

Analysis of the Effect of Entrepreneurial Self-Efficacy on Entrepreneurial Intention of Undergraduates

¹Lau Shau Tian, ²Lee Hung Yan, ³WeiLee Lim

^{1,2,3}Faculty of Business and Information Science, UCSI University
Jalan Menara Gading, 56000 Cheras, Kuala Lumpur, Malaysia

Article Info

Volume 83

Page Number: 11415 - 11419

Publication Issue:

March - April 2020

Abstract

The study aimed to determine the relationship between risk, uncertainty management skills, innovation, product development skills, interpersonal, networking management skills, opportunity recognition toward entrepreneurial intention among undergraduates. The study was used quantitative research. The questionnaires was allocated to the undergraduates at several universities in Klang Valley, Malaysia. The non-probability sampling was used in this study which included convenient sampling method. The questionnaires survey was common and objective way for collected data for the study. Self-administrated questionnaire (SAQ) was used for examined this study. The target population was undergraduate students in universities at Klang Valley. The data collection was analysed with SPSS program. The result found there were significant relationship between risk and uncertainty management skills, innovation and product development, interpersonal and networking management skills and opportunity recognition toward entrepreneurial intention among undergraduate students. The entrepreneurial self-efficacy was used to predict whether the undergraduates had intention to work as an entrepreneur, therefore, ESE could be used in other entrepreneurship-related study.

Article History

Article Received: 24 July 2019

Revised: 12 September 2019

Accepted: 15 February 2020

Publication: 15 April 2020

Keywords: Entrepreneurship, risk, management skills, innovation, product development

1. Introduction

There are numerous studies emphasizing the role of the entrepreneur and the factors affecting the students to get involve in entrepreneurship, from the factors - personal characteristics, and human & social capital to specific traits, abilities and individual characteristics which considered as the key influence on one's career choice [1]. The clout of self-efficacy has been aroused as a vastly effective predictor of students' motivation and career intention during the past four decades [2]. The uniqueness of Self-Efficacy is, it concerning one's choice of activities and the effort and persistence of individuals while facing obstacles. The thought processes and emotional reactions are also a requisite concern when confronted by obstacles. SE is obtained gradually via the development of linguistic, social, complex cognitive and

physical skills which can be acquired from the education and one's own life experience. Several theoretical and practical implications for the entrepreneurial success are related to self-efficacy.

Salient studies reveal that a person who possesses high self-efficacy seems to prefer to be self-employed instead of being employed by the other firm [3]. Accordingly, the individuals who wish to be hired and work in an organization are assumed to have lower self-efficacy; in contrast, the people who have greater self-efficacy are more likely to be interested in being entrepreneurs.

The Self-Efficacy theory which developed by Bandura had been inspired a lot of researchers to study about it in a wide repertoire of perspectives and areas. The construction of Entrepreneurial Self-Efficacy (ESE) was also inspired by the Self-Efficacy theory. It was constructed to concentrate on the self-efficacy of

individuals on entrepreneurship field, with a definition of the belief of an individual on his or her ability to execute different entrepreneurial tasks [4].

The entrepreneurial self-efficacy, as a performance-based measure of perceiving the capability of a person in executing work, is inconsistent with the motivational constructs which are like the locus of control, self-concept either outcome expectations. It has been measuring as crucial elements impacting the motivation of people to become an entrepreneur. It also defines entrepreneurs' success [5].

In this study, the entrepreneurial intentions among the undergraduates which affected by entrepreneurial self-efficacy in Klang Valley, Malaysia are being examined with special focus on the impact of entrepreneurial self-efficacy. The main purpose of the study was to investigate students' entrepreneurial self-efficacy through their life-skills on their entrepreneurial intention. Particularly, self-efficacy is being studied in four different dimensions capturing the richness of the variable.

The factors were focused in this study included risk and uncertainty management skills, innovation and product development skills, interpersonal and networking management skills, and opportunity recognition. This study had analysed these dimensions which were under the model, Entrepreneurial Self-Efficacy (ESE) influenced the entrepreneurial intention of the undergraduates.

There are numerous models always be aimed to be analysed by many researchers to learn about the entrepreneurial intention of individuals, such as the Theory of Planned Behaviour (TPB) which focused on the three core elements: attitudes, subjective norms and perceived behavioural control and another older model which was the Shapero's entrepreneurial event model (SEE) that emphasized the perception of the desirability, the propensity to act and the perception of feasibility [6]. However, there were few studies on the intention to create new venture by using the model of Entrepreneurial Self-Efficacy (ESE). In Malaysia, study information in student's entrepreneurial intention which affected by entrepreneurial self-efficacy was rare to be found. Examining the role of entrepreneurial self-efficacy is a method to understand the construct of Self-Efficacy in the entrepreneurial aspect that how it affect one's entrepreneurial intention.

Self-efficacy is one core factor which can interpret the motivation and performance of entrepreneurs and student's entrepreneurial intentions. The crucial factors which determine a person's task performance success were combining the personal, behavioural and environmental elements. These factors are always believed to be the foundation of a person's perceived capabilities when obtaining a new sense of self-efficacy or a completely new skill to complete a new task [5].

The self-efficacy of entrepreneurship domains gives prominence to the vital personal traits which encourages entrepreneurial behaviours and also facilitates a person's

motivation, determination and competence while starting new ventures. Besides, self-efficacy enables the entrepreneurs to handle the challenges and uncertainties all along the process of an entrepreneurship from recognizing the opportunities to mobilizing resources, strengthening the performance and success of new ventures. The study aimed to determine the relationship between risk, uncertainty management skills, innovation, product development skills, interpersonal, networking management skills, opportunity recognition toward entrepreneurial intention among undergraduates.

2. Methodology

The study was used quantitative research. The questionnaires was allocated to the undergraduates at several universities in Klang Valley, Malaysia There were four of entrepreneurial Self-Efficacy (ESE) were chosen as independent variable which included risk and uncertainty management skills, innovation and product development skills, interpersonal and networking management, and opportunity recognition while entrepreneurial intention among the undergraduates were dependent variables.

The non-probability sampling was used in this study which included convenient sampling method. The questionnaires survey was common and objective way for collected date for the study. The questionnaires survey was conducted in printing way or electronic questionnaires.

Self-administrated questionnaire (SAQ) was used for examined this study. The target population was undergraduate students in universities at Klang Valley. The pilot testing was used to create a solid script and gain accurate data from questionnaire.

There were 20 copies to the simulation participants who volunteer in UCSI University to fill the draft of questionnaire. The data collection was analyzed with SPSS program.

3. Result and Discussion

3.1 Result

Table 1 was represented the reliability analysis result for this study. In Table 1, all dimensions had achieved score of 0.7 except interpersonal and networking management skills which achieved 0.687.

Table 1: Reliability analysis

Variables	No. of Items	Cronbach's Alpha
Risk and uncertainty management skills	4	0.783
Innovation and product development skills	4	0.774
Interpersonal and networking management skills	4	0.687
Opportunity recognition	4	0.825

Table 2: Overall reliability analysis

Cronbach's Alpha	Cronbach's Alpha based on standardized items	N of items
0.728	0.737	5

Table 3 showed that skewness analysis as well as kurtosis were carried out to determine whether the data collected are normally distributed. In Table 3, the skewness was 0.397 while the kurtosis was 0.872 and normally distributed since optimal score for skewness or kurtosis was between -1.0 and +1.0.

Table 3: Descriptive of normality

Measurement		Statistic	Standard error
Mean		64.8567	0.56352
95% confidence	Lower bound	63.7477	
Interval for mean	Upper bound	65.9656	
5% trimmed mean		64.6370	
Median		65.0000	
Variance		95.267	
Std. deviation		9.76048	
Minimum		33.00	
Maximum		96.00	
Range		63.00	
Interquartile range		11.00	
Skewness		0.397	0.141
Kurtosis		0.872	0.281

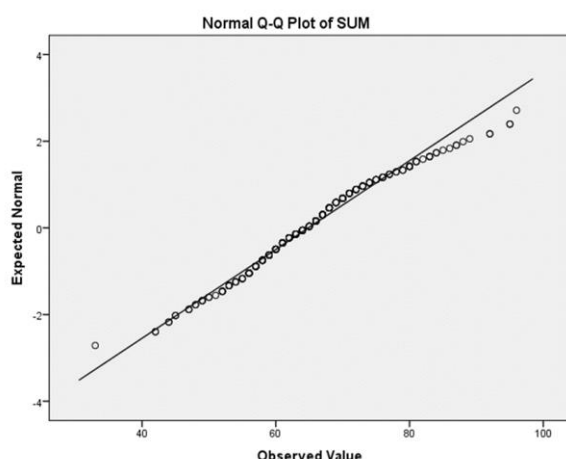


Figure 1: Normal quantile-quantile plot

In Figure 1, Q-Q plot showed that data collected fits pretty well with trend line which meant the data was quite normal.

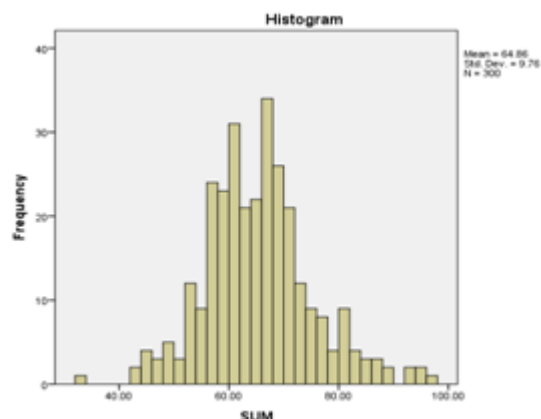


Figure 2: History of normal distribution

In Figure 2, the histogram showed the skewness was bell-shaped "normal" curve which known as perfectly symmetric distribution and the skewness was considered to be normal.

Table 4: Risk and uncertainty management skills

		Dependent variable	Independent variable
DV	Pearson correlation	1	0.137**
	Sig. (2-tailed)		0.017
	N	300	300
IV2	Pearson correlation	0.137**	1
	Sig. (2-tailed)	0.017	
	N	300	300

In Table 4, the r-value was 0.137 and slightly connected to dependent variable which still within the range and the result was positive. The p-value was being within the range between 0.00 and 0.05.

Table 5: Innovation and product development skills

		Dependent variable	Independent variable
DV	Pearson correlation	1	0.321**
	Sig. (2-tailed)		0.000
	N	300	300
IV2	Pearson correlation	0.321**	1
	Sig. (2-tailed)	0.000	
	N	300	300

In Table 5, the r-value was 0.321 and correlated to dependent variables. The p-value was within the range between 0.00 and 0.05. Hence, there was significant

relationship between innovation and product development skills and entrepreneurial intention.

Table 6: Interpersonal and networking management skills

		Dependent variable	Independent variable
DV	Pearson correlation	1	0.265**
	Sig. (2-tailed)		0.000
	N	300	300
IV2	Pearson correlation	0.265**	1
	Sig. (2-tailed)	0.000	
	N	300	300

In Table 6, the r-value was 0.265 which meant small but definite relationship with dependent variable. The correlations between two variables were related because p-value was 0.000 and less than 0.05.

Table 7: Opportunity recognition

		Dependent variable	Independent variable
DV	Pearson correlation	1	0.439**
	Sig. (2-tailed)		0.000
	N	300	300
IV2	Pearson correlation	0.439**	1
	Sig. (2-tailed)	0.000	
	N	300	300

In Table 7, the r-value was 0.439 which meant had positive and moderate relationship with dependent variable. The correlation between two variables were related since p-value was 0.000 and less than 0.05.

3.2 Discussion

The entrepreneurs had several vital characteristics which included calculated risk taking as well as innovative creative[7].The study was carried out to find out the effects of entrepreneurial self-efficacy on the entrepreneurial intention among undergraduates in Klang Valley. This study aimed to observe the relationship between the entrepreneurial intention and the risk and uncertainty management skills, innovation and product development skills, interpersonal & networking management skills, and opportunity recognition which are the dimensions of the Entrepreneurial Self-Efficacy (ESE).

The results in this study showed that there was a significant relationship between the risk and uncertainty management skills and entrepreneurial intention. The

positive relationship between risk and uncertainty management skills and entrepreneurial intention had shown that the students who studied under stress, tolerate unexpected changes during studying, made decision under uncertainty and able to take calculated risks during study have greater entrepreneurial intention compare to others.

This risk and uncertainty management skills was correlated to the dependent variable and had lowest value among all of factors. This result showed that the undergraduates nowadays had low self-efficacy on studying under pressure and might indicated low self-efficacy on working under pressure in the future too. This was supporting the study that had been done by Setiawan which stated that nearly half of students of that study scored medium level of self-efficacy in this term and it had significantly lower statistical tests result which lower than all of the other dimensions [7]. Even if the result shown that people did not had high self-efficacy on facing stress, people still potentially have the entrepreneurial intention as the correlation result of the factor is still within the correlation range.

Next, there was also significant relationship between innovation product development skills and entrepreneurial intention. The greater the innovation product development skills, more creative an individual can be, the greater their entrepreneurial intention will be. There was a lot of changes, challenges and uncertainty in the business environment nowadays, to be an entrepreneur. With the individuals' innovative product development skills which helped the industry developing and implementing new creative and innovative products [8].

In additions, there was significant relationship between interpersonal and networking management skills and entrepreneurial intention. Interpersonal skills were important in daily life. People who had strong interpersonal skills were more successful in their working places as well as on their personal daily lives. The study also found that the interpersonal and networking skills are the only skills that did not achieve the score of 0.7 in Cronbach Alpha.

Furthermore, a significant relationship between opportunity recognition and entrepreneurial intention was also identified. This factor scores highest on Pearson correlation and also in reliability analysis. An ability to recognize a business opportunity is needed for most of the entrepreneurs. This was key element to grow a business and also is fundamental to the entrepreneurial process. By recognizing the opportunity, possibility of undergraduates increased to discover the unsatisfied need which solve problems and subsequently bring profit as well. There were many models have been studied that the opportunity recognition is important and is related to the entrepreneurial intention [9-10]. The knowledge and experience are the crucial elements that leave impacts on the students' minds that how high their ability of recognizing opportunity was and it subsequently affects their entrepreneurial intention.

4. Conclusion

In conclusions, there were significant relationship between risk and uncertainty management skills, innovation and product development. interpersonal and networking management skills and opportunity recognition toward entrepreneurial intention among undergraduate students.

5. Acknowledgments

I would like to thank to all respondents for their unconditional support.

References

- [1] WeiLee Lim, 2018. The Effects of Academic Environment through Self-Efficacy on Entrepreneurial Intention: SEM-PLS Approach. *Journal of Social Sciences Research*, Vol 6 (Special Issue), ISSN 2413-6670. DOI: <https://doi.org/10.32861/jssr.spi6.664.669>
- [2] Zimmerman, B.J. 2000. Self-Efficacy: an essential motive to learn. *Contemporary Educational Psychology*, 25, 1, 82-91.
- [3] Wilson, F., Kickul, J. and Marlino, D. 2007. Gender, entrepreneurial self-efficacy, and entrepreneurial career intentions: implication for entrepreneurship education. *Entrepreneurship Theory and Practice*, 31, 3.
- [4] DeNoble, A., Ehrlich, S. and Singh, G.2007. Toward the development of a family business self-efficacy scale: a resource-based perspective. *Family Business Review*, 20, 2.
- [5] Bagheri, A. and Pihie, Z. A. L. (2010). Entrepreneurial attitude and entrepreneurial efficacy of technical secondary school students. *Journal of Vocational Education and Training*, 62, 3.
- [6] Ngugi, J.K., Gakure, R.W., Susan, W.M., Ngugi, P.K. and Robinson, K.C.2012. The influence of intellectual capital on the growth of small and medium enterprises in Kenya. *Journal of Business Management and Corporate Affairs*, 1, 1, 11-19.
- [7] Setiawan, J. L. 2014. Examining entrepreneurial self-efficacy among students. *Procedia Social and Behavioral Sciences*, 115, 235-242.
- [8] Ekman, S. and Jackson, M. 2006. The need for a “new”innovative product development approach, *International Design Conference*,519-525.
- [9] Farsi, J.Y., Imanipour, N. and Salamzadeh, A. 2012. Entrepreneurial university conceptualization: case of developing countries. *Global Business and Management Research*, 4,2, 193-204.
- [10] Shakir, K.A., Ramli, A., Pulka, B.M., Ghazali, F.H. (2020). The link between human capital and cooperatives performance. *Journal of Entrepreneurship Education*, 23 (1).