.7.12 Environmental Factors

In economic terms, the intention to start a business involves an economic assessment in which students would compare the expected costs and benefits of a career as an entrepreneur. One important determinant of the outcome of this is the environment.

Environmental factors can facilitate or impede entrepreneurial activities and thus affect the perceived cost/benefit ratio of new venture creation. (Ajzen & Madden, 1986). They may also play an important role when it comes to forming entrepreneurial intention among students.

Specifically striking are the perception of government policy. Among the environmental factors that affect students' entrepreneurial intentions are:

- a) It is not easy to obtain venture capital
- b) Start ups face immediately high competitive pressures
- c) It is hard to find a business idea for a business that has not been realized or tested before
- d) Bank do not readily give credit to start up companies
- e) Subsidies that are available for new companies provided by government
- f) The bureaucratic procedures for founding a new company
- g) Whether the rules and regulation and the laws are adverse to running a company
- h) Whether the entrepreneurs have a positive image with the society
- i) Whether the course works at university prepare them well for self employment and encourage entrepreneurship

3.7.13 Educational factors

The academic context is an important part of influencing the students' intention, as universities are in a position to shape and encourage entrepreneurial intentions. Even more significantly, they can foster entrepreneurial spirit among their graduates and can dampen optimism or convert students who are originally interested in entrepreneurship into interested only in career at large. As such, it is vital to encourage initiation of entrepreneurial spirit by establishing a creative and supportive atmosphere for idea generation.

There are many different ways universities can foster entrepreneurship in respect to personality traits, attitudes and other contextual factors and activities to promote inclination toward starting new business. At least from the student point of view, the perception of university environment shall promote:

- a) The creative atmosphere which inspires the students to develop ideas for new businesses
- b) The courses offered foster the social and leadership skills needed by entrepreneurs
- c) The courses provide students with the knowledge required to start a new company
- d) The university supports building multi-disciplinary students teams
- e) The university actively promote the process of founding a new company and provides a strong network for founding

The entrepreneurial education development process is important in stimulation of entrepreneurship which based on a number of elements in educational program. This includes exposing the students to role models in entrepreneurship as well as to frontier technologies and groundbreaking ideas (Maidique, 1986). The universities can instill entrepreneurial spirit and initiate the entrepreneurial decision process among their students.

The lectures provided needs to promote skills and knowledge, which are critical for future entrepreneurs. The school of business needs to support the interaction of students from various disciplines more effectively between science, engineering, management students. This can be interpreted as an important development process as the multi-university new venture teams are more likely to make adequate decisions in the founding process (Robert, 1991).

The universities should be in support of future entrepreneurs in the pre-creation stage by involving in the creation of networks, particularly by making connections with potential technology, funding, and marketing partners. The entrepreneurial education shall also establish specific programs to nurture those essential business contacts at the university level.

3.8 Summary of Chapter

All these activities of initiation, development, and support somehow will trigger the intention of students to become entrepreneurs and prompt them toward more ambitious startup plans. Students are encouraged and enabled to exploit innovative technologies and new product possibilities. University programs and activities are to foster entrepreneurship in high growth new ventures in dynamic and innovative markets.

Specific activities should also include using positive role models in teaching, intensifying experimental learning and real-world experience with regard to critical issues in the startup process (Reynolds, 1995). Other promotional efforts are establishing support networks with sponsors and coaches, establishing entrepreneurship centers and focusing the courses more on the creation of new enterprises and fostering interest in new venture creation.

All the results can give some confidence that such endeavors will bear fruit and the graduate's entrepreneurial activities can indeed be revived.

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CHAPTER 4

RESEARCH METHODOLOGY

4.1 Introduction

In this chapter, we will discuss the research design, the survey instrument, data collection and sampling procedure, test of sample randomness, factor analysis and validation of measurement and data analysis.

4.2 Theoretical Foundations of The Research Design Approach

The two main theory-driven models used by researchers having adopted the entrepreneurial intentions approach to study the venture creation phenomenon are theory of Ajzen (1991), borrowed from social psychology, and of Shapero and Sokol (1982). This latter was developed specifically for the field of entrepreneurship.

According to Ajzen's Theory of Planned Behavior (TPB), any behavior that requires a certain amount of planning, as it unquestionably the act of venture creation, can be predicted by the intention to adopt that behavior (1991). Thus, it would be possible to predict whether or not an individual will eventually launch a business by studying his or her intention to do so. In the TPB, three variables precede the formation of intention, which itself predicts behavior i.e.:

- 1) the subject's attitude toward a given behavior
- 2) subjective norms or the subject's perception of other people's opinion of the proposed behavior
- 3) the subject's perception of his or her control over the behavior

According to Shapero and Sokol (1982), the decision to change direction significantly in life, for example by launching a business, is precipitated by an event or a break in the established routine. The person's choice will then depend on three elements, namely

- 1) his or her perception of the desirability of the proposed behavior
- 2) his or her propensity to act, that is to act in accordance with or her intentions
- 3) his or her perception of the behavior's feasibility

The two theoretical models lie in their simplicity. Both main construct i.e. perception of desirability and perception of feasibility are in fact the product of the combined effects of several other variables studied in connection with venture creation phenomenon.

For example, the attraction of the idea of starting a business is probably dependent on the entrepreneurial models an individual has in his or her immediate environment, the prestige and respect ascribed to entrepreneurship as a career choice by the people around the individual, the individual's need for achievement, the opportunities available in the environment, and so on.

4.3 Survey Instrument

It is important to point out that all these studies were aimed simply at explaining the formation of intention, and were not concerned with the connection between intention and action.

Entrepreneurial Profile Questionnaire (EPQ) was utilized as a data collection instrument. The EPQ was designed to survey the effect of individual, societal and environmental factors on entrepreneurial intention. From an individual perspective, the most vital aspects of the entrepreneur including their attitudes, beliefs, motivations and opinions were captured. The role of social groups including the role and relationships of family and personal network was also revealed. The EPQ allows for the capture of vital facts related to the socio-economic environmental factors such as demographic information as well as the level and type of environmental velocity found in the society (Birch, 1987).

Questionnaire items were conducted based on how an entrepreneur actually thinks and behaves. His or her intentions to grow the business are actually implemented through wide range of actions and decisions within the working environment. By probing through interviews and having these decision enunciated, the research was able to construct the items and processes in which entrepreneurs actually engaged. These items were actually summarized from wide range of behaviors. Those items identified are representing a fairly comprehensive collection of decisions which entrepreneurs actually implemented.

4.4 Research Questions

In light of the foregoing, it is essential to build on current knowledge of the venture creation phenomenon by testing a model based on the intention to go into business. More specifically, answers to the following questions were sought:

- a. Are the entrepreneurial intentions predicted by perceptions of the desirability and feasibility of starting a business?
- b. Does the intention to start a business remain stable over time?
- c. What factors influence the temporal stability of the intention to start a business?
- d. Can the fact of intending to start a business reliably to predict future venture creation?
- e. What factors influence the shift from intention to action?

As Kuratho and Hadgetts call it, the personal development of entrepreneurial qualities motivate the detection of opportunities (1994). Entrepreneurial spirit first results from the objective existence of entrepreneurial opportunities and then stimulates the development of psychological and sociological characteristics that can help to implement the entrepreneurial opportunities. In the educational context, the acquisition of entrepreneurial qualities is clearly emphasized among students as starting point to become managers or executives.

4.5 Data Collection And Sampling Procedure

The research population is composed of OUM students from the business administration degree, Master of Management and Master of Business Administration. The interest of this group lies in the fact that, in terms of skills and knowledge, they appear to be excellent candidates for venture creation.

Moreover, those took part in the survey were near the end of their studies and were expected to have the time and energy available in the near future to plan a business project.

The samples for data collection consist of 80 undergraduate and post-graduate business students from OUM. Data were gathered using a Questionnaire distributed in the classroom and via email to their OUM account. To avoid bias in the responses, the students were assured that participation in the study would not be disclosed. Perception variables were measured on a 1 to 5 scale with strongly disagree to strongly agree.

Questions were asked on perception of desirability and perception of feasibility. Intentions were measured as a percentage probability that the respondent would go into business following their graduation and at some point in their life.

However, the survey results on those really go into business after graduation from university or respondents changed their intention to go into full-time employment after their graduation is unable to be measured here.

4.6 Sampling Method

A questionnaire survey was carried out to collect data for this study. The population for this research consists of those students registered during the academic year of 2008 at the Open University of Malaysia, particularly those enrolling in the business study and Master of Business Administration.

Data was collected over a period of 2 weeks especially during the monthly tutorial classes and over the internet. The sampling method employed for this

research was an intercept survey sampling whereby students were intercepted at the dining area, classes, tutorial hall and computer laboratories. This seems to be the most viable sampling technique that could be employed for the study given that most of the students were not so interested to fill up the survey forms once leave the class or being left alone to do so. On top of that, time and cost of survey were also one of the reasons to employ the above intercept technique.

4.7 Test of Sample Randomness

One factor we should look into in the data collection approach is whether there is a random sample and to what extent the empirical finding from our research can be generalized to the population level. ANOVA was used to test if there was any sample bias in the convenience sample. The ANOVA tests indicate that we have fairly reasonable unbiased sample even though a random was not used in the sampling process.

The questionnaire was adopted from the study of Indari and Kristiansen (2003). The questionnaire consisted of 2 parts. The first part had consisted of questions on demographic profile of the respondents. The second part consisted of questions eliciting information about need for achievement, locus of control, self efficacy, instrumental readiness, subjective norms and also entrepreneurial intention. The respondents were asked to state their agreement and disagreement on a 5-point Likert scale with 1=strongly disagree to 5=strongly agree.

To ensure goodness of the Cronbach Alpha coefficient was computed for each of the major variables in the study, the reliability coefficient generated is as shown in the Table 1. All the coefficient indicated values exceeding 0.85 which further strengthens the reliability of the instruments used for this study.

Table 1 – Reliability Coefficients for The Major Variables

Item	Variables	Number of Item	Item Adopted	Gronbach Alpha
1.	Need for achievement	4	-	0.88
2.	Locus of control	3	-	0.87
3.	Self efficacy	2	-	0.86
4.	Instrumental readiness	3	-	0.85
5.	Subjective norms	3	-	0.86
6.	Entrepreneurial intention	3	-	0.87

4.8 Validation of Measurement

Empirically, we have learned that situational (for examples, employment status or informational cues) or individual (for example, demographic characteristics or personal traits) variables are poor predictors. That is, predicting entrepreneurial activities by modeling only situational or personal factors usually resulted in disappointingly small explanatory power and even smaller predictive validity. Intentions models offer us a significant opportunity to increase our ability to understand and predict entrepreneurial activity.

Intention-based models provide practical insight to any planned-behavior, better general understanding of how intentions are formed, understanding of how are founders' beliefs, perceptions, what triggers opportunity scanning, the sources of ideas for a business venture, and how the venture ultimately becomes a reality.

The intention based questionnaire offers sizable diagnostic power and the entrepreneurship educators can use the results of finding to help students and trainees to understand their own motivations and intentions.

4.9 Summary of Chapter

The research design has been using Entrepreneurial Profile Questionnaire (EPQ) as data collection instruments for measurement of the formation of entrepreneurial intention. Reliability test and validation of measurement using ANOVA to test the sample bias had been conducted and the results indicated that we have fairly reasonable unbiased samples.

After the data were collected, they would be analyzed using the SPSS program Version 3.0 to obtain the useful information. The analysis of data and the results of finding would be further discussed in details in the following Chapter 5.

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CHAPTER 5

DATA ANALYSIS AND DISCUSSION

5.1 Introduction

This chapter will analyze the survey data collected from the Entrepreneurial Profile Questionnaire which comprises of three (3) part. Part A covers the demographic and personal details of the respondents. Part B focuses on the their past experience, Part C concentrates on the respondents' family background and how it influences their future career decision. Finally, Part D will check on their entrepreneurial intentions.

The feedback from the data collected for each question asked will be analyzed in details in the following sections.

5.2 Respondents By Gender And Ethnic Group

Gender	% of Respondents
Male	31%
Female	69%

Ethnicity	% of Respondents
Malay	35%
Chinese	42%
Indian	17%
Others	6%

Generally, approximately two third who definitely intend to become self-employed are male. Drawing on the sample, this suggests that six out of every 10 males are intending to become self-employed, this number is considerably less for female that is two out of every 10 respondents.

5.3 Respondents' Age Profile And Level Of Study

Age	% of Respondents
Below 25	69%
Above 25	31%

Level of Study	% of Respondents
Undergraduate	45%
Postgraduate	55%

The age profile of those definitely intending to become self-employed provides an interesting picture. Of the two thirds of all those age below 25, 34% definitely intend to become self-employed following completion of their degree. For those students over 25 years of age, 27% of all the respondents within this age group intend to become self-employed following completion of their studies.

In terms of the total survey group among students of OUM, a sizable number of postgraduate students expressed desire to definitely become self-employed. Over 60% of those who intend to become self-employed are in the final year of their study programme. In term of subject studied, the majority of those who are keen to become self-employed are interested or in the broad discipline area of Business (58%), Engineering (27%) and Others (15%).

5.4 Respondents' Family Influence And Past Experience

Parents Run A Business	% of Respondents
Yes	49%
No	51%

Have Earlier Experience In Business	% of Respondents
Yes	32%
No	68%

Approximately half of the survey groups have a parent who runs their own business. However, of those who intend to become self-employed, this proportion rises to almost half of the respondent group (48%). Thereby suggesting a strong parental influence in intention to become self-employed.

It is interesting to note that one third of those intend to become self-employed all have some experience or exposure to business dealing at their earlier age. Many of them plan to do so immediately or within the first two years following completion of their studies.

5.5 Respondents' View On University Courses And Start-Up Support

Usefulness of University Courses	% of Respondents
Definitely	10.2%
Probably	45.8%
Probably Not	35.4%
Definitely Not	8.6%

Aware of Start-Up Support	% of Respondents
Yes	83.3%
No	16.7%

When compared to the baseline information, it is clear that only approximately half of those intending to become self-employed are sure that the university courses offered are relevant and can expect the university to provide support and assistance. More than three quarter of those who have a strong desire to become self employed are not aware of business start-up support at their own institution or have limited knowledge of specific self-employment support from the government agencies.

This result suggests that more works is required, at a local and higher level, to appropriately publicise the provision of university and government agencies' start-up support.

5.6 Respondents' Entrepreneurial Intent

Statement / Question	Mean Value
a. I want to be my own boss.	3.41
b. I want the freedom to express myself in my own business.	3.46

There is considerable variance in the results to the statements relating to the entrepreneurial intent construct. These clear differences are significant at the 5% level. It would seem, those who definitely intend to become self-employed add considerably more value to the statements. It would see, therefore, that these statements are good indicators of entrepreneurial intent.

5.7 Respondents' Entrepreneurial Attitude

Statement / Question	Mean Value
a. I would rather be my own boss than have a secure job.	3.07
b. You can only make big money if you are self-employed.	2.45
c. I would rather form a new company than be the manager of an existing one.	3.08
d. I relish the challenge of creating a new business.	3.19
e. I want to make money.	4.11

In terms of drivers towards becoming self-employed, the challenge of creating a new business and founding a new business venture appear to hold considerably value for those intending to become self-employed. Job security is relatively unimportant to this group.

5.8 Perceived Support Factors For Respondents

Statement / Question	Mean Value
a. Entrepreneurs have a positive image within society.	3.40
b. Qualified consultant and service support for new company is available.	3.31
c. The creative university atmosphere inspires me to develop ideas for new business.	3.03
d. My family encourages me to set up my own business.	2.83

Views on perceived support factors are significantly different (at the 5% level) for all questions exploring this construct i.e. those who definitely intend to become self-

employed have more positive perceptions of support for enterprise and entrepreneurs than those who do not.

The most sizable differences in perception relate to university atmosphere and family support. This suggests that these two indicators are important support factors for those keen on becoming self-employed.

5.9 Respondents' Locus of Control

Statement / Question	Mean Value
a. When everything goes right, I think that's mostly a question of luck.	2.58
b. I often feel that is just the way things are and there is nothing I can do about it.	2.61

Those who definitely intend to become self-employed perceive that they have more power to control events and actions than those who definitely do not intend to do so. Although differences between the two groups are significant (at the 5% level), they are not considerably different from the baseline values for all respondents.

5.10 Respondents' Risk-Taking Propensity

Statement / Question	Mean Value
a. I like to try new things (e.g. exotic food or going to new places).	4.03
b. When I travel I tend to use new routes.	2.92
c. I have taken a risk in the last six months.	3.51

In examining the risk-taking construct statements, it is clear that those who definitely intend to become self-employed display consistently higher risk-taking propensities than those who definitely do not intend to become self-employed. The differences between the two groups are perhaps not surprisingly, significant at the 5% level.

5.11 Respondents' Perceived Barriers

Statement / Question	Mean Value
a. Banks do not readily give credit to start up companies.	2.80
b. The law is a barrier to running a company.	2.80
c. It is hard to find a business idea that has not been realized before.	3.21
d. I don't have the necessary skills to start my own business.	2.84
e. I lack the confidence to start my business.	2.73
f. The risks involved in setting up a business are too high.	3.20
g. I would struggle to raise the capital necessary to start a business	3.28

In exploring the perceived barrier construct there are significant differences, with those who definitely do not intend to become self-employed providing more negative perceptions of barriers than those definitely intend to become self-employed. It is clear that those do not intend to start-up lack the confidence to do so.

In terms of those who definitely intend to become self-employed, it is considerably concern about financial issues and legal considerations. It maybe useful to explore how these barriers can be mitigated in provision and support available through the other start-up support agencies.

5.12 Other Descriptive Statistics of The Major Variables

Statement / Question	Mean Value
<u>Need For Achievement (NAC)</u>	
1. I will do very well in fairly difficult tasks relating to my study and my work.	5.08
2. I will try hard to improve on past work performance.	5.26
3. I will seek added responsibilities in job assigned to me.	5.11
<u>Locus of Control (LS)</u>	
4. Diligence and hardwork usually lead to success.	5.51
5. If I do not succeed on task, I tend to give up.	3.36
6. I do not really believe in luck.	3.81
<u>Self Efficiency (SE)</u>	
7. I have leadership skills that are needed to be an entrepreneur.	4.26
8. I have mental maturity to start to be an entrepreneur.	4.26
<u>Instrumental Readiness</u>	
9. I have access to capital to start to be an entrepreneur.	4.03
10. I have good social networks that can be utilized when I decide to be an entrepreneur.	4.17
11. I have access to supporting information to start to be an entrepreneur.	3.98
<u>Entrepreneur Intention (EI)</u>	
12. I will choose a career as an entrepreneur.	4.14
13. I will choose a career as an employee in a company / an organization	3.79
14. I prefer to be an entrepreneur rather than to be an employee in a company / an organization.	4.37

Statement / Question	Mean Value
<u>Subjective Norms (SN)</u>	
15. I believe that my closest family thinks that I should pursue a career as an entrepreneur.	3.94
16. I believe that my closest friends think that I should pursue a career as an entrepreneur.	4.10

5.13 T-Test And ANOVA

Several tests were conducted by applying t-test and one-way ANOVA to examine if there is any difference in the major variables of the study. The following Tables show the results of the analysis.

Male students were found to be significantly higher self efficacy, instrumental readiness, subjective norms and also entrepreneurial intention as compared to the female students.

Table 2 – Differences In The Major Variables By Gender

Variables	Mean		T-Value
	Male	Female	
Need for Achievement (NAC)	5.21	5.14	1.19
Locus of Control (LC)	4.60	4.68	-1.46
Self Efficacy (SE)	4.43	4.17	3.27
Instrumental Readiness (IR)	4.23	3.96	3.98
Subjective Norms (SN)	4.22	4.12	2.92
Entrepreneur Intention (EI)	4.48	3.98	3.92

Those who had some experience involving in business and those who had attended some courses / training on entrepreneurship indicated significantly higher self efficacy, instrumental readiness, subjective norms and also entrepreneurial intention. This maybe due to the impact of the course content or the training underwent as shown in the table below:

Table 3 – Differences In The Major Variables By Attending The Course / Training

Variables	Mean		T-Value
	Male	Female	
Need for Achievement (NAC)	5.24	5.14	1.50
Locus of Control (LC)	4.64	4.66	-0.35
Self Efficacy (SE)	4.61	4.13	5.87
Instrumental Readiness (IR)	4.40	3.93	6.51
Subjective Norms (SN)	4.41	3.94	5.76
Entrepreneur Intention (EI)	4.70	4.08	7.01

The one-way ANOVA test indicated that there were no significant differences among the students of the various ethnic groups in terms of self efficacy, instrumental readiness and also entrepreneurial intention. The Indian had a lowest mean for need for achievement and locus of control whereas the Chinese indicated the lowest influence from subjective norms.

Table 4 – Differences In The Major Variables By Ethnicity

Variables	Mean			
	Malay	Chinese	Indian	Others
Self Efficacy (SE)	4.31	4.20	4.40	4.29
Instrumental Readiness (IR)	4.14	3.96	4.27	4.20
Subjective Norms (SN)	4.10	4.00	4.27	4.48
Entrepreneur Intention (EI)	4.22	4.25	4.31	4.43

5.14 Presentation of Discussion

When questioned, the respondents who indicated the probability of launching their own business in the next 2 years is at 25.3% of the overall sample population which is fairly low.

Very few students appeared to be considering an entrepreneurial career in the short term. For those students who appear to have a significant interest in the idea of becoming an entrepreneur have voiced out that it is not something they feel they will do in the immediate future.

Perception of desirability and perception of feasibility variables have fairly high predictive power that explained the occurrence of strong intention to go into business. However, the variable of works satisfaction was also added to our model of study. As might have been expected, the correlation between work satisfaction and entrepreneurial intention was negative due to the fact that some respondents might reconsider their short-term intention to go into business because they enjoyed their current jobs and were satisfied with their employment situation.

This occurrence thus lead to believe that respondents' level of satisfaction with their current jobs explains the probability that they will start a business in their future better than their perception of the desirability of going into business.

According to Autio (1997), changes in perception were found over time. Those respondents with strong positive orientation or potential entrepreneurs are those respondents with the highest probability of starting a business. It would not be accurate to conclude that the intention of those potential entrepreneurs would show temporal stability. Those had strong intentions of starting a business at some point in their life

might change their mind to a significant degree. On the other hand, among those who did not have an intention might express change in intention or increase their probability of starting a business in the long term. Thus, our study will concentrate on rating the respondents' intention and probability of starting a business in the short term or in the near future of 2 years.

Among the factors and events that are most likely to have impact on the intention of respondents and explain the reasons for changes in their intentions or perceptions are:

a. Positive change towards self-employed:

- Being more mature, having more work experience. This having an effect on their self-confidence.
- Money. Some realized that their earning potential was limited when working as an employee and they want more, much more.
- Freedom. Some resent the constraints of the workplace such as rules, fixed schedule, being supervised, fixed salary, etc.
- Opportunity recognition. Being active in the workplace puts respondents in a better position to identify and recognize business opportunities when they were students.
- Being your own boss. Some long for the satisfaction of working for themselves, of having something left for themselves at the end of the day.

b. Negative change from starting own business to seeking employment:

- Reality shock. Some realized that they knew far less than they thought and that the process of starting a business was not as easy as they had imagined. This is a typical case of mismatch between perception of feasibility and reality.
- Corporate orientation. Some realized they enjoy employee status and the corporate environment such as less risk, stability, good pay, etc.

According to the survey questionnaire, there are several areas of competence that help the students to build and to maintain their entrepreneurial intention and entrepreneurial spirit which can be summarized as follows:

- Ability to believe in oneself.
- Ability to recognize possibilities.
- Ability to seize opportunities.
- Ability to engage in change.
- Ability to deliver results and quantities.
- Ability to develop creativity.
- Sense of responsibilities.

5.15 Summary of Chapter

Generally, there are a total of 54 questions being asked to test the respondents of their intention and desire to start up their own business. Of the results, there are significant correlations between the following variables with the formation of intention:

- The subject's attitude towards a given behavior.
- The subjective norms or the perception of other people's opinion of the proposed behavior.
- The subject's perception of his or her control over the behavior.

The males seem to have stronger intention to become self-employed. The students from the final year of postgraduate study and with age over 25 years old are the group with stronger intention to become self-employed.

The results also suggest that there are strong parental influence on the students' intention and those with past experience in business are more likely to start up their business.

Many students also show that they are not aware of the start-up support and feel that the university courses offered might not have much bearing on their decision whether to venture into their own businesses.

REFERENCES

1. Autio, E.R. Keeley, M.Klofsfen (1997). 'Entrepreneurial Intent Among Students: Testing An Intent Model In Asia'. *Frontiers of Entrepreneurship Research*, Wellesley, Babson College.

CHAPTER 6

SUMMARY, CONCLUSION AND RECOMMENDATION

6.1 Introduction

This chapter presents the summary of finding, analysis of results and recommendations.

6.2 Summary of Results

The extent of entrepreneurial intention among the final-year students of Open University of Malaysia is slightly above the neutral value indicating that only approximately 25.3% are interested to venture into self employment. Among this group, most of them are from undergraduate program. They are not sure which career path to take on, either to work for somebody drawing a fixed income or working independently with higher risk and no guarantee of a fixed income. Those MBA and MM students who are in this group are mainly due to the fact that they are comfortable with their current job status, good pay, good benefits, less risk, good working environment, stable etc.

We have also identified that the need for achievement, locus of control, self efficacy, instrumental readiness and subjective norms are among the determinant positively related to entrepreneurial intention. If these traits are enhanced then it is possible to expect more entrepreneurs from the students to take off into new business venture.

Male students showed significantly higher self efficacy, instrumental readiness, subjective norms and also entrepreneurial intention as compared to the female students. The student who had attended courses and training on entrepreneurship indicated significantly higher degree of self efficacy, instrumental readiness, subjective norms and also entrepreneurial intention. This may be due to the impact of the course content or the training underwent.

6.3 Recommendations

Since entrepreneurship is important as a very relevant instrument to promote economic growth for the nation's economies, more need to be done to promote new enterprises and business ventures to infuse dynamism in the economic activity. The promotional effort should at least start up at the university level. Among some of the recommendations to promote the entrepreneurial intention are as follows:

- a. The need to have a concerted effort by the university authorities to enhance the entrepreneurial intention of students via different mediums such as seminars, training courses or similar hands on experience.
- b. There is an urgent need to enhance students need for achievement, locus of control and self efficacy which in turn will lead to a higher entrepreneurial intention. This can be done through seminars and training courses tailored towards this issues.
- c. The finding that the students from the business background showing higher entrepreneurial intention augurs well for a research based university like OUM where there is a growing concern to get into research and development and eventually market those products.

- d. Those who have attended courses/training have indicated significantly higher entrepreneurial intention. This points to the relevance of entrepreneurship as a compulsory subject in the university curricula. The university should take the approach that this particular course should be taught campus wide and not only limited to the MBA, MM courses or at the business school only.
- e. Since the finding showed there were no significant differences in terms of entrepreneurial intention, this quashes the notion that entrepreneurs are from a certain ethnic group only. Thus, entrepreneurs can be nurtured with a careful program immaterial of ethnicity.
- f. The results also show that many of the young undergraduate have incredible potential and very innovative, but they need more special entrepreneurial training in order to transform from neutral potentials to entrepreneurial leaders and creators of enterprises.
- g. The university should have an integrated mechanism in offering training on specific topics for the potential entrepreneurs, for instance: legal aspects of company creation, business idea realization, fund raising, the start-up support centers and incubators.
- h. The female consists of a big population in the higher learning institutions. However, when talking about company creation, they are less motivated. The university should have some programs to encourage the female students to think about their entrepreneurial career as an alternative. The university should also cooperate with some of the public sector's agencies that foster female entrepreneurship.

With more development of the entrepreneurship among the intellectuals, we hope the university can continue to be a place to nurture young talents in entrepreneurial ventures and new business and can continue to be the forefront motivator for our nation's economic development today.



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Rujukan: MBA/PROJECT PAPER/LCK/2006

07 April 2008

Students of OUM

Dear Sir / Madam,

RE: THESIS FOR RESEARCH ON "AN EMPIRICAL STUDY ON ENTREPRENEURIAL
INTENTION AMONG OUM STUDENTS"
RESEARCHER: LEONG CHEE KEONG

With reference to the above, I have the pleasure to inform that I am a OUM student currently enrolling in Master of Business Administration (MBA) programme. I am in my final semester now and required to complete my thesis on the research topic as mentioned above.

To facilitate my research work, I would like to seek your assistance to be one of my respondents to fill up the Entrepreneurial Profile Questionnaire (EPQ) as attached. All information will be treated strictly confidential.

I really appreciate you could take a little bit of your time to fill up the Questionnaire and return it at the end of your class or to mail it back to me using the prepaid envelope.

Your cooperation to take part in the above research survey is highly appreciated.

Thank you,

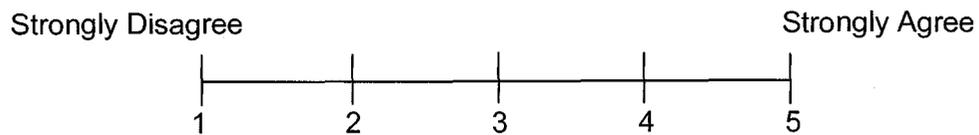
Yours sincerely,

A handwritten signature in black ink, appearing to be 'Maj (R) Leong Chee Keong', written over a horizontal line.

Maj (R) Leong Chee Keong

QUESTIONNAIRE ON ENTREPRENEURIAL INTENTION

The purpose of this Questionnaire is to assess your entrepreneurial intention and factors that would influence your intention. Work as quickly as you can and do not stop to think too deeply about the answers. Please answer all questions by circling the number which best represent your choice. Your cooperation is appreciated.



PART A : PERSONAL DETAILS

1. Age :

Below 25	[]	36 – 45	[]
25 – 35	[]	Above 45	[]

2. Gender :

Male	[]	Female	[]
------	-----	--------	-----

3. Ethnic Group :

Malay	[]	Indian	[]
Chinese	[]	Others	[]

4. Religion :

Muslim	[]	Hindu	[]
Christian	[]	Others	[]
Buddhist	[]		

5. The longest residing area

City	[]	Village	[]
Town	[]		

6. Highest education level

PhD	[]	Certificate	[]
Master	[]	STPM	[]
First Degree	[]	SPM	[]
Diploma	[]	PMR & Below	[]

7. Area of study you are interested in

Engineering	[]	Technical	[]
Commerce	[]	Art	[]
Science	[]		

PART B : PAST EXPERIENCE

1. Do you have experience in the following area? YES
- | | | |
|----|---|-----|
| a. | Sales experience | [] |
| b. | Supervisory role | [] |
| c. | Handling business account | [] |
| d. | Running some own businesses
(excluding family business) | [] |
| e. | Running some businesses for others | [] |
| f. | Working for business owner of small firm
(less than 30 workers) | [] |
| g. | Working for business owner of medium size firm
(less than 200 workers) | [] |
| h. | Working for business owner of large firm
(more than 200 workers) | [] |
| i. | Attended some formal class or workshop on entrepreneurship | [] |

PART C : FAMILY BACKGROUND

1. Parent/Guardian's highest education level
- | | Father | Mother | Guardian |
|------------------------|--------|--------|----------|
| a. No formal education | [] | [] | [] |
| b. Primary | [] | [] | [] |
| c. Secondary | [] | [] | [] |
| d. Tertiary/Colleges | [] | [] | [] |
2. Occupation/Profession of Parent/Guardian
- | | Father | Mother | Guardian |
|---|--------|--------|----------|
| a. Professional – Own Business | [] | [] | [] |
| b. Professional – Salaried Worker | [] | [] | [] |
| c. Teacher | [] | [] | [] |
| d. Executives/Clerks | [] | [] | [] |
| e. Skilled Workers
(Technician, Designers, Mechanics, etc) | [] | [] | [] |
| f. Non-Skilled Workers | [] | [] | [] |
| g. Uniformed Group | [] | [] | [] |
| h. Own business with | | | |
| 1) Less than 30 workers | [] | [] | [] |
| 2) Less than 200 workers | [] | [] | [] |
| 3) More than 200 workers | [] | [] | [] |
| i. Agriculture
(Including Farmer, Fisherman, etc) | [] | [] | [] |
| j. Not Working | [] | [] | [] |
| k. Retiree | [] | [] | [] |

PART D : ENTREPRENEURIAL INTENTION

- Please answer all questions
- The grading scale is from (1) to (5) with (1) being strongly disagree and (5) being strongly agree
- Your answer should be base on first thought that come into mind

Questions : Attitude Towards Entrepreneurship

1. I have always worked hard in order to be among the best in my field.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
2. I believe that concrete results are necessary in order to judge business success.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
3. I spend a considerable amount of time making my organization I belong to function better.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
4. I believe that authority I have in business is due mainly to my expertise in certain area.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
5. I often sacrifice personal comfort in order to take advantage of business opportunities.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
6. I get my biggest thrills when my work is among the best.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
7. I feel energetic working with innovative colleagues in a dynamic business climate.						
Strongly Disagree	1	2	3	4	5	Strongly Agree

Questions : Perceived Support & Barriers

8. Entrepreneurs have a positive image within society.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
9. The creative university atmosphere inspires me to develop ideas for new business.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
10. My family encourages me to set up my own business.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
11. I am aware of the start-up support.						
Strongly Disagree	1	2	3	4	5	Strongly Agree

12. Qualified consultants and service support for new companies is made available for me to access.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
13. Do you think your experience and knowledge gained stimulate you to become an entrepreneur?						
Strongly Disagree	1	2	3	4	5	Strongly Agree
14. Banks do not readily give credit to start up companies.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
15. The law is not in favour to running a company.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
16. It is hard to find a business idea that has not been realized before.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
17. I don't have the necessary skills to start my own business.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
18. I have to struggle to raise the capital necessary to start a business.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
19. I lack the confidence to start my own business.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
20. The risks involved in setting up a business are too high.						
Strongly Disagree	1	2	3	4	5	Strongly Agree

Questions : Locus of Control

21. When everything goes right, I think it is mostly a question of luck.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
22. I often feel that is just the way things are and there's nothing I can do about it.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
23. I like to try new things (e.g. exotic food or going to new places).						
Strongly Disagree	1	2	3	4	5	Strongly Agree
24. When I travel I tend to use new routes.						
Strongly Disagree	1	2	3	4	5	Strongly Agree

25. I have taken a risk in the past six months.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
26. Do you try new things?						
Strongly Disagree	1	2	3	4	5	Strongly Agree
27. Have you ever made any invention?						
Strongly Disagree	1	2	3	4	5	Strongly Agree
28. Do you develop any strategy to detect opportunities?						
Strongly Disagree	1	2	3	4	5	Strongly Agree
29. Do you think you possess the required qualities to implement an opportunity?						
Strongly Disagree	1	2	3	4	5	Strongly Agree
30. I will create my own business once an opportunity is detected.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
31. I am confident of my skills and abilities to start a business.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
32. Diligence and hardwork usually lead to success.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
33. I do not really believe in luck.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
34. If I do not succeed on a task, I tend to give up.						
Strongly Disagree	1	2	3	4	5	Strongly Agree

Questions : Need For Achievement

35. I will do very well in fairly difficult tasks relating to my study and my work.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
36. I will try hard to improve on past work performance.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
37. I will seek added responsibilities in job assigned to me.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
38. I have leadership skills that are needed to be an entrepreneur.						
Strongly Disagree	1	2	3	4	5	Strongly Agree

39. I have mental maturity to start to be an entrepreneur.						
Strongly Disagree	1	2	3	4	5	Strongly Agree

Questions : Entrepreneurial Intention

40. I will choose a career as an entrepreneur.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
41. I will choose a career as an employee in a company/an organization.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
42. I prefer to be an entrepreneur rather than to be an employee in a company/an organization .						
Strongly Disagree	1	2	3	4	5	Strongly Agree
43. The idea is appealing of one day starting your own business.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
44. I would rather found/form a company than to be a manager of an existing one.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
45. I want the freedom to express myself in my own business.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
46. I would rather be my own boss than have a secure job.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
47. I relish the challenge of creating a new business.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
48. You can only make big money if you are self-employed.						
Strongly Disagree	1	2	3	4	5	Strongly Agree

Questions : Instrumental Readiness

49. I have access to capital to start to be an entrepreneur.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
50. I have good social networks that can be utilized when I decide to be an entrepreneur.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
51. I have access to supporting information to start to be an entrepreneur.						
Strongly Disagree	1	2	3	4	5	Strongly Agree

Questions : Subjective Norms

52. I believe that my closest family thinks that I should pursue a career as an entrepreneur.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
53. I believe that my closest friends think that I should pursue a career as an entrepreneur.						
Strongly Disagree	1	2	3	4	5	Strongly Agree
54. I believe that people, who are important to me, think that I should pursue a career as an entrepreneur.						
Strongly Disagree	1	2	3	4	5	Strongly Agree

————— **THANK YOU** —————