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THE RELATIONSHIP OF ENTREPRENEURIAL KNOWLEDGE ON ENTREPRENEURIAL INTENTION AMONG UNDERGRADUATE STUDENTS IN MALAYSIA: EXAMINING MODERATING EFFECT OF SELF-EFFICACY

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ABSTRACT

The impact of entrepreneurial knowledge on entrepreneurial intentions among Malaysian undergraduate university students was investigated in this study. 287 students out of 350 answered the written questionnaire. Entrepreneurial knowledge has a positive impact on entrepreneurial intention, according to the findings. The findings also show that using self-efficacy as a moderating variable can boost entrepreneurial intention. These findings will be useful in the Malaysian context, as they will likely aid the Malaysian government in assessing the success of an entrepreneurial programme for undergraduates.

Kesan pengetahuan keusahawanan terhadap niat keusahawanan dalam kalangan pelajar universiti ijazah pertama di Malaysia telah dikaji dalam kajian ini. 287 pelajar daripada 350 telah menjawab soal selidik bertulis. Menurut penemuan, pengetahuan keusahawanan mempunyai kesan positif terhadap niat keusahawanan. Dapatan kajian juga menunjukkan bahawa menggunakan efikasi kendiri sebagai pembolehubah penyederhana boleh meningkatkan niat keusahawanan. Penemuan ini akan berguna dalam konteks Malaysia, kerana ia mungkin akan membantu kerajaan Malaysia dalam menilai kejayaan program keusahawanan untuk mahasiswa.

ARTICLE INFO

Keywords:

Entrepreneurship, Entrepreneurial Knowledge, Self-efficacy, Entrepreneurial Intentions.

Keusahawanan, Pengetahuan Keusahawanan, Kecekapan Kendiri, Niat Keusahawanan.

1. Introduction

The rise of unemployed graduates has always been discussed in the Malaysian parliament (Ministry of Higher Education, 2016). The disparity between labour market demand and the number of unemployed undergraduate students contributes to the high unemployment rate (Ismail, 2011). Entrepreneurship is thought to be the best method to overcome unemployed undergraduates by establishing non-monetary incentives of self-independence (Bianchi, 2012). (Luiz & Mariotti, 2008; Naimatullah and Bahadur 2017).

In addition, one feasible way is to embrace entrepreneurship and support self-employment for career security (Bianchi, 2012). The policymaker's greater grasp of business is one of the elements that may drive joblessness among undergraduates who successfully transition into the business. Undergraduates may be influenced by government attempts to promote entrepreneurship as a viable career option. Nonetheless, entrepreneurship takes persistent efforts regarding personality, demographics, and education (Linan et al., 2011). According to the literature, a key personality feature of entrepreneurs is creativity (Drucker, 1985).

This study's goal is to investigate the influence of entrepreneurial knowledge on undergraduates' entrepreneurial intentions. Moreover, this study investigates the role of self-efficacy as a moderating effect of entrepreneurial intentions among Malaysian undergraduate students.

2. Literature review

Entrepreneurship has influenced personality qualities, education, experience, social and economic conditions, law and order, and many other issues. Luthje and Franke (2003) used both personality and situation as predictors of entrepreneurial intentions. Turker, (2005) examined the effects of internal (motivation and self-efficacy) and external (perceived education, opportunity, and support) factors on university students' entrepreneurial intentions. In short, perceptions towards the entrepreneur, entrepreneurial activity, and its societal functions influenced university students' decision to pursue an entrepreneurial intention (Erich, Malgorzata, Daniel, & Robert, 2009).

2.1 Entrepreneurial Intentions

Entrepreneurial intention predicts future entrepreneurial action (Krueger, Reilly, & Carsrund, 2000). This variable assesses a respondent's interest in becoming an entrepreneur, either now or in the future. Entrepreneurial intentions are a critical first step. In social psychology, behaviour is antecedent by purpose (Abraham & Sheeram, 2003). Ajzen (1991) and Bagozzi and Yi (1989) found that intention predicts entrepreneurship. They concluded that entrepreneurial intentions are a strong predictor of start-up decisions.

To establish a new business or generate new core values in an existing firm, one must have an entrepreneurial intention (R. D. Remeikiene and G. Startiene; 2013). Moreover, Dohse & Walter (2012) and Dell (2008) define entrepreneurial intention as "the willingness of individuals to engage in entrepreneurial behaviour, action, or self-employment".

Entrepreneurial intention is vital in understanding new-firm formation (Sanchez; 2012). Creating a new business requires numerous stages, such as company registration, new premises, business plan, and

training (Ahmad, 2013). Entrepreneurial intentions are fundamental in understanding the new venture formation process (Bird 1988; Linan et al. 2013).

2.2 Entrepreneurial knowledge and entrepreneurial intentions

Entrepreneurial knowledge fosters entrepreneurial attitudes and intentions (Souitaris, Zerbinati, & Al-Laham Andreas, 2007). Entrepreneurial knowledge is one of the critical tools for increasing potential and nascent entrepreneurs' (Linan et al., 2011). According to Dyer (1994), entrepreneurship courses or training related to starting a new business helps students gain confidence and courage. Low entrepreneurial intentions of students due to a lack of entrepreneurial knowledge (Franke & Luthje, 2004).

Entrepreneurial knowledge is “the ability to recognise new venture opportunities and manage new venture liabilities” (Diamanto Politis Sten, K. Johnson ,2015). “Entrepreneurial knowledge also the ability of an entrepreneur to apply his or her level of knowledge and skills to start a new venture or to cope with a certain problem in entrepreneurship," according to Honig et. al 2017. Entrepreneurial knowledge is a significant manifestation of human capital required for entrepreneurship success and sustainability, said Wu, Chang, and Chen (2013). A formal education programme in the form of an entrepreneurship course in a university setting is also defined as entrepreneurial knowledge (Souitaris et al., 2015).

To increase the entrepreneurial intentions, entrepreneurial education is considered one of the critical instruments to improve the entrepreneurial knowledge of both potential and nascent entrepreneurs (Linan et al., 2011). For example, entrepreneurship subjects, business plan preparation, training, or mentoring can help students develop entrepreneurial intentions. Politis (2015) found that entrepreneurial knowledge helps undergraduate students recognise and act on entrepreneurial opportunities (Shane, 2000).

Therefore:

H1: There is a relationship between entrepreneurial knowledge with entrepreneurial intentions.

2.3 Self-Efficacy and entrepreneurial intention

Bandura (1997) defined self-efficacy is an individual's “conscious belief in their ability to achieve desired results in the performance of a task.” (Bandura, 1997). Self-efficacy is the firm belief in one's abilities. To put it simply, self-efficacy is "belief in one's ability to plan and execute actions required to manage future situations."

Self-efficacy is also defined by Kim MS, Kim YK (2012) as "a belief in one's ability to perform entrepreneurial activities by proficiency responding to challenges and risks. In addition, according to Brice & Spencer (2007), self-efficacy is the belief that one has the skills to start a new business successfully. Moreover, self-efficacy is “the degree to which people perceive themselves as having the ability to perform the various roles and tasks of entrepreneurship successfully” (De Noble et al. 1999).

Previous research has shown that self-efficacy affects individuals' intention and competence to become entrepreneurs, the amount of effort they put into starting a new business, their perseverance in facing

changes and challenges, and their success in performing entrepreneurial roles and tasks (Trevelyan, 2011). To overcome the obstacles and challenges of starting and running a business, self-efficacy is essential (Shane et al., 2003). As a result of this belief, self-efficacy is a necessary predictor of entrepreneurial intention

Therefore:

H2: There is a relationship between self-efficacy with entrepreneurial intentions.

H3: There is a moderating effect of self-efficacy on the relationship between entrepreneurial knowledge and entrepreneurial intention.

3. Methodology

3.1 Theoretical Framework

The Theory of Planned Behavior provides the foundation for this study (Azjen, 2002; Fishbein & Ajzen, 1975). Intentions toward given conduct are influenced by a variety of elements, according to the notion. Both internal and external factors are considered predictors of entrepreneurial goals in this study. This study looked at factors influencing entrepreneurial intentions, such as entrepreneurial knowledge and self-efficacy as moderating variables.

3.2 Sample

This study's desired sample size was 300 students. 300 survey questionnaires were sent to diploma and degree students of Universiti Teknologi MARA (UiTM). The respondents were chosen using convenience sampling. This sampling approach ensured that the research respondents were male and female students studying at the university's diploma and degree levels. Similarly, Linan et al. (2011) employed 354 Spanish students, Ahmed et al. (2010) used 276 Pakistani business graduate students, Turker and Selcuk (2009) used 300 Turkish university students.

3.3 Instrument and Measurement

The survey questionnaire has two sections. Section 1 consists of open-ended and demographic questions. In Section 2, the survey instrument used previous study scales. We used Likert 5-point ratings to assess predictors and criteria. 11 elements were modified from Linan (2004) for entrepreneurial intentions. Linan and Santos (2006) for entrepreneurial knowledge. Koh. S (1996) for self-efficacy.

3.4 Data Analysis and Hypotheses Testing

The data were analysed using descriptive and inferential statistics. To strengthen the interpretability of factor rotation, exploratory factor analysis with orthogonal varimax rotation was applied (Hair, 1998). Sphericity was assessed using KMO and Barlett's sphericity test. To discover which items within the scale most reliably represented each construct, the Cronbach's alpha reliability test was used. Cross-tabulation and regression also were used to test hypotheses.

4. Results

4.1 Respondents Profile

The percentage of male and female responders in the 287 UiTM students' sample is 32.2 and 67.8%, respectively. While the bulk of responders (52.6% of the total) are under the age of 20, another 47.4% are between the ages of 20 and 25. Year 1 accounts for 31.3% of the sample, whereas Years 2 and 3 account for 52.6% and 16.1%, respectively.

The respondents study business administration, accounting, computer science, statistics, office management, art and design, actuarial science, town planning, architecture, quantity surveying, building, and geometric science at the Diploma and Degree levels. 42.1 % are science students, and 579.9% are social science students. The result also shows that 42.2% of students have taken entrepreneurial courses and most respondents (72.2%) support entrepreneurship. Sadly, 87% of them lack the funds to start a business. While 48.3% of the respondents have business experience, and 27.4% have family business experience (parents involved in the business).

4.2 Cross tabulation

Cross-tabulation was run to examine whether there is a significant difference between demographic variables and entrepreneurial intentions. The cross-tabulation results indicate that all variables have a significant positive relationship with entrepreneurial intentions, but the relationship is relatively weak/low (the contingency coefficient are less than 0.50).

4.3 Factor Analysis and Reliability

Exploratory factor analysis identified the Eigenvalue, KMO and Barlett's Test score. The varimax rotation method was performed, and the number of factors was determined based on the eigenvalue criterion ($\lambda > 1$) Barlett's Test of Sphercity was statistically significant (5180.86, $p = 0.00$), and the Kaiser-Meyer-Olkin (KMO) value was 0.930. All variables had above 0.70 Cronbach's alpha values. According to Sekaran and Bougie (2013), the closer Cronbach's alpha is to 1, the higher its internal consistency reliability. A reliability less than 0.60 is considered poor; those in the 0.7 range are acceptable, and over 0.80 is good.

4.4 Regression Analysis and Discussion

The study's hypotheses were examined by hierarchical multiple regression. Model fit (F-change=99.97; F-sig=0.00). Demographics, entrepreneurial knowledge, self-efficacy and entrepreneurial intentions all correlated strongly (R=0.82). The predictors explained 66.6% of changes in entrepreneurial intentions (R2=0.666).

The predictors, such as entrepreneurial knowledge and self-efficacy, were entered into the model. The results demonstrated that entrepreneurial intentions are influenced by entrepreneurial knowledge and self-efficacy.

Self-efficacy (t=7.087; =0.000) is the most important predictor of entrepreneurial intentions. This conclusion corroborates the Theory of Planned Behavior (Ajzen, 2002) and other researchers' findings that entrepreneurship mindsets influence university students' job choices (Veciana et al.,2005; Linan et al., 2011). Entrepreneurial intentions show (t=6.584; =0.00). This finding backs up Ahmed et al. (2010).

Entrepreneurial knowledge resulted (t=2.429; =0.016). The result corroborates Turker and Selcuk (2009) and Luiz and Mariotti (2008). In summary, these data corroborate H1, H2, and H3 indicating that all factors positively influence entrepreneurial intentions.

5. Conclusion

This study confirmed the value of entrepreneurial knowledge and self-efficacy's impact on undergraduate entrepreneurial intentions.

The study findings can be insightful information for policymakers at the Malaysian Ministry of Education to establish formal entrepreneurial courses in all secondary and tertiary learning institutions. It may include providing a better and more conducive entrepreneurial environment to facilitate a new venture creation in Malaysia. Once they know about entrepreneurship, this will encourage and motivate them to be an entrepreneur.

In terms of universities, the study suggests that universities may want to include existing information by providing entrepreneurship education to increase students' awareness of entrepreneurship, shaping and forming their attitude toward the behaviour and enhancing their perceived behavioural control and personality traits.

The findings also provide insight for university program instructors, such as lecturers, in designing, shaping and enhancing the entrepreneurship course structure. The subjects offered shall be proactive enough and practical-oriented to sustain students' interest in entrepreneurship. Currently, the university only provides theoretical training as many universities don't have an entrepreneurship centre to offer real and practical business operations.

This study emphasises the role of entrepreneurial knowledge and self-efficacy on the entrepreneurial intention of undergraduate students. However, complications arose that imposed limitations. Due to the sample size, only specific ethnic group, Malaya and Bumiputra from UiTM Malacca and Puncak Alam UiTM undergraduate students, was chosen. Future research can take various avenues, such as public and private universities.

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