

Factors influencing the Young Entrepreneur's Intention During Pandemic Covid-19

Noorita bt Mohammad*¹, Basri Badyalina², Intan Syafinaz bt Mat Shafie¹, Rosalina bt Abdul Rahman¹, Mohammad Faris bin Abdullah¹

¹*Faculty of Business and Management, University Teknologi Mara
Selangor, Puncak Alam, Selangor, Malaysia.*

²*Faculty of Computer and Mathematical Sciences, University
Teknologi Mara Cawangan Segamat, 5000, Segamat, Johor, Malaysia.*

Corresponding Author's Email: Noori545@uitm.edu.my

Abstract

Entrepreneurship education has always been a key essential in any developing country. The focus has always been on the young generation because of the important role they played in the future economic development of any country. The objective of this study was to determine various factors affecting young people toward entrepreneurship during the covid pandemic. Three important factors of entrepreneur's education, creativity, and willingness to take risks on the intention were the focus of the study. A survey was conducted on 230 young graduates of age below 35. A self-administrated online questionnaire was designed and distributed to these young entrepreneurs, which sample is taken from graduate students who take part in entrepreneurship programs in their final semester. The purposive sampling technique was applied, while validity and reliability were measured before SPSS tools were used to examine the correlation between factors affecting the entrepreneur's intention. The result showed that the entrepreneurial intention of the young people in Malaysia is positively correlated and significantly influence by their willingness to take risks and creativity but not educational background and training. The significance of the study is to understand factors influencing the intention of entrepreneurship as well as for enriching the existing conceptual models. Hence, the study has contributed insight into the young entrepreneurs in Malaysia and facilitates the educational sector and government in the creation of successful entrepreneurs.

Keywords: Young university graduate, entrepreneurial intention, willing to take risk, creativity

Introduction

The pandemic covid-19 started in 2019 and has impacted businesses across the world and posed a significant challenge to many people, especially entrepreneurs. The crisis has led to many businesses' failures, reduction of resources, and losses in sales as well as employees. In Malaysia, more than 800,000 people have lost their job since covid 19 started and did not have income. (Berita Harian, October 2020). Less income leads to social problems such as burglary, poverty, and unemployment. Therefore, it is becoming important to understand the impact of this situation on the young people, who are the biggest portion of the population in Malaysia. Many of the young people who are jobless are the most productive and have the initiative in doing start-up business. In addition, the government has put in plans through various schemes like multiplier grants, modified special incentive packages, venture capital assistance, credit guarantees as well as National entrepreneurship policy 2030 that aimed at increasing the number of young entrepreneurs. Therefore, to ensure their survival through the pandemic, it is important to investigate their intention in starting the business.

Other than the effect on physical perspective, personal-psychological and emotional

perspectives of these small and medium businesses entrepreneur were affected due to their decreasing company performance (Adelekan & Eze, 2020; Olanrewaju, Hossain, Whiteside & Mercieca, 2020). The entrepreneurs themselves were the most vulnerable group that receive the impact of the changing external environment (Obschonka, Moeller & Goethner, 2019), hence requiring special attention in solving the problem.

On the other hand, these adverse situations provided space to these entrepreneurs that unleashed the capability of uncovering untapped opportunities while focusing on the social and commercial factors perspective on alleviating the suffering of others. Individual entrepreneurs' intention has become an important predicting factor towards an individual behavior. Therefore, the higher the entrepreneurial intention, the higher likelihood they are to perform the entrepreneurial behavior. Though the nature of factors influencing the intention varies from one another, it has remained speculative. Furthermore, limited knowledge is known about factors that influence these young generation's intentions, while far too little attention is being paid to their achievement and actual persistence in becoming young entrepreneurs (Fragoso, Rocha-Junior & Xavier, 2020; Israr & Salem, 2018).

The finding of this study provides new insight and knowledge of the young generation towards becoming an entrepreneur. Finally, this study offers potential solutions for policymakers and educational institutions for entrepreneurship developments in Malaysia. Therefore, the objective of this study was to determine factors that are related to the young generation's entrepreneurial intention in Malaysia, which specifically examines the relationship between formal training and education background, willingness to take the risk, and creativity toward entrepreneurs' intentions.

Research objectives

The following were the objective of this study.

1. to determine whether the young entrepreneur's education and training background has a significant relationship to entrepreneurial intention;
2. to determine whether the young entrepreneur's willingness to take the risk has a significant relationship to the entrepreneurial intention
3. to determine whether the entrepreneurial creativity has a significant relationship the entrepreneurial intention;

Based on the research background and problem statement, this study seeks to address the following research questions.

1. Do the young entrepreneur's education and training background have a significant relationship with entrepreneurial intention?
2. Does the young entrepreneur's willingness to take the risk have a significant relationship with entrepreneurial intention?
3. Does entrepreneurial creativity have a significant relationship with entrepreneurial intention?

Conceptual framework and hypotheses Development

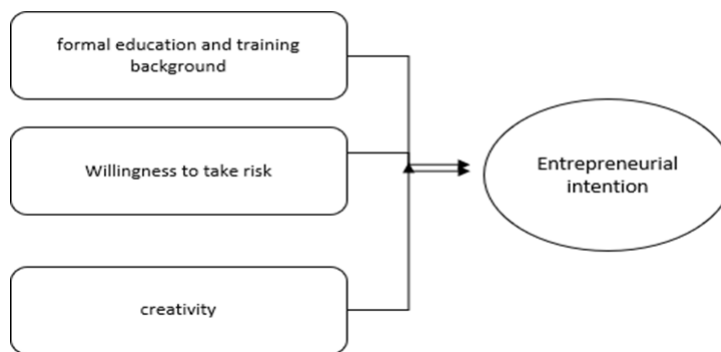


Figure 1: The Conceptual Framework

Figure 1 shows the research framework indicated that there were three independent variables: formal education and training background, creativity and willingness to take the risk.

Literature Review

Entrepreneur's Education and Training Background

Entrepreneurs' models indicated that entrepreneurs' achievement depends on the educational background of the entrepreneurs themselves (von Maltitz & van der Lingen, 2022). The level of formal education received by the entrepreneurs improves their knowledge of many important skills such as management and marketing, customer relations and needs as well as creating value for the customer. Therefore, the greater the educational background, the higher the intention to become an entrepreneur. The training recognizes many of the skills needed in a new business perspective and execution (Portuguez Castro, Ross Scheede & Gomez Zermeno, 2019). By undergoing training, the entrepreneurs are able to give attractive business pitches to investors (Clingsmith & Shane, 2018), have better coping abilities in unexpected situations, and acquire the latest skill in technology and digitalization. (Wanidison & Shaddiq, 2021; Jardim, 2021; Manda & Ben Dhaou, 2019). Therefore, the first hypothesis is as below.

H1: entrepreneur education background and training have a significant relationship with the entrepreneur's intention

Entrepreneur Willingness to Take Risk

It has been argued that risk is inherently embodied in the practice of entrepreneurship, The creation of new ventures is naturally a risk-laden process. Consequently, the entrepreneur's willingness to take risks is crucial in becoming an entrepreneur. The risk taken is as similarly important as the ability to manage it, which led to the success of the business (Mawardi, 2021). Risk in the business includes all aspects of processing from the raw material until it reaches the consumer. Risk reduction is possible via necessary analyses and research on the business venture (Fraser, Quail & Simkins, 2021). The ability to manage this risk is important to the entrepreneur's achievement (Godany, Machova, Mura & Zsigmond, 2021; Zhao, Yang, Hughes & Li, 2021). Hence, the greater the willingness of the entrepreneur to take risks in doing business, the higher the intention toward entrepreneurship. Therefore, the second hypothesis is as below.

H2: entrepreneur's willingness to take risks has a significant relationship with the entrepreneur's intention

Youth creativity

Creativity is the process of bringing new idea as their imagination become reality. A creative person needs to be very dedicated and full of energy (Bignetti, Santos, Hansen, & Henriqson, 2021) as well as accompanied by conducive surroundings and a good circle of friends, colleagues, customers, and family members in order to work well (Brandon, Reis & McGuire, 2021). A creative person is able to cooperate with other entrepreneurs in terms of collecting data and information and sharing this information or any other business activities with others. The personality with creativity indirectly helps these young entrepreneurs to increase their market share and able to reap profit in any potential markets (Juliana, Hui, Clement, Solomon & Elvis 2021). Therefore, creativity is relevant in sustaining, and building innovative and new ideas to develop business. The greater the level of creativity in an entrepreneur, the higher the intention to become an entrepreneur. Therefore, the third hypothesis is as below.

H3: entrepreneur creativity has a significant relationship with the entrepreneur's intention

Thus, the intention of an entrepreneur is the main concern of not only the academic but also the nation in realizing the goals of high income and a better standard of living. This study has determined the intention of entrepreneurs through the perspective of education and training background, the willingness to take the risk, and creativity.

Methodology

A quantitative research study was conducted to identify factors related to the entrepreneurial intention of young people to engage in business. The respondent of the study was university students. A self-administered questionnaire that was adapted from the previous study was sent to the respondents via WhatsApp and email. The sampling requirements of this study were: 1) 18 years old and above, 2) current undergraduate student of the Business and Management faculty, and 3) had to experience in learning entrepreneurship skills through formal courses at the university. Approximately, 250 participants were targeted from different categories of business disciplines within the Faculty of Business and Management, UiTM, Puncak Alam, and Selangor prior approval from the university ethical committee. The objectives of the research were explained to the respondent by the researcher and they all participated voluntarily. The normality and reliability were tested using Cronbach's alpha, while multiple regression was conducted using SPSS after descriptive analysis was done on the demographic profiles.

Results and discussion

Based on the demographic profiles, the study found that majority of the respondents were female with 82.2%. Meanwhile, most of the respondents fell within the age range of 21 – 25 years old (62.2%), followed by 18 – 20 years old (37.4%), and 31-35 years old (0.4%). Remarkably, most of the respondents (91.7.%) had non-technical education background, whereas 7.9% and 0.4% of them had Sijil Pelajaran Malaysia (SPM) and technical respectively. Most of the respondents (42.2%) had a year of working experience before and while studying at the University. Lastly, 53.5 % of the respondent's family members are also entrepreneur.

Table 1: Reliability Test of the Measurement item

No.	No of items	Cronbach's Alpha
1	5(formal education)	0.927
2	6 (risk)	0.689
3	3(creativity)	0.749
4	6(intention)	0.946
Overall Total	20	

The reliability of the measurement items for all variables, and the values of Cronbach Alpha obtained from the test were between 0.689 and 0.946. Therefore, the instrument used in the study was consistent and highly reliable (Table 1).

Table 2: Multiple Regression - ANOVA

Model	Sum of Squares	df	Mean square	F	Sig.
Regression	71.923	3	23.974	68.351	.000
Residual	79.270	226	.351		
Total	151.194	229			

- a. Predictors: (Constant), willingness to take risk, creativity, formal training and educational
b. Dependent variable: entrepreneurship intention

Multiple regression in Table 2 shows F value of 68.351 and all the independent variables used in this research were significant and the p-value obtained was less than 0.05 ($p < 0.05$), hence the hypothesis can be tested. Then, table 3 summarizes the hypothesis' results. Based on the multiple regression coefficients, only H2 and H3 have a significant relationship ($p < 0.05$), while H1 is not.

Table 3: Coefficients of The Regression Model

Variable	Unstandardized coefficients		Standardized coefficients		Sig.	Result
	B	Standard Error	Beta	t		
(Constant)	-.335	.319		-1.053	.294	
Education and training background	.105	.074	.082	1.423	.156	rejected
Willingness to take risk	.539	.101	.348	5.359	.000	Supported
creativity	.436	.077	.364	5.695	.000	Supported

- a. Dependent variable: entrepreneurs' intention

Multiple regressions in Table 4 shown R squared result value of 0.476 and that shows 47.6% of the variance in selected dependent variable which is factor that influencing young graduates to engage in entrepreneurship can be explained by the changes in the selected independent variables which is formal training and educational, willingness to take risk, and creativity. The rest of the percentages are explained by the other factors which are not included in the model.

Table 4: Multiple Regression -Model Summary

Model	R	R Square	Adjusted R Square	Std Error of estimate
1	.690 ^a	.476	.469	.59225

This study reveals the association between entrepreneurs' education and training background, willingness to take risks, and creativity towards entrepreneurs' intentions among young people in Selangor. Thus, this study has achieved its objective to understand the relationship between the independent variable and dependent variables. Nevertheless, the findings of this study found that an entrepreneur's education and training background was not a significant factor that influences young people toward becoming entrepreneurs, while, willingness to take risks, and creativity were significant factors that influence the intention of the young in becoming an entrepreneur.

This was consistent with the study by Supena, Darmuki & Hariyadi(2021), which reported that creativity has a positive impact on entrepreneurial intention. Another study by Juliana, Hui, Clement, Solomon, and Elvis, (2021) also revealed that creativity had a positive impact on explaining entrepreneurial intentions. These young people actually understand that creativity and willingness to take risks were the most important in becoming entrepreneurs regardless of how much formal training and education they undergo. If the young entrepreneurs perceived that their creativity in themself is high, they are more inclined to start their own businesses (Arjum, Farrukh, Heidler & Diaz Tautiva, 2020). Creativity is an important determinant for them to engage in business. This study explained the phenomenon of young people toward entrepreneurs' intention during pandemic 19 because many creative activities and innovations were starting to be seen in the education, business, and services sectors. Therefore, the finding of this study suggests that early examination of different motivations among young people is essential. Creativity toward innovation is a good sign of the country's progress as a creative and innovative society will produce quality products, and services that will further propel the country to the pinnacle of progress in a short time (Danova, 2021; Crudu, 2019).

There is always a risk attached when it comes to being an entrepreneur. A study done by Shahzad, Khan, Saleem & Rashid (2021), showed that willingness to take risks affects the intention to become entrepreneurs. As risk management is very crucial, it is recommended that young entrepreneurs use their own savings to start a business (Kabonga, Zvojuomba & Nyagadza, 2021) and started small until they are ready for financial support from institutions. Moreover, this strategy is vital in gaining the trust between banks and entrepreneurs. This enables them to survive even after failure in the business. Young people, who are inexperienced can learn from their mistakes and seek solutions from a mentor. Certainly, the possible risk will mature, train and challenge themselves in solving problems and grow in business.

Conclusion

It can conclude that these young entrepreneurs actually realize that willingness to take risks and creativity are important for them to achieve their entrepreneurial goals. Young entrepreneurs be ready to take continuous efforts to look for niches and foresee the risk of entering them. Their creativity leads to newer innovative product and services. Entrepreneurs need to create new product to sustain in business. In facing increasingly complex challenges, young entrepreneurs are required to think analytically and practically to solve problems and lead to a solution that is more effective and efficient. As these entrepreneurs get creative, more government institution needs to evaluate the product produced and be ready to give encouragement and guidance so that they can go further. More fund or grant should be allocated by the government to support these young entrepreneurs' creativity.

The government, private institution, university, school, and media institutions need to continuously promote entrepreneurship program to the young people. Through these programs will make them realize that their educational background and training is important to get the cognitive skills. This cognitive skill is a prerequisite to have adequate knowledge to succeed in the business world which is found insignificant in this research. However, future studies could be directed towards other factors that may influence their intention to start a business.

References

- Adelekan, S. A., & Eze, B. U. (2020). Technology Incubator and Entrepreneurship Development. *Human Capital Formation for the Fourth Industrial Revolution*, 286-304.
- Anjum, T., Farrukh, M., Heidler, P., & Díaz Tautiva, J. A. (2020). Entrepreneurial intention: Creativity, entrepreneurship, and university support. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(1), 11.
- Bignetti, B., Santos, A. C., Hansen, P. B., & Henriqson, E. (2021). The influence of entrepreneurial passion and creativity on entrepreneurial intentions. *RAM. Revista de Administração Mackenzie*, 22.
- Brandon, L., Reis, S., & McGuire, C. (2021). Perceptions of talented university students related to opportunities and autonomy for creative productivity. *Gifted Education International*, 37(3), 217-240..
- Clingingsmith, D., & Shane, S. (2018). Training aspiring entrepreneurs to pitch experienced investors: Evidence from a field experiment in the United States. *Management Science*, 64(11), 5164-5179.
- Crudu, R. (2019). The role of innovative entrepreneurship in the economic development of EU member countries. *Journal of Entrepreneurship, Management and Innovation*, 15(1), 35-60.
- Danova, M. (2021). Innovations in human resources management: impact on economic growth. 1735209643.
- Fragoso, R., Rocha-Junior, W., & Xavier, A. (2020). Determinant factors of entrepreneurial intention among university students in Brazil and Portugal. *Journal of Small Business & Entrepreneurship*, 32(1), 33-57.
- Fraser, J. R., Quail, R., & Simkins, B. (Eds.). (2021). *Enterprise risk management: Today's leading research and best practices for tomorrow's executives*. John Wiley & Sons.
- Gódány, Z., Machová, R., Mura, L., & Zsigmond, T. (2021). Entrepreneurship motivation in the 21st century in terms of pull and push factors. *TEM J*, 10, 334-342.
- Israr, M., & Saleem, M. (2018). Entrepreneurial intentions among university students in Italy. *Journal of Global Entrepreneurship Research*, 8(1), 1-14.
- Jardim, J. (2021). Entrepreneurial skills to be successful in the global and digital world:

- Proposal for a frame of reference for entrepreneurial education. *Education Sciences*, 11(7), 356.
- Juliana, N. O., Hui, H. J., Clement, M., Solomon, E. N., & Elvis, O. K. (2021). The impact of creativity and innovation on entrepreneurship development: evidence from Nigeria. *Open Journal of Business and Management*, 9(4), 1743-1770.
- Kabonga, I., Zvokumba, K., & Nyagadza, B. (2021). The challenges faced by young entrepreneurs in informal trading in Bindura, Zimbabwe. *Journal of Asian and African Studies*, 56(8), 1780-1794.
- Manda, M. I., & Ben Dhaou, S. (2019, April). Responding to the challenges and opportunities in the 4th Industrial revolution in developing countries. In *Proceedings of the 12th international conference on theory and practice of electronic governance* (pp. 244-253).
- Mawardi, M. K. (2021, September). Risk-Taking Behavior and Entrepreneurship Intention in Indonesia. In *3rd Annual International Conference on Public and Business Administration (AICoBPA 2020)* (pp. 34-39). Atlantis Press.
- Obschonka, M., Moeller, J., & Goethner, M. (2019). Entrepreneurial passion and personality: the case of academic entrepreneurship. *Frontiers in psychology*, 9, 2697.
- Olanrewaju, A. S. T., Hossain, M. A., Whiteside, N., & Mercieca, P. (2020). Social media and entrepreneurship research: A literature review. *International Journal of Information Management*, 50, 90-110.
- Portuguez Castro, M., Ross Scheede, C., & Gómez Zermeño, M. G. (2019). The impact of higher education on entrepreneurship and the innovation ecosystem: A case study in Mexico. *Sustainability*, 11(20), 5597.
- Shahzad, M. F., Khan, K. I., Saleem, S., & Rashid, T. (2021). What factors affect the entrepreneurial intention to start-ups? the role of entrepreneurial skills, propensity to take risks, and innovativeness in open business models. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(3), 173.
- Supena, I., Darmuki, A., & Hariya di, A. (2021). The Influence of 4C (Constructive, Critical, Creativity, Collaborative) Learning Model on Students' Learning Outcomes. *International Journal of Instruction*, 14(3), 873-892.
- von Ma Ititz, A., & van der Lingen, E. (2022). Business model framework for education technology entrepreneurs in South Africa. *The Southern African Journal of Entrepreneurship and Small Business Management*, 14(1), 11
- Wanidison, E., & Shaddiq, S. (2021). Training Programs Needed to Develop Young Entrepreneurs From Training Institutions in Bandung: A Qualitative Perspective. *Strategic Management Business Journal*, 1(1), 28-39.
- Zhao, W., Yang, T., Hughes, K. D., & Li, Y. (2021). Entrepreneurial alertness and business model innovation: the role of entrepreneurial learning and risk perception. *International Entrepreneurship and Management Journal*, 17(2), 839-864.