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Inclination towards Business Start-Up among New Students; A Test of The Theory of Planned Behavior: A Conceptual Paper

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Abstract

The development of entrepreneurship has been growing in Malaysia. Thousands of student graduates from universities every year, but only a few of them intend to start their own businesses. The objective of study in general is to examine the intentions to become entrepreneurs in the areas of personal attitude, perceived behavioural control and subjective norms. Ajzen Theory of Planned Behaviour will be used to attain this purpose. In gathering data, the questionnaire will be based on previous study conducted by Linan and Chen (2009). A total population of 2000 new intake students who enrol in diploma and bachelor degree for October 2022 – February 2023 session will be participate in this study by using random sampling technique. This study focuses on fresh graduates who have the options either to work or to be an entrepreneur after graduating. This research hopefully will help Malaysian Academy of SME & Entrepreneurship Development (MASMED) and UiTM to investigate the potential of the new students to become an entrepreneur.

Keywords: Ajzen Theory of Planned Behaviour, Entrepreneurial Intentions, Perceived Behavioural Control, Personal Attitude, Subjective Norms.

Introduction

Entrepreneurship is one of the key elements in a small and medium enterprise (SME) as it gives 'life' to the business. These days the definition of entrepreneurship has changed together with the evolution of the business landscape. A society with numerous entrepreneurs is said to be the greatest society (Ab.Aziz, 2003). This is due to the fact that entrepreneurs are the most creative, innovative and dynamic individuals.

The entrepreneurship development has been growing progressively in Malaysia. Due to the important of the entrepreneurial sector, it has become one of the national agendas in many countries. With the natural of entrepreneurs, it will be possible to develop the region's economy through the formation of business companies and the creation of job opportunities

(Kiumar and Somayeh, 2011). Therefore, entrepreneurship is being actively developed in Malaysia through a formal educational process, in line with efforts to make this field one of the areas of interest. This is important because entrepreneurial activities are a catalyst for economic growth and capacity building efforts to enhance the country's creativity, innovation and competitiveness.

When the Entrepreneurship Action Plan of Higher Education Institutions (2016-2020) was rolled out by the Ministry of Higher Education (MOHE), the idea behind it was to inspire entrepreneurship programs and development in higher learning institution and stimulate entrepreneurial mind-set to all students.

University Teknologi MARA (UiTM) has been the pioneer during 1980s in taking steps to announce entrepreneurship courses to the students in an effort to promote entrepreneurship as a career option. Besides formal courses, UiTM students are exposed to entrepreneurship via participate in co-curriculum and club activities. Malaysian Academy of SME & Entrepreneurship Development (MASMED) has been given the responsibility in the entrepreneurial development program among UiTM students. Thus, numerous programmes and activities are created from time to time in order to encourage entrepreneurship at all levels including students in higher learning institutions.

Although a lot of efforts in order to provide knowledge and experience to the students have been carried out over the past few years, to change the mentality of university students to have the intention, inclination and subsequently venture into business after graduation is not easy. Most of the graduates still expect to earn salary as a priority in their future careers. They argue that entrepreneurship does not promise a fixed income and it is a high-risk area.

In addition, university students give reasons for no experience, no interest in doing business, no idea of starting a business and difficulty in getting a loan. Obviously, after a lot of effort by the university and financial assistance has been channeled, the success has not yet been seen significantly. Only a few can be identified as having ventured into the business field. This raises questions as to why this scenario arises when a lot of effort and financial resources have been invested.

Thus, this study will discuss issues related to the level of inclination of university students in UiTM Perak Branch towards entrepreneurship. This study is important to policy makers to know the starting point to move students towards becoming an entrepreneur.

This is because without the students' tendency towards entrepreneurship, it will be difficult for policy makers especially UiTM to develop entrepreneurs among the graduates. In addition, this study also contributes to the field of entrepreneurship taking into account several important factors that influence students' tendency to become entrepreneurs, namely personal background, attitude, subjective norms (SN) and perceived behavior control (PBC) that exist in the environment.

Entrepreneurial Intention

The field of entrepreneurial intention has attracted the attention of scholars in recent years. The word entrepreneurial intention refers to an interest in entrepreneurial activity (Zhao, 2005). Furthermore, Bird (1998); Krueger (2000) suggest that intention is the best predictor of entrepreneurial behavior. He claims that potential individuals with intentions to start a business can progress through the entrepreneurial process more willingly than people without an initial intention.

A study of entrepreneurial intention is dynamic for understanding the process of entrepreneurship. Krueger and Casrud (2000) argue that entrepreneurial intentions are central to understanding the process of entrepreneurship because they shape the foundations of new organizations. Hence, it is crucial to consider what motives an individual to become entrepreneur.

Theory of Planned Behavior (TPB) as outlined by Ajzen (1991) is used to analyze the effects of three determinants of intentions on student's intentions of becoming an entrepreneur. In fact, TPB used to clarify an individual's intention to perform a given behavior. Additionally, TPB has also been used broadly in explaining EI in a number of studies (AlGhani et al., 2022; Soomro et al., 2022, Krueger et al., 2000; Autio et al., 2001). TPB has been shown to predict EI most accurately. The three different components shaping behavior through intention can be describes as follows: 1) personal attitude, refers to an individuals unfavorable or favorable evaluation of performing behavior of interest; 2) subjective norms (SN), refers to perceived social pressures to perform or not to perform a particular behavior; and 3) perceived behavioral control, refers to the perceived difficulty or easy of performing a behavior.

Personal Attitude towards Entrepreneurship

Attitude refers to the degree to which an individual has favourable or unfavourable assessments of the behaviour in question (Ajzen, 1991). Attitude depends on the expectations and beliefs about the personal impacts of the outcomes resulting from the behaviour. Personal attitude reflects that individual has a certain valuation which could either be positive or negative for becoming an entrepreneur (Ajzen, 1991).

Previous studies have shown a positive relationship between attitude and behaviour intention. According to Linan (2008), carried out a mass study on students of Spain and found out that the attributes influence the student's behaviour to some extent. This idea is supported by Ahmed et al. (2010) where the scholars used primary research on Pakistan students and conclude that individual attitude is influential factor based on innovativeness.

Moreover, Baber (2020); Farrukh et al (2018) have investigated the association between attitude and EI. Dinc & Budic (2016) found out that there is a significant and positive influence between attitudes and women EI. Likewise, Mumtaz (2012) found that undergraduate student's attitude has a positive impact on intention to choose entrepreneur as a career. Conversely, Malebana (2014) emphasizes the role of personal attribute while determining the entrepreneurial intentions of university students. His work was based on the students of South Africa where he found out that this attribute has the most useful power and has a significant impact on student's decisions.

Subjective Norms

Subjective norms refer to the person's perception of the social pressures for or against performing the behaviour in question (Ajzen, 1991). Subjective norms consist of two components; normative beliefs and motivation to comply with these beliefs (Ajzen, 1991). Normative beliefs concerned with the perceived probability that important referent individuals or groups will approve or reject a given behaviour; they set the norm that specifies how the subject should behave. Here, refers to a group of people who are close to the individual; for example, family, peers' spouse, teachers and anyone considered important in the individual's life. The second component, motivation; reflects a person's willingness to conform to these norms that is to behave according to the expectations of others. Subjective

norms refer to the perception that referents would approve the decision to become an entrepreneur (Ajzen, 2002; Linan and Chen, 2009).

Commonly, students considered entrepreneurship as the best option for their career because of the fact that their family and friends would be on supporting side for starting a new venture (Malebana, 2014). Nevertheless, Linan (2008) rejects the role of social factors in shaping student's entrepreneurial decisions and a study supported these findings and concluded that subjective norms play the weakest role and cannot be considered as explanatory variable to determine student's intentions (Ozaralli & Rivenburgh, 2016).

Ahmed et al (2010) considers the role of subjective norms only if the family background is also having entrepreneurial knowledge and experience. Additionally, Krueger et al. (2000) also believes that subjective norms have insignificant impact. This has also been supported by Peng et al. (2012) who proposed that there is no doubt that students get influenced from their social factor but there is no significant role of family background in shaping student's decision of becoming an entrepreneur (Peng et al., 2012).

Perceived Behavioural Control (PBC)

The third antecedent of intentions, PBC reflects the perceived ability to execute target behaviour (Ajzen, 1991). It relates to an individual's perception of the degree of ease or difficulty in performing such behaviour. PBC indicates whether the individual takes a social pressure; could be from family, friends etc. to begin their business or not. PBC is assumed to reflect past experience as well as anticipated obstacles (Ajzen, 2002). This construct is affected by perceptions of access to necessary skills, resources and opportunities to perform the behaviour.

If an individual feels that he or she has control over the situational factors, he or she may develop the intention to perform the particular behaviour. On the other hand, if an individual does not have control over the circumstances, he or she may have less or zero intention to perform the particular behaviour. Therefore, researchers can say that PBC can influence the intention to perform behaviour.

The research work done in Spain by Linan (2008) continuously calls attention that PBC as a main element of predicting student's intentions. Peng et al (2012) reinforced the concept by stated that individual's perception is dynamic and basis of behaviour. Similarly, Malebana (2014) detailed if students perceive starting a new venture would be an easy job, they are going to start immediately. Kolvereid (1996) found that PBC emerged as one of the significant influences on self-employment intentions among students pursuing master's degree in Norway. In Malaysia, Ariff et.al (2010) showed that PBC emerged as the most important factor that influenced accounting students' entrepreneurial intentions.

Theoretical Framework

Figure 1 represents the proposed theoretical framework for this research. It will focus on the influence of personal attitude, perceived behavioural control, and subjective norms on entrepreneurial orientation among new intake students of UiTM Cawangan Perak, Seri Iskandar campus.

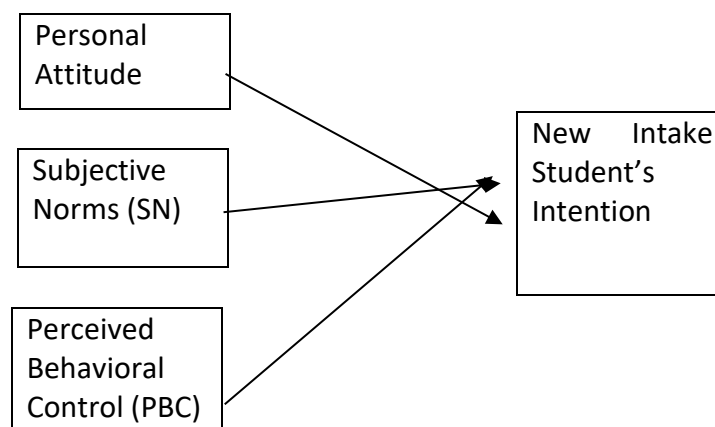


Figure 1: Conceptual Research Framework

Conclusion

The aim of this study is to investigate the predictors of entrepreneurial intention among new intake students of UiTM Perak Branch. This study will apply the Theory of Planned Behavior (TPB) as outlined by Ajzen (1991) to explain a wide range of student's behaviors and intentions. TPB offers a clear and generally relevant theoretical framework that enables us to understand and forecast entrepreneurial intentions. Additionally, TPB is used in this study because it has been recognized successful in explaining intention towards performing a particular behavior in numerous field such as psychology, sociology, information technology, health etc. In general, the desire to create university students with an entrepreneurial intention can be achieved using the chosen elements.

The contribution of this study will be the evidence of the factors affecting student's intention to become an entrepreneur. The benefits of this study to educators and policy makers are to strengthening the entrepreneurship courses, activities, training and modules; to find a strategy on how to persuade the students on the advantages of being an entrepreneur. Last but not least, there is a need for the university to look back at the content of the entrepreneurship programs and the instructors involved to generate a positive vibe to develop student's intentions from initial since some of them are confused about their career choices. Thus, a proposal to study the intention towards entrepreneurship has been suggested.

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