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Predicting entrepreneurial intentions of private college students by applying the theory of planned behaviour

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Abstract

This conceptual paper is about predicting entrepreneurial intentions of college students by applying the theory of planned behaviour. Researchers have read literature, and we found that the problem statement is a need to conduct how entrepreneurship is actually handled at other higher educational institutions in Malaysia, instead of polytechnic institutions. Two research objectives have been established namely, to analyze the influence of the main elements of orientation to entrepreneurship and evaluate the effectiveness of education programs in the college system. Besides that, theoretical framework also has been established in order to identify independent and dependent variables. The last part is conclusion, which is drawn the expected conclusion and discussion for this paper.

Keywords: Higher education Institutions, theory of planned behaviour, entrepreneurial intention, entrepreneurship education

1. INTRODUCTION

1.1 Higher Education Institutions

Higher educational institutions have an important role to play in regional development, regional innovation systems and what are termed learning areas (Morgan, 1997). Lalit (2015) also stated that higher education institutions play a very significant role in developing a nation.

Engaging with higher education institutions in designing and delivering curriculum not only allows businesses to influence the education of the future workforce but engage with prospective future employees throughout their educational experience (Plewa, Galan-Muros, & Davey, 2015).

Ministry aspires to instill an entrepreneurial mindset throughout Malaysia's higher education system and create a system that produces graduates with a drive to create jobs, rather than to only seek jobs (Malaysia Education Blueprint 2015-2025, 2015).

1.2 Background of Study

Ertuna & Gurel (2011) mentioned that there is positive role of universities and higher education in the development of students' entrepreneurial intentions and behavior. Ministry of Higher Education (MOHE) has identified entrepreneurship as one of the core curriculum courses credited in 2009 as a mechanism to enhance the entrepreneurial culture soft skills (<http://jpt.mohe.gov.my/>). It indicates that all institute of higher learning institution (IPT) regardless public or private are required to obey and introduce entrepreneurship subject as a

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core subject to be taught. Thus, all MARA Education Institutions (IPMA) has no exception pertaining this matter.

1.3 Purpose of Study

Souitaris, Zerbinati, & Al-Laham (2007) found that some impacts of entrepreneurship education on entrepreneurial intentions among secondary school and high-school students. Entrepreneurship is a key that lead to economic growth. Economic growth can be defined as businesses and entrepreneurship are growing and create more job opportunities due to demand and supply activities. Entrepreneurial intention is like what trigger someone to engage in an entrepreneurial activities, and motivate him or her to produce distinguished products and excellent services.

According to research conducted by Ming, Wai, & Amir (2009), they found that a correlation analysis is conducted to test the relationship between knowledge about entrepreneurship and intention to start a business upon graduation. The result shows an insignificant relationship (correlation coefficient $\frac{1}{4}$ 0.072, p-value $\frac{1}{4}$ 0.214), indicating the programmes conducted in Malaysia fail to create an impact to influence students to take up entrepreneurial challenges.

Mohd & Syed (2013) in their research found that the entrepreneurship curriculum in polytechnics is not effective. Students are not imbued with entrepreneurial knowledge, skills and attributes during their study. Teaching approaches appear to be inappropriate and polytechnic lecturers do not appear to have relevant entrepreneurial skills, knowledge or training.

In addition to that, there is recent research conducted by local researchers regarding entrepreneurship education programs in Malaysian Polytechnics. Norasmah & Norfadhilah (2016) provide important recommendations to improve some practical aspects of the entrepreneurial activities. The polytechnics' departments can focus on the actual content as well as on the learning experience to implement conducive, positive, and supportive practices that could lead to a maximum participation rate among students. This findings supported research conducted by Eugenia, Aikaterini, & Lida (2009), where there was rich insight into a wide range of stakeholders seeking to improve the field of entrepreneurship, education and economic development.

Thus, research pertaining entrepreneurship education at Malaysian Polytechnics has been conducted since 2013. According to Mohd & Syed (2013), there is a need to conduct a survey of the entire polytechnic institutions and other higher educational institutions in Malaysia to establish how entrepreneurship is actually being handled. Limited studies have conducted for private higher learning institution as regard to entrepreneurship education. This indicates a need to understand entrepreneurial intentions of college students across country. As mentioned by Eugenia, Aikaterini, & Lida (2009), availability of entrepreneurship education programs is a first step towards cultivating tomorrow's entrepreneurs.

In the year 2006, the presidency directed all Nigerian HEIs to include entrepreneurship education as a compulsory course for all students (Arogundade, 2011). In Malaysia, entrepreneurship subject has become a compulsory to all students as required by Malaysian Qualification Accreditation (MQA). In addition, MQA has develop Malaysian Qualification Framework to be followed by all education institutions in order to ensure standardized document and curriculum. Education institutions are expected to produce graduate that can demonstrate and exercise their entrepreneurship skills, and thus number of unemployment can be reduced.

Recent news reported that youth unemployment has been on the rise in the country, estimated to have reached 10.7% in 2015, over three times the national unemployment rate of 3.1%, as growth in hiring has slowed since late 2014, according to Bank Negara Malaysia (BNM). Youths represent more than half of total unemployed workers, despite only making up a third of the labor force, it said in its Annual Report 2016 released yesterday. Among jobless youths, young graduates make up a relatively larger share of unemployed youths, at 23%, said BNM (Graduates make up a relatively larger share of unemployed young people – BNM, 2017).

The high level of unemployment and its associated social ills have been traced to poor entrepreneurship and skills development among students in tertiary institutions. This is manifested in a number of deficiencies that these graduates exhibit in their work places such as: lack of analytical and ICT skills; lack of entrepreneurial and problem solving/decision making skills; inadequate technical skills; and ignorance in the use of modern equipment (Ugwu & Ezeani, 2012).

The results of the study will be used by private college to upgrade the programs and activities that have been formulated and implemented for the benefit of giving maximum outcome for students.

1.4 Research Questions

Researchers have highlighted two (2) main issues that the researcher thinks should be questioned, which are as follows:

- 1) What are the main elements of orientation to entrepreneurship?
- 2) What is the current level of effectiveness of education programs in the college system?

1.5 Research Objectives

Researchers have established two (2) research objectives to be met, namely:

- 1) To analyse the influence of the main elements of orientation to entrepreneurship.
- 2) To evaluate the effectiveness of education programs in the college system.

1.6 Theoretical Framework

Referring to established Theory of Planned Behaviour, researchers have drawn a suitable framework to be used for this research, as follows:

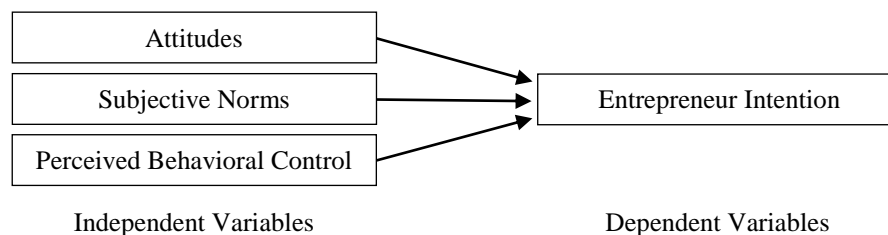


Fig. 1. Theoretical Framework

2. LITERATURE REVIEW

2.1 Theory of Planned Behaviour

The standard theoretical model to explain students' entrepreneurial intentions and ultimately entrepreneurial behavior is theory of planned behavior (TPB) (Ajzen, 1991).

When Theory of Planned Behaviour is applied to entrepreneurship, there is wide recognition that attitudes towards entrepreneurship represent one of the main antecedents of entrepreneurial intent explaining a significant amount of the variance in entrepreneurial intentions (Schlaegel & Koenig, 2014).

Attitudes

Skills and personal characteristics: the new entrepreneur should have a motive of self-improvement, in order to improve the business through constant learning (Stamboulis & Barlas, 2014).

Attitudes towards entrepreneurship are beliefs and perceptions with respect to personal desirability of starting a business, which are in turn connected to expectations of how outcomes resulting from business startup, will affect the individual (Ajzen, 1991).

Subjective Norms

Subjective norms relate to the perceived social influences/pressures to indulge or not to indulge in a given behavior (Ajzen, 1991). Subjective norms reveal the beliefs of individuals about how they would be viewed by their reference groups if they perform a certain behavior (Abdullah, Sheikh Mohammed, Muhammad Haroon, & Mohd Noor, 2014).

Perceived Behavioral Control

From the perspective of the TPB, expectations that performing a behaviour will lead to experiencing pain, pleasure, regret, fear, elation or other emotions are simply behavioural beliefs, i.e. beliefs about the likely consequences of the behaviour, some positive and others negative (Ajzen, 2011).

Perceived behavioral control concerns with individuals' own judgment about their capabilities to engage in a particular behavior (Ajzen, 1991).

2.2 Entrepreneurial Intention

According to Brockhaus (1982) the factors that affect a person's decision to become an entrepreneur are divided into three (3) categories: the psychological effects that the person has been subjected to, the results of his/her experiences (mainly from previous work) and his/her personal characteristics. These effects are characterized as incentives for entrepreneurial action and may be divided into two (2) types: positive incentives (pull motives) or pull factors that attract the person in taking entrepreneurial action, and negative incentives (push motives) or "pushers" driving or forcing the person to move away from other options and start his/her own business. The most important among "positive incentives" are: making profit, the pursuit of independence, the pursuit of social status and desire for achievement (Stamboulis & Barlas, 2014).

One more incentive that compels individuals to pursue an entrepreneurial career is the lack of prospect for progress in other occupations. The failure in some carrier efforts drives the individual to turn to the establishment of an enterprise. Furthermore, there are other situations, for example 'luck' (e.g. random acquaintance, etc.), and environmental influences (e.g. existence of family business, studies, etc.), that function as dynamic as other positive or negative incentives (Stamboulis & Barlas, 2014).

2.3 Entrepreneurship Education

Previous studies have reported there was an urgency to fill the gap by identifying problems likely to be faced when integrating entrepreneurship in the education system and give recommendations of what needs to be done for better improvement. The current study is significant because it provides empirical research on student perceptions or tendencies towards entrepreneurship in the Malaysian context. The study was an exploratory one and had the aim of trying to establish challenges faced when embedding EE in the polytechnics system (Mohd & Syed, 2013).

However, this increasingly recognized beneficial role of entrepreneurship education has not been accompanied by a parallel assessment of the effectiveness of the entrepreneurship programs offered (Cox, Mueller & Moss, 2002). Entrepreneurship education is the process of providing individuals with the ability to recognise commercial opportunities and the insight, self-esteem, knowledge and skills to act on them (Mohd & Syed, 2013).

Additionally, the ongoing debate about whether entrepreneurs "are made or born" still attracts the focus of attention, and doubts are raised as to whether entrepreneurial success is a matter of a particular set of innate or acquired human competencies and characteristics (Galloway & Brown, 2002).

According to Eugenia, Aikaterini, & Lida (2009) several attempts have been made to distinguish between male and female in their research to investigate participation rates, attitudes towards involvement in entrepreneurial educational programs and perceptions of skills and competencies that must be possessed to undertake entrepreneurial activity. This research found that, females feel less confident and capable of initiating entrepreneurial activity than males, even when receiving the same education and coming from similar backgrounds. As this paper's findings also indicate, entrepreneurship education can function as a trigger to entrepreneurial activity initiation, by enhancing students' entrepreneurial mindset and actions. Designers of such programs can significantly benefit from this paper's findings by developing strategies to encourage students who have not been exposed to any kind of entrepreneurial experience (for example, not having been raised by an entrepreneurial family).

In economies with limited creation of private-sector wage jobs, entrepreneurship-support interventions are promising policy options for the creation of more attractive skilled jobs. In this context, many policymakers consider that entrepreneurship education has a strong potential to enable youth to gain skills and generate their own skilled jobs (Premand, Brodmann, Almeida, Grun, & Barouni, 2016).

Entrepreneurship education has advanced as a means to educate the new twenty-first century workforce by giving students the skills to take any area of study or discipline and be creative, innovative, and entrepreneurial (Welsh, Tullar, & Nemati, 2016). Besides that, entrepreneurship education can show students the paths to their goals. Moreover, EE can provide problem solving techniques to help the student to figure out how the path to a business might work (Welsh, Tullar, & Nemati, 2016). Moreover, entrepreneurship education can help students to manage their own self attribution and thus their self-efficacy (Welsh, Tullar, & Nemati, 2016). This could also serve as an evaluation of the effectiveness of the current entrepreneurial curriculum already offered (Eugenia, Aikaterini, & Lida, 2009).

Entrepreneurship education could promote entrepreneurial attitudes and mindsets (Toledano & Urbano, 2008). Countries who have taken a serious call on the front of entrepreneurship education have been seen to get encouraging results. Kenya, for instance, like many developing African nations, faced substantial unemployment issues accompanied by limited social amenities and infrastructure-related issues. One of the first efforts to move in the new direction to entrepreneurial development in Kenya involved introducing entrepreneurship education into all technical training institutions in the country (Lalit, 2015).

According to Lalit (2015), a number of countries in Europe such as Norway, Finland and Denmark have already recognized the benefits of an entrepreneurship education strategy and have successfully implemented policies to ensure that all students receive some form of entrepreneurship education during their formal schooling years.

3. CONCLUSION

We therefore suggest that entrepreneurship programs should be carefully designed, by informing students about the real world conditions associated with entrepreneurship, but at the same time presenting the ways in which such courses can aid them overcome associated complexities, by cultivating the appropriate skills and competencies required (Eugenia, Aikaterini, & Lida, 2009)

Entrepreneurship program developers should consider other factors besides providing knowledge and resources to students that can significantly shape future entrepreneurs' success. Such factors deal with attitudes, perceptions and emotions that students develop. Since this part is significantly transmitted and influenced by the role of educators, it would be important to train instructors not only as to what to teach but also as to the way they should transmit knowledge, trying to build students' entrepreneurial mindset (Eugenia, Aikaterini, & Lida, 2009).

Key objective of entrepreneurship policy is to motivate and support the undertaking entrepreneurial initiatives by well qualified individuals and teams (Stamboulis & Barlas, 2014). According to a study (Tackey & Perryman, 1999), young graduates who started a business were motivated mainly by the need for independence and flexibility rather than career stability or wealth.

The lack of a good business plan is a barrier on startup a business. A good business plan defines the outcome of the project over time (Stamboulis & Barlas, 2014).

On the other hand, there are significant hurdles that repel young people from committing themselves to entrepreneurial ventures. These include perceptions about entrepreneurship, lack of competences, experience or elementary knowledge about business and so on (Immink & O'Kane, 2001).

One more incentive that compels individuals to pursue an entrepreneurial career is the lack of prospect for progress in other occupations. The failure in some carrier efforts drives the individual to turn to the establishment of an enterprise. Furthermore, there are other situations, for example 'luck' (for example, random acquaintance, etc.), and environmental influences (e.g. existence of family business, studies, and so on), that function as dynamic as other positive or negative incentives (Stamboulis & Barlas, 2014).

According to Stamboulis & Barlas (2014) mentioned that studies that examine young entrepreneurs' failures and barriers distinguish between intrinsic (in the entrepreneur's control) and extrinsic (beyond the entrepreneur's control) factors that affect their performance. Intrinsic factors include personal characteristics and weaknesses in financial and operational management. Personal skills too, such as creativity, the ability to take appropriate risks and effective time management tend to affect the success or the failure of a business (Ibrahim & Goodwin, 1986). Meanwhile, extrinsic factors include environmental characteristics such as, high interest rates, taxes and government regulations (Theng & Boon, 1996).

Future research should also examine the differences between both the different types of students and the general population, in terms of attitudes and perceptions of barriers toward entrepreneurship (Stamboulis & Barlas, 2014).

We argue that the classical approach to educating entrepreneurship students where we concentrate on subject matter knowledge is not very effective. The evidence for this is that college grades are not good predictors of entrepreneurial success (Welsh, Tullar, & Nemati, 2016).

Entrepreneurship education needs to prepare students with the idea that failure is part of the game (Welsh, Tullar, & Nemati, 2016). The study looked at entrepreneurship education, defined as, “education for entrepreneurial attitudes and skills” versus entrepreneurial intentions, defined as “desires to own or start a business” (Bae et al., 2014). This shows that teaching entrepreneurship needs careful planning and hence the need for this study to expose some of the challenges encountered and their impact to the program overall output (Mohd & Syed, 2013).

Research conducted by Lee, Chang & Lim (2005) state that the impact of entrepreneurship education in each country is different because of each country’s unique culture with regards to entrepreneurship.

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