

SELF-EMPLOYMENT INTENTIONS AMONG THE UNIVERSITIES' STUDENTS IN MALAYSIA

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Abstract

This study aims to explore the self-employment intentions of the universities' students in Malaysia. With the growing number of graduates every year, and growing funds created to assist small enterprises in Malaysia, self-employment may be one option available to them to start on their careers. Entrepreneurial Attitude Orientation (EAO) scale was used to measure the students' entrepreneurial attitudes. Specifically, the EAO attitude subscales are achievement in business, innovation in business, perceived personal control of business outcomes and perceived self-esteem in business. A survey approach was adopted by sending questionnaires to 2000 students of the public and private universities that are listed under tier 5 (Excellent) in the Malaysia Quality Agency SETARA rating of year 2011. The results show that personal control, self-esteem and innovation were found to have significant and positive relationships with self-employment intention. Meanwhile achievement was found to have no significant relationship with self-employment intention. These findings provide important insight to relevant parties to embed more entrepreneurial curriculum or seminar to educate and guide universities students besides, promoting and producing a positive image of entrepreneurship as a career.

Keywords: EAO, Self-employment, Universities Students

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INTRODUCTION

The Institutes of Higher Learning in Malaysia (IHL) are producing an ever increasing number of graduates every year. Ismail, Jaffar, Khan and Leng (2012) reported that the number of students graduated in higher education institutes in Malaysia has been increasing steadily over the years from 107,894 in 2006 (based on 83 IHL) to 177,169 in 2010 (based on 230 IHL). In 2011, according to the Ministry of Higher Education Department, the number of students graduated increase to 184,581 (based on 253 IHL). The number of students graduated for bachelors program in 2011 is 85,710 which dominate other levels of study. The figure is much higher compared to 84,474 in 2010. In addition, according to the graduates' tracer study by Ministry of Higher Education Department, 24.8% of students graduated for bachelors program still unemployed within 3 to 4 months after completion of study. The graduate oversupply contributed to the imbalance of number of graduates in relation to the job opportunities available in the market. With the recent downturn in euro zone economy; it creates more difficulties for the graduates to get a job.

The Malaysian government has created 82 microcredit schemes to assist small and medium enterprises (SMEs) entrepreneurs through banking

institutions and non-bank institutions (New Straits Times, 9 February 2013). Banking institutions that offer microcredit schemes are Agrobank, Bank Rakyat, Bank Simpanan Nasional, Public Bank, AM Bank, Alliance Bank, EONCAP Islamic Bank, CIMB Bank, Maybank and United Overseas Bank whereas the non-bank institutions are Tekun Nasional, Council of Trust to the Bumiputera (MARA), and Permodalan Usahawan Nasional Berhad (PUNB). The loan size is from RM500 to RM50,000 and there is no collateral requirement. Hence, with the growing number of graduates every year and growing funds created by the government, self-employment may be one option available to them to start on their careers.

Many studies have been conducted to investigate the characteristics of entrepreneurs (see for instance, Jusoff, Ismail, Khalid, Othman, Abdul Rahman, Kassim and Shekh Zain (2009); Nga & Shamuganathan (2010), Mohd Zain, Mohd Akram and Ghani (2010), etc.). Robinson, Stimpson, Heufner and Hunt (1991) commented that most of the previous studies on entrepreneur heavily emphasized on personality and demographic approaches. These approaches they stated are suffering with some problems that make them inappropriate to measure the entrepreneurs' characteristics. Robinson et al. (1991) stated that attitude is a good approach to describe

entrepreneurship. They have developed Entrepreneurial Attitude Orientation (EAO) scale which is tested to be high in validity and reliability. Due to the needs to encourage Universities' students to explore entrepreneurship thus it is essential to understand how to develop and nurture potential entrepreneurs. The research question is whether the Universities' students' attitudes toward entrepreneurship have significant relationship with their self-employment intentions. Therefore this study is taken to predict the entrepreneurship among the Universities' students in Malaysia by adopting the EAO model.

LITERATURE REVIEW

There are many discussions on entrepreneurship intention around the world, but only few studies done in Malaysia particularly on Malaysian universities' students. Thus, it is the aim of this research to shed some new insights to the current entrepreneurship literature.

Mohd Zain et al. (2010) did a survey among business students in one of the public universities in Malaysia and found out that there was a significant relationship between personal traits factor and the self-employment intention. However, they examine the personal traits factor in general as the way an individual thinks and behaves without focusing on achievement in business, innovation in business, perceived personal control of business outcomes, and perceived self-esteem in businesses.

Mohd Shariff and Saud (2009) did a research using the "entrepreneurial attitude orientation" (EAO) scale instrument on final year business management undergraduates students of University Utara Malaysia. Their results show that there is a significance difference between undergraduates minored in entrepreneurship courses and non-entrepreneur undergraduates in terms of self-esteem and personal control, with the mean for the entrepreneur undergraduates group being higher in personal control. Hence, there is no significance difference in terms of innovation and achievement. Xue, Yoon and Liang (2011), who did a survey on universities students from two public universities and two private universities in Malaysia claimed that there was a positive significant between the need for achievement and entrepreneurial intentions of students to start a business. However, the moderate relationship between the need for achievement and entrepreneurial intention shows there is a variation on level of need for achievement. Mohd Shariff and Saud findings are also quite contradict with what have been found by Nga and Shamuganathan (2010).

Nga and Shamuganathan (2010) who did a survey on college and undergraduate's students from private higher educational institutions in Klang valley, Malaysia using the "Big Five" personality measure found out that personality traits such as agreeableness,

openness and conscientiousness generally gave a positive influence on social entrepreneurship dimensions. The items under openness and conscientiousness are quite similar with innovation and achievement items respectively. The study found that openness exerted significant positive influence on financial returns and social vision whereas conscientiousness was found to exert a positive influence on sustainability and financial returns. In addition, Jusoff et al. (2009) who also did a survey using the "Big Five" personality measure on undergraduates in institution of higher learning in Malaysia agreed that entrepreneurial intention was positively correlated with openness but not conscientiousness. Ismail et al. (2012) who did a survey on undergraduate's students in three private universities in Malaysia agreed that there was no significant effect of need for achievement towards entrepreneurial intention besides internal control. They claimed that both independent variables may be affected by other variables. According to Jusoff et al. (2009) conscientiousness is associated with diligence, organization and persistence which suit to self-employment but at the same time it also suit in a larger organization whereas open individuals tend to be curious, imaginative, adventures and receptive to business opportunities. Besides openness Jusoff et al. (2009) also found that extraversion is significant which describes the extent to which people are active, energetic and enthusiastic.

CONCEPTUAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Entrepreneurial Attitude Orientation (EAO) Model

This study adopts the Entrepreneurial Attitude Orientation Model to predict the Malaysian Universities' students' self-employment intention. The EAO Model is developed by Robinson et al. (1991) with the purpose to offer an alternative approach to study entrepreneurship. It contains four subscales which are achievement in business, innovation in business, perceived personal control of business outcomes and perceived self-esteem in business.

Hypotheses development

Achievement versus self-employment intention

According to Robinson et al. (1991) achievement in business refers to concrete results associated with the start-up and growth of a business venture. Xue, Yoon and Liang (2011) and Nga and Shamuganathan (2010) revealed that there was a positive significant between the need for achievement and entrepreneurial intentions of students to start a business. In contrast, Mohd Shariff and Saud (2009) found no significance

difference in terms of achievement between undergraduates minored in entrepreneurship courses and non-entrepreneur undergraduates. In addition, Jusoff et al. (2009) and Ismail et al. (2012) also found no significance difference between the need for achievement and entrepreneurial intentions. But, Jusoff claimed that the need for achievement is an important personality trait which not only suit to self-employment but also suit in a larger organization. Hence, this study predicts that universities' students with high level of achievement have higher level of intentions to be self-employed. The forgoing discussion leads to the establishment of the following hypothesis:

H1: Higher levels of achievement are associated with higher levels of self-employment intention

Personal control versus self-employment intention

According to Robinson et al. (1991) perceived personal control of business outcomes deals with the individual's perception of control and influence over his or her business. Mohd Shariff and Saud (2009) found that there is a significance difference between undergraduates minored in entrepreneurship courses and non-entrepreneur undergraduates in terms of their personal control, with the mean of personal control for the former group was higher than the later group. Ismail et al. (2012) found no significance difference between internal control and entrepreneurial intentions. With that, this study predicts that universities' students who have high level of personal control will have higher level of self-employment intention. Hence, the following hypothesis is established:

H2: Higher levels of personal control are associated with higher levels of self-employment intention

Self-esteem versus self-employment intention

Robinson et al. (1991) indicated that perceived self-esteem in business pertaining to the self-confidence and perceived competency of an individual in conjunction with his or her business affairs. Mohd Shariff and Saud (2009) discovered that self-esteem between undergraduates minored in entrepreneurship courses and non-entrepreneur undergraduates was significantly different. Hence, this study predicts that if the universities' students are highly self-esteemed, they will have greater intentions to be self-employed. Therefore, the following hypothesis is established:

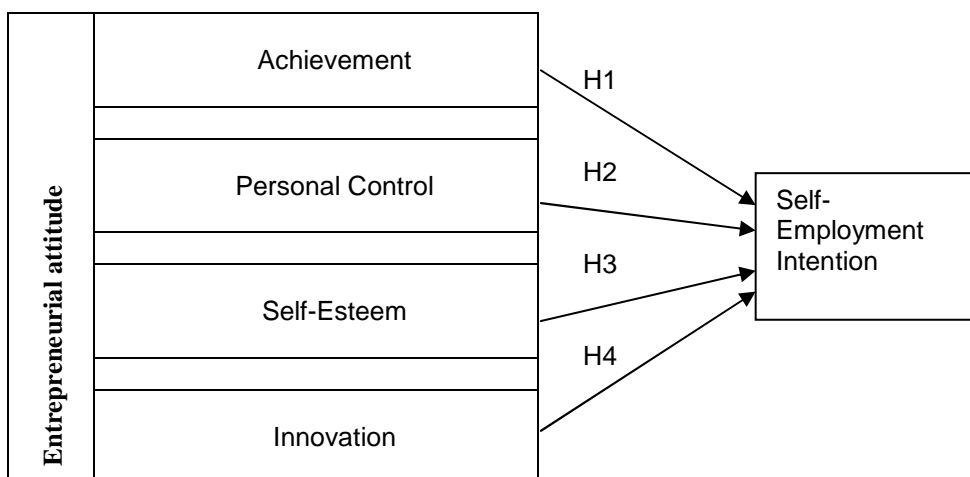
H3: Higher levels of self-esteem are associated with higher levels of self-employment intention

Innovation versus self-employment intention

Robinson et al. (1991) advocated that innovation in business relates to perceiving and acting upon business activities in new and unique ways. Mohd Shariff and Saud (2009) demonstrated that there was no significance difference in innovation between undergraduates minored in entrepreneurship courses and non-entrepreneur undergraduates. However, Nga and Shamuganathan (2010) revealed that there is positive relationship between innovation and self-employment intention. Hence, this study proposes that if the innovation level of the universities's students is high then their self-employment intentions will be high too. Therefore, the next hypothesis of the study is:

H4: Higher levels of innovation are associated with higher levels of self-employment intention

The following diagram depicts the model of this study:



RESEARCH METHOD

Research design and instrument

A survey approach is utilized in this study by sending questionnaires directly to the Universities students. The questionnaire was developed by modifying those of Robinson et al. (1991) to suit the focus of this study. The questionnaire is divided into three parts. The first part consists of questions related to demographic variables while the second part consists of the entrepreneurial attitude (i.e. the EAO scales). The final part solicits the respondents' self-employment intentions.

Sample

The sample of this study is the universities students' in Malaysia. Business and non-business degree holders from seven public universities and 11 private universities constitute the population of this study. These universities selected are those that are listed under tier 5 (Excellent) category in the Malaysia Quality Agency SETARA rating of year 2011. The sample size is 2000.

Administration of the research instrument

The questionnaires were distributed personally to the universities' students by randomly approached them at their respective institutions. A pilot test was conducted with 50 respondents drawn from the sample universities students in the study. The feedback from the pilot testing required minor amendment on the questionnaire.

Variables of the study

Dependent variable

The dependent variable is the self-employment intention of the Universities' students. This variable is measured on a 5-point Likert scaling ranging from strongly disagree to strongly agree, by providing the respondents 15 statements related to self-employment intentions. For each statement the respondents were required to circle one number on the scale.

Independent variable

The independent variables of this study are the entrepreneurial attitude of the Universities' students. Specifically, they are achievement in business (Achievement), innovation in business (Innovation), perceived personal control of business outcomes (Personal Control) and perceived self-esteem in business (Self-esteem). These variables are measured using the EAO in 5 point likert scale. There are in total 58 statements given to the respondents which represented by eleven statements on Personal Control, eleven statements on Self-esteem, eighteen statements on Achievement and another eighteen statements on Innovations. For each statement the respondents were required to circle one number on the scale.

DATA ANALYSIS

Response rate

Table 1 presents the response rate of this study. From the total of 2000 questionnaires distributed, 620 are excluded from the analysis because of they are considered as non-useable. Among factors leading to the exclusion of these questionnaire in the analysis are due to incompleteness in attending the questions. Only 1380 questionnaires are considered as usable representing 69% response rate for this study.

Table 1. Response rate

	<i>N</i>	%
Questionnaire distributed	2000	100
Less: Non-useable questionnaire	620	31
Usable questionnaire	1380	69

Demographic Profile

As shown in Table 2, the profile of the survey respondents comprised of 58 percent female and 42 percent male. The breakdown of race groups of the respondents was as follows: 65 percent was Malay, 19 percent was Chinese, 6 percent was Indian, and the remaining 9 percent was others.

Majority of the respondents aged below 24 years old (81 percent), currently pursuing their degree (85

percent), studying full time (98.3 percent) and 53.5 percent of them achieved 3.33 and above for their CGPA. The respondents' breakdown in terms of whether they are from public or private universities is fairly represented, i.e. 48 percent are public universities' students and 52 percent are private universities' students. The respondents are also fairly presented by their area of studies in which 44 percent are categorized as business-related students while 56 percent are non-business-related students.

Table 2. Respondents background information

Characteristics	Freq.	%	Characteristics	Freq.	%
<u>Gender</u>			<u>Education</u>		
Male	581	42.1	Diploma	129	9.3
Female	799	57.9	Degree	1169	84.6
			Masters	84	6.1
<u>Age</u>			<u>Higher educational institution</u>		
Below 21	510	37.1	Public	658	47.6
21-23	605	44.0	Private	723	52.4
24-26	223	16.2			
27 & above	36	2.6			
<u>Races</u>			<u>Study Status</u>		
Malay	904	65.5	Full-time	1358	98.3
Chinese	266	19.3	Part-time	24	1.7
Indian	84	6.1			
Others	126	9.1	<u>Stream of Study</u>		
			Pure & Applied Science	277	20.0
			Tech & Engineering	210	15.2
			Social Science	606	43.8
			Arts & applied Arts	258	18.7
			Natural Science	31	2.2
<u>Birth order position in family</u>			<u>Year of study</u>		
Firstborn	418	30.2	First Year	604	43.8
Middle child	672	48.6	Second Year	377	27.3
Only child	39	2.8	Third Year	233	16.9
Last child	253	18.3	Fourth Year	165	12.0
<u>State of origin</u>			<u>CGPA</u>		
Johor	160	11.6	Below 2	9	0.7
Kedah	100	7.2	2.00-2.66	116	8.4
Kelantan	126	9.1	2.67-3.32	517	37.4
Labuan	9	0.7	3.33-3.66	463	33.5
Melaka	43	3.1	3.67-4.00	276	20.0
Negeri Sembilan	75	5.4			
Perak	95	6.9			
Pahang	72	5.2			
Perlis	7	0.5			
Pulau Pinang	53	3.8			
Sabah	49	3.5			
Sarawak	142	10.3			
Selangor	237	17.1			
Terengganu	59	4.3			
Kuala Lumpur	85	6.2			
Others	70	5.1			

Note: Freq.= frequency.

Factor analysis and reliabilities

Principal component factor analysis was performed on the four dimensions of entrepreneurial attitudes (i.e. Achievement, Personal Control, Self-esteem and Innovation) to define the underlying structure among the variables in the analysis (Table 3). The values of the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy for each factor were all above 0.50 while each of the Bartlett's test of sphericity was significant at 5 percent. Hence, the four dimensions in this model

were adequate to represent the data. For the purpose of the hypothesis testing only statements with factor loadings more than 0.50 will be taken (Table 4). In conclusion, five out of eleven statements on Personal Control will be included in the final analysis. For Self-esteem, from eleven statements only six statements will be included. For Achievement, from eighteen statements only six will be included and finally for Innovations from eighteen statements only six will be included in the final analysis.

Table 3. Results of factor analysis and reliability for the Entrepreneurial Attitudes and Self-Employment Intentions

Independent variables	No. of items	KMO	Eigen-values	Cronbach α
Achievement	6	0.859	3.055	0.807
Personal Control	5	0.808	2.608	0.767
Self-Esteem	6	0.808	2.486	0.714
Innovation	6	0.792	2.818	0.726
Dependent variable				
Self-Employment Intention	6	0.886	4.050	0.903

Factor analysis was also conducted to confirm the validity of self-employment intention. The result of factor analysis for this intention is also summarized in Table 3. A single factor solution emerged with an eigenvalue greater than 1. The KMO measure of sampling adequacy was 0.886 indicating a sufficient intercorrelation, while the Bartlett's test of sphericity

was significant at 5 percent. Most importantly, all items of self-employment intention were shown to have factor loadings greater than 0.70 (Table 4).

For the purpose of the testing the hypotheses of this study out of fifth teen statements measuring self-employment only six will be taken, that is those with 0.7 and above factor loading (Table 4).

Table 4. Constructs for the Entrepreneurial Attitudes and Self-Employment Intention

Construct	Survey Items	Loadings
Achievement	I would spend a considerable amount of time analyzing my future business needs before I allocate any resources	0.707
	I make it a point to do something significant and meaningful at work every day	0.710
	I believe the most important thing in selecting business associates is their competency	0.697
	I would feel good when I have worked hard to improve my future business	0.752
	I would get a sense of accomplishment from the pursuit of my future business opportunities	0.702
	I would always feel good if I make the organization I belong to function better	0.711
Innovation	I believe that the currently accepted regulations are established for a good reason	0.662
	I would get excited if I think of new ideas to stimulate my future business	0.729
	I believe it is important to approach business opportunities in unique ways	0.704
	I usually look for colleagues who are excited about exploring new ways of doing things	0.678
	I enjoy taking initiatives for change in business affairs	0.711
	I would always follow accepted business practices in the dealings I have with others	0.623
Personal Control	I believe that any organization can become more effective by employing competent people	0.698
	I would feel very good if I am ultimately responsible for my own business success	0.799
	I would get excited in creating my own future business opportunities	0.803
	I would spend a lot of time to plan my future business activities	0.636
	My special skills for dealing with people would enable me to create many future business opportunities	0.659

Self-Esteem	I believe I can perform very well on my part of any business project I am involved with	0.579
	I believe successful people handle themselves well at business gatherings	0.715
	I would spend a lot of time looking for someone who can tell me how to solve all my future business problems	0.533
	I would feel self-conscious when I am dealing with very successful business people	0.619
	I believe that to succeed in business it is important to get along with the people I work with	0.714
	I believe if I have the authority in business it is due mainly to my expertise in certain areas	0.680
Self-Employment Intention	I will choose my career as an entrepreneur	0.783
	I prefer to be an entrepreneur rather than to be an employee in a company	0.831
	I am prepared to do anything to be an entrepreneur	0.865
	I will make every effort to start and run my own business	0.818
	I have thought seriously to start my own business after completing my study	0.847
	I have strong intention to start my own business as soon as possible after graduate	0.782

The reliability tests based on Cronbach's alpha measurements were conducted on dependent variable (i.e. self-employment intention) and the independent variables (i.e. Achievement, Personal Control, Self-esteem and Innovation). As shown in Tables 3, the reliability coefficients ranged from 0.714 to 0.903, indicating that all the reliability coefficients exceeded the minimum acceptable level of 0.6. Hence, one can conclude that the items measuring entrepreneurial attitudes and self-employment intention was assessed to be reliable.

Hypothesis testing

Regression Analysis

Table 5 presents the regression estimation for self-employment intention. From this table, given the R^2 of 0.141 it implied that 14.1 percent of self-

employment intention can be explained by the four independent variables. The proposed model was adequate as the F-statistic (= 55.552) was significant at the 5 percent level. This indicated that the overall model provides a statistically significant relationship between entrepreneurial attitudes and self-employment intention. Personal control, self-esteem as well as innovation were found to have a significant and positive relationship with self-employment intention. Therefore, hypothesis H2, H3 and H4 were supported. However, achievement was found to have no significant relationship with self-employment intention. Hence, H1 was not statistically supported. As shown in Table 5, the VIF values for independent variables ranged from 1.825 to 3.038, providing the solid evidence against the presence of multicollinearity.

Table 5. Results of Regression Analysis

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.	Collinearity statistics	
	β	SE	β			Tolerance	VIF
Constant	3.541	0.016					
A	0.030	0.028	0.047	1.077	0.282	0.329	3.038
PC	0.067	0.026	0.105	2.613	0.009**	0.394	2.539
SE	0.093	0.022	0.146	4.282	0.000**	0.548	1.825
Inno	0.089	0.025	0.140	3.614	0.000**	0.424	2.358
R^2	0.141						
Adj. R^2	0.138						
F	55.552						
Sig F	0.000						

Notes: A = achievement, PC = personal control; SE = self-esteem; and Inno = innovation. ** indicates significant at 5%.

DISCUSSION

This study finds that entrepreneurial attitudes such as personal control, self-esteem and innovation have statistically significant relationships with self-employment intention. However, achievement was found to have no significant relationship with self-employment intention. Thus, only H2, H3, and H4 are accepted. This finding on achievement indicates that the universities' students who are perceived to have high achievement in business however do not intend to be self-employed or in other word to operate own business. This may be caused by other variables, for example achievement may be affected by the personal control or self-esteem. Hence, although the universities' students who are perceived to have high achievement in business, it does not make any difference on their entrepreneurial intention. In addition as mentioned by Jusoff et al. (2009), achievement in business factor is also needed in a larger organization that may push an individual away from self-employment. This finding on achievement support the claimed by Mohd Shariff and Saud (2009), Jusoff et al. (2009) and Ismail et al. (2012). The findings on personal control and self-esteem support the claimed by Mohd Shariff and Saud (2009) that entrepreneurship is affected by ones' personal control and self-esteem. In conjunction to the EAO model it is revealed that the students who perceived that they have strong control and strong influence over his or her business have greater intention to be self-employed. For self-esteem, the findings support the gist of the EAO model that students who have high self-employment intention are those who have high level of self-confidence and competency in business affairs. In terms of innovation, the finding conforms to the results of Koe Hwee Nga and Shamuganathan (2010) and Jusoff et al. (2009). In line with the assumption of the EAO model, this finding demonstrated that students who were highly intended to be self-employed were those who have high level of perceptions and actions to do business activities in new and unique ways.

CONCLUSION

The results of this study has conformed to the literature that entrepreneurial attitudes do have positive relationship with self-employment intention. Universities nowadays have position themselves as a

hub of entrepreneurship by nurturing an entrepreneurial environment. Besides more entrepreneurial curriculum or seminar to educate and guide universities students, it is now up to the university policy makers and government to team up in promoting and producing a positive image of entrepreneurship as a career. This is because even though students have the relevant entrepreneurial knowledge and skills, if they do not possess positive image about entrepreneurship, they might not interested to venture into the field. Future research may be conducted to investigate the effect of entrepreneurial attitudes on the cyber-preneurship intentions of the students.

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