THE RELATIONSHIP OF ENTREPRENEURIAL KNOWLEDGE AND ENTREPRENEURIAL ENVIRONMENT, ON ENTREPRENEURIAL INTENTION OF UNDERGRADUATE STUDENTS: EXAMINING MODERATING EFFECT OF SELF-EFFICACY

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Abstract - This research explores the association between the entrepreneurship knowledge, environment, innovativeness and family and friends influence and entrepreneurial intentions among undergraduate university students in Malaysia. Written questionnaire were completed by 287 from 350 distributed. The results indicate entrepreneurial knowledge, environment, innovativeness, family and friends are important predictor for entrepreneurial intention. The results also provide evidence that self-efficacy as the moderating variable may enhance the entrepreneurial intention.
Entrepreneurial knowledge was found to be the most important predictor to entrepreneurial intentions, followed by entrepreneurial environment, innovativeness, family and friends influence. These findings will make several contribution one of which is the presentation of a comprehensive framework that explain the importance and effect of self-efficacy as a moderating on the independent and dependent variables. This study also will provide policy maker and university with important data and insights on the factors that can enhance entrepreneurial intention among undergraduate students. Finally this study and its finding would serve as a reference source in the field of entrepreneurship.

Keywords - Entrepreneurship, Knowledge, Environment, Innovativeness, Family and Friend, Self-efficacy and Entrepreneurial Intentions.

I. INTRODUCTION

Unemployed graduate becomes phenomenon not only to the current news but even for the past couple of years as it has been aired on the television and another agency. This problem also always been debated in the parliament among members of parliaments (The Star 18 Mac 2016). The figures of unemployed graduate shows increased every years (Ministry of Higher Education, 2016).The unequal ratio between labour market demand and the number of undergraduates seeking for jobs further contribute to a substantial amount of unemployment rate (Ismail, 2011).

Entrepreneurship is considered to be an engine for creating job opportunities, economic growth, and social adjustment through the creation of nonmonetary rewards of self-independence (Bianchi, 2012) and it's said to be the best solution to overcome unemployed graduate (Luiz &Mariotti, 2008; Ahmed et al., 2010; Sorayah Nasip et al., 2017; Naimatullah and Bahadur 2017).

Thus, one possible approach in this direction is to embrace entrepreneurship and encourage self-employment that may create job independence for satisfaction (Bianchi, 2012).with good understanding on the nature of the business and with supporting from policy maker and government may drive jobless undergraduate to venture in business.

The primary focus of this study is to enhance understanding on the underlying factors of entrepreneurial intentions among undergraduates. In particular, this research explores determinants (i.e. entrepreneurial knowledge, environment, innovativeness, family and friends influence) and self-efficacy as the moderating variable in contributing to the entrepreneurial intentions among undergraduates in Malaysia.

II. LITERATURE REVIEW

2.1 Entrepreneurial Intentions

Entrepreneurial intention is defined as the "growing conscious state of mind that a person desires to start a new enterprise or create new core value in existing organization" (R. D. Remeikiene and G. Startiene; 2013). Moreover, Dhose & Walter, 2010 and Dell 2008 indicate entrepreneurial intention "as willingness of individuals to perform entrepreneurial behaviour, to engage in entrepreneurial action, to be self-employed, or to establish new business". This definition supported by many scholars such as (Pillis and Reardon 2007; Wu, 2008; Nabi, et. al., 2006; Guerrero, et. al., 2008; Birds, 1988; Krueger, 1993) where they see "entrepreneur intention as the creation of new venture or new business"Entrepreneurial intent has proven to be a primary predictor of future entrepreneurial behavior (Krueger, Reilly, &Carsrund, 2000). This variable examines how much a respondent is interested to be an entrepreneur either in present scenario or may be some time later in future. Entrepreneurial intentions are an important first step in the entrepreneurship process. In social psychology, intention is considered as the most immediate and important antecedent of behavior (Abraham & Sheeram, 2003). Ajzen (1991) and Bagozzi and Yi (1989) both indicated that intention is a strong predictor of entrepreneurial activity. Linan,

Carlos, and Jose (2008) concluded that entrepreneurial intentions as one of the strongest predictor for start-up decisions.

Entrepreneurial intention is important elements of entrepreneurship because it becomes a key element to understand the new-firm creation (Sanchez; 2012). Where new-firm creation involve many steps to undertake such as company registration, setting up new premises, business plan, training and others (Ahmad 2013). Entrepreneurial intention also "is considered to be the key element in understanding the new venture creation process" (Bird 1988; Linan et al. 2013).

2.2 Entrepreneurial knowledge and entrepreneurial intentions

Entrepreneurial knowledge is the ability of an entrepreneur to applied his or her level of knowledge and skills to start a new venture or in coping some certain problem in entrepreneurship". According to Wu, Chang and Chen, (2013) they defined "entrepreneurial knowledge as a major manifestation of human capital necessary for entrepreneurial success and sustainability". Moreover, Entrepreneurial knowledge defined as an "individual's exposure of learning from a formal education program in the form of an entrepreneurship course in a university setting" (Souitaris et al., 2015; Fayolle et al., 2015; Cox et al., 2012).

The entrepreneurial knowledge also relates to individuals' ability to recognize entrepreneurial opportunities, this involves the discovery and evaluation of new venture opportunities. "Recognizing business opportunities involves being able to identify a market or a group of people facing a particular problem" (Shane, 2000).

However, the researchers found that study year was an important predictor of

2.3 Entrepreneurial environment and entrepreneurial intentions

Previous literature has shown that entrepreneurial environment is one of the important basis in the entrepreneurship. Uddin and Bose (2012) found a strong correlation between the entrepreneurial environment and the entrepreneurial intention. Their study suggests that there is strong relationship between entrepreneurial environment and entrepreneurial intention to the undergraduate students in forming new venture creation. Entrepreneurial environment includes entrepreneurial example such as small business at the village that selling grocery product taught at the university classroom. According to (Lucky and Minai,2011; Abdullah, et al. 2009; Indarti, Rostiani, and Nastiti,2007; Fini, Grimaldi, & Sobrero, 2009) entrepreneurial environmental factor plays a crucial role in determining the probability of undergraduate students becoming entrepreneurs. They argued that enabling entrepreneurial environment such as small amount of grant to start a business, dissemination of information regarding entrepreneurial opportunities, encouragement from university to pursue entrepreneurship venture would encourage entrepreneurial intention among undergraduate students thus becoming an entrepreneur.

Entrepreneurial environment at university is also identified as vital mechanisms that influence entrepreneurial activities such as business plan competition, training in engaging business operation and mentoring to pursue entrepreneurship venture (Morris and Lewis, 2015). Entrepreneurial environment at university also has been revealed by Erich et al. (2014) as significant predictors of undergraduate students of entrepreneurial intention in Austria University. They found training and practical in business reality for students, business opportunities information providing by university, one stop centre for business related activities has increase the entrepreneurial intention among undergraduate students. Private sector's support for student entrepreneurs would result in more university business start-up

Turker and Selcuk (2009) defined and classified the "entrepreneurial environment into three: educational support (university), rational support (family and friends) and structural support (private, public and non-governmental organisation". This definition has been supported by (Luiz and Mariotti, 2008; Gnyawali & Fogel, 1994) said that "entrepreneurial environment grouped into two which is campus environment and country environment". They define the "overall economic, sociocultural and political factors that influence people's willingness and ability to undertake entrepreneurial activities".

2.4 Entrepreneurial innovativeness and entrepreneurial intentions

Sexton and Bowman-Upton (1986:2013) discovered that students who taken entrepreneurship as their major specialisation showed the tendency of innovativeness than students from other courses. In addition, Goldsmith and Kerr (1991:2014) found that students who taken entrepreneurship courses are more innovative than other students for other business related courses. The scholars who undertakes Kirton's (1996; 2015) scale also revealed entrepreneurship students were more innovative than general business management students (Goldsmith & Kerr,1991). Ahmed et al. (2010:2015) also found that there was a strong relationship between students 'innovativeness and their intentions to become entrepreneur in future.

A few researchers claimed that innovativeness as one of the most important trait of entrepreneurs (e.g. Ang & Hong, 2000; Ahmed et al., 2010).Carland and Carland (1991) found that successful entrepreneurs are much more innovative than non-entrepreneurs. Sexton and Bowman-Upton (1986) claimed that students who opt entrepreneurship as their major

(specialization) appeared more innovative than students of business administration. Goldsmith and Kerr (1991) discovered that students who have gone through from the entrepreneurship courses proved to be much more innovative than the other students of business.

2.5 Family and friends backgrounds and entrepreneurial intentions

Family or parents act as initial role models and the parents active in a family business influence the future entrepreneurial intentions through changing attitudes and beliefs (Shapero & Sokol, 1982, Krueger et al., 2000). Involve in business with day to day exposure from both family side and personal have an impact on entrepreneurial intentions (Carr &Sequeira, 2007; Basu & Virick, 1993). Other researchers found that family characteristics have implication on emergence of new business, recognition of opportunity, start up decisions and resource mobilizations (Wang & Wong, 2004; Aldrich & Cliff, 2003; Ghazali et al., 1995; Scott & Twomey, 1988). The involvement of family members in business symbolized for entrepreneurship and can be in assistance for both financial and non-financial. These factors have direct influence on individuals' entrepreneurial intentions.

Further, Ahmed et al. (2010) discovered that prior business experience and family business experience are one of the important predictor of entrepreneurial intentions. In addition, Wang, Lu and Millington (2011) claimed that family business background will contribute to the formation of entrepreneurial intentions. Athanasios,Hadjimanolis, Panikkos, and Poutziouris (2011) claimed that there was a statically significant correlation between a family business background and the intention to start a new business.

Parents are supposed to have the strongest impact on their children's attitudes, intentions and knowledge as they have the closest and longest contacts with their family members. Thus, members who grow up in an entrepreneurial environment that offers the opportunity to learn from self-employed parents can benefit a lot from them as a role model providing a realistic view of self-employment (Muller, 2006).

On this basis, entrepreneurial role models within the family are unique sources of tacit knowledge about business strategy and entrepreneurial decision making (Shane, 2003). Hence, the information and skills necessary for decision-making are typically not available in codified form and in real time, nor are they abundantly available in educational institutions. As such, the possession of tacit knowledge about entrepreneurial decision making is of enormous value for the ability to exploit an opportunity (Shane, 2003).

In addition, the most natural way to gained such tacit knowledge is through observation of others, in particular parents and close friends. At the same time, Davidson (1995; 2014) maintained that a large number of business creators have close role models that have stimulated them to start their own businesses. These people rely on the involvement of their parents in entrepreneurial activities. This makes them inclined to express their intentions to become entrepreneurs in the future (Bird, B. 1988).

2.6 Self-Efficacy

Self-efficacy refers to individuals' "conscious belief in their own ability to bring about desired results in the performance of a particular task (Bandura, 1997)". Self-efficacy is the strong "personal belief in skills and abilities to initiate a task and lead it to success (Bandura, 1997)". Self-efficacy is "the belief in one's capabilities to organize and execute the courses of action required to manage prospective situations". In other words, self-efficacy is a person's belief in his or her ability to succeed in a particular situation. Bandura described these beliefs as determinants of how people think, behave, and feel.

Kim MS, Kim YK, 2012 define self-efficacy as "a belief in regard to the degree of being able to perform entrepreneurial activities by proficiency responding to challenges and risks with the purpose of overcoming situations". According to (Shook, Bratianu, 2010; Guerrero, et. al., 2008; Liñán, et. al., 2011), self-efficacy is "a power or capacity to produce a desired effect, and is one of the key factors of the entrepreneurial intention. In other perspective, scientists define self-efficacy through the five dimensions (searching, planning, marshalling, implementing people, implementing finance (McGee, et. al., 2009)".

Self-efficacy is the "degree to which individuals believe that they have the necessary skills to successfully start a new business venture (Brice & Spencer 2007)". Meanwhile, (De Noble, Jung, and Ehrlich 1999) indicate self-efficacy "as the degree to which people perceive themselves as having the ability to successfully perform the various roles and tasks of entrepreneurship". This statement of definition also the same as some scholars for example Bandura, 1997; Boyd & Vozikis, 1994) explain that self-efficacy "as having the ability to successfully perform the various roles and tasks of entrepreneurship".

Previous research has shown that entrepreneurial self-efficacy highly affects individuals' intention and competence to become an entrepreneur, the amount of effort they devote to create a new business, their persistence in facing the changes and challenges of a new venture creation process, and their success in performing entrepreneurial roles and tasks (Trevelyan ,2011). In addition, research indicates that self-efficacy also positively affects job performance (Robertson & Sadri, 1993) and career retention (Zimmerman & Darnold, 2009). Moreover, self-efficacy drives a person to persist through the many obstacles and challenges involved in starting and running a business (Shane et al., 2003). Many

researched have shown the vital of self-efficacy towards entrepreneurial intention especially it can predict individuals' intentions to start new ventures as it reflects their beliefs that it is possible to do so (Krueger and Brazeal, 1994; Koh, 1996; Luthje and Franke, 2003; Pittaway et al., 2010). This has been supported many scholars such as Boyd & Vozikis, 1994; Jung, Ehrlich, De Noble, 479 & Baik, 2001; Sequeira, Mueller, & McGee, 2007; Wilson, Kickul, & Marlino, 2007; Zhao et al., 2005.

III. METHODOLOGY

3.1 Theoretical Framework

This research is based on the Theory of Planned Behavior (Azjen, 2002; Fishbein & Ajzen, 1975).

The theory explains that intents towards a specific behavior are subject to influence from different factors. For this study, both internal and external factors are considered as predictors of entrepreneurial intentions.

3.2 Research Hypotheses

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

H2: There is relationship between entrepreneurial environments with entrepreneurial intentions.

H3: There is relationship between entrepreneurial innovativeness with entrepreneurial intentions.

H4: There is relationship between family and friends influence with entrepreneurial intentions.

H5a: There is moderating effect of self-efficacy on the relationship between entrepreneurial knowledge and entrepreneurial intentions.

H5b: There is moderating effect of self-efficacy on the relationship between entrepreneurial environment and entrepreneurial intentions.

H5c: There is moderating effect of self-efficacy on the relationship between entrepreneurial innovativeness and entrepreneurial intentions.

H5d: There is moderating effect of self-efficacy on the relationship between family and friends and entrepreneurial intentions

3.3 Sample

The targeted sample size for this study was 300 students. 350 survey questionnaires were distributed to the diploma and degree students from business and non-business background at a public university known as Universiti Teknologi MARA (UiTM). Purposive convenience sampling was employed to select the respondents. This sampling method was used to ensure that research respondents consist of male and female students who pursue their studies at both Diploma and Degree level in various programs offered by the university. This sample size is consistent with other research conducted in other countries such as Linan et al.(2011) that used 354 students in Spain, Ahmed et al.'s research (2010) used 276 Pakistani business graduate students, Turker and Selcuk's (2009) and Eileen's (2008) research both utilizing 300 university students inTurkey, and 273 students in Ireland respectively.

IV. RESULTS

Entrepreneurial knowledge was found to be the most important predictor to entrepreneurial intentions, followed by entrepreneurial environment, innovativeness, family and friends influence. These findings will make several contribution one of which is the presentation of a comprehensive framework that explain the importance and effect of self-efficacy as a moderating on the independent and dependent variables. This study also will provide policy maker and university with important data and insights on the factors that can enhance entrepreneurial intention among undergraduate students. Finally this study and its finding would serve as a reference source in the field of entrepreneurship.

CONCLUSION

This study confirmed the importance of entrepreneurial knowledge, environment, innovativeness and family and friends influence towards entrepreneurial intention of undergraduates students.

This study also revealed the entrepreneurial knowledge, environment, innovativeness and family and friends may increase the entrepreneurial intention of undergraduate students through self-efficacy as the moderating variables.

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