



# **Does The Entrepreneurship Education Matters in Enhancing Entrepreneurial Skill Among Students in Malaysian Public Universities?**

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## **ABSTRACT**

The Malaysian Ministry of higher education has implemented the entrepreneurship development initiative to enhance the entrepreneurship education programs in higher learning institutions in order to produce more young entrepreneurs who can create their own jobs. These programs have always been amended to make sure that the structure of the programs fits the challenging and demanding world outside. The purpose of our study is to evaluate the effectiveness of entrepreneurship education program in Malaysian public universities. This study involves of 320 final year students in bachelor of entrepreneurship program from six public universities in Malaysia (IPTAs). The primary data are collected to reveal students' perceptions of the effectiveness of the entrepreneurship program and their knowledge about entrepreneurship. The results of this study suggest that an increase in business plan, risk thinking, locus of control and self-achievement lead to increase the level of effectiveness of the entrepreneurship program. The findings of the study are significant as they provide practical insight into the entrepreneurship education practiced by the Malaysian public universities. In addition, the study also contributes to the present literature on the entrepreneurship education program in Malaysia, particularly in presenting the effectiveness of the universities in conducting entrepreneurship education programs. Hence, the findings of this study may give significant contributions to the Malaysian Ministry of Higher Education to improve the education policy in the future, and other higher education institutions are ideally placed to expose students to environments which foster entrepreneurial skills.

**Keywords:** Entrepreneurship Education, Public Universities, Program Effectiveness

**JEL Classifications:** A22, I125, I128

## **1. INTRODUCTION**

Many universities and higher education institutions in Malaysia have started to introduce many courses which related to entrepreneurship skill or majoring in entrepreneurship (Chen et al., 2009). The Ministry of Higher Education has implemented a new policy to enhance the entrepreneurship education programs in higher learning institutions. Nordin (2010) believes that the introduction of entrepreneurship development initiative for Malaysian higher learning institutions in 2010 will produce graduates with the entrepreneurial mind set and increase the number of graduate entrepreneurs besides nurturing entrepreneurial academics and researchers. This policy is necessary due to the

increasing interest of many countries to foster entrepreneurship culture through university education and trainings as it has been proven that entrepreneurial activities can be spurred through entrepreneurship education and trainings.

Hence, the entrepreneurship development initiative consists of six strategic levels which are to set up an entrepreneurship centre in every higher learning institution. This is for implementing, monitoring as well as evaluating the program and also activities that are related to entrepreneurship. The second level is to develop and formulate a new notion for knowledge and entrepreneurship programs in all the higher learning institutions. Third, to deeply entrench the development programs which is

parallel to strengthening entrepreneurship for the purpose of producing more young entrepreneurs; the fourth level is the role of the institutions in formulating a new mechanism to evaluate the success of projects. The fifth level is to create a more conducive environment to encourage the development of entrepreneurship students.

According to the statistical data from the Ministry of Higher Education (2014), the total number of graduates who were still unable to secure an appropriate job in 2013 was 53,282. This is the most acute problem faced by our present graduates. Consequently, every university around the world is now strengthening their education programs in order to produce more young entrepreneurs who can create their own jobs. These programs have always been amended to make sure that the structure of the programs fits the challenging and demanding world outside.

Most graduates are aiming to get high salaries in the public or private sector after graduation. They never realize that there is a sector that would offer them higher income than working in private as well in public sectors. Most of the graduates assumed that entrepreneurship is not suitable for them due to their lack of knowledge on this field. As a result, our youths are focusing on hunting the best positions in the public and private sectors that are very competitive rather than choosing to become entrepreneurs as a solution in generating income. Besides, there is a situation where these youth have to work hard for their fixed wages even though their salaries do not commensurate with the amount of work that they do. Indeed, becoming an entrepreneur is much better than becoming an employee. To produce successful entrepreneurs is not easy. It needs a lot of effort, determination and commitment to pick up the qualities of entrepreneurs. In fact, a lot of scholars believe that becoming an entrepreneur is a process and youth can be shaped to be one in this industry. The government also realized that entrepreneurship is profiting skill that can help our youth generate not only their own personal income, but also good for the economic development of the nation. This study is only a guide and a contribution to entrepreneurship knowledge with the hope of strengthening entrepreneurship among the youth. To build the interest of our young generation is the challenge to the government.

The lack of knowledge and awareness on entrepreneurship among our youth is a big challenge nowadays. With the rate of unemployment in our country which is around 3.0% (430,000 unemployed) by the Malaysian Statistical Department as of March 2015, our youth seem to be in a dilemma and stuck in their own dimension whereby they will slowly be lost in this era. Have we ever imagined and thought of the long term effects on our youth? At least 1.5 million of our youth are at a high risk of getting involved in unemployment problem, social crimes, juvenile and a lot of unethical problems. To overcome these problems, our government through the Ministry of Higher Education has started to come up with a lot of activities for the students in higher learning institutions who have high potential to be entrepreneurs. Therefore, the purpose of our study is to evaluate the effectiveness of Malaysian public universities' Entrepreneurship Education Program.

## 2. LITERATURES AND HYPOTHESES DEVELOPMENT

### 2.1. Attributes of Entrepreneurship

Syed (2012) rigorously discusses the importance of having an entrepreneurship education in higher learning institutions. These institutions will produce thousands of graduates each year. Entrepreneurship program has its own future and it can help boost Malaysia's economy as well as develop our country. According to Syed (2012), most of the countries now are more concerned in entrepreneurship education. European countries also realize how entrepreneurship can bring benefits to their economy. Bringing this entrepreneurship education to the society is one of the steps to boost up their economy.

The entrepreneurship program in certain universities should be more structured when imparting knowledge about business plan to the students. This knowledge is so important to the younger generation who is still young in starting their business. The Business Plan course should cover the entire field of entrepreneurship which covers topics such as finance, opportunities and so on. When the knowledge is delivered to the students, it automatically leads to the effectiveness of the program and finally, it can create young entrepreneurs in the future. To be good entrepreneurs, youth should know about risks and master them Wee et al. (1994) state that "Successful entrepreneurs are not gamblers; they take calculated risk ... commonly referred to as risk-takers." So, the higher learning level is the best platform to train the youth to be risk-takers so that they can survive in business world.

The programs in universities should prepare the youth to all kinds of challenges and uncertainties that they may face. The other element that can contribute to the effectiveness of these programs in producing more young entrepreneurs in the future is self-efficacy. It is actually one of the variables that can develop the students to be more prepared as entrepreneurs. Bandura (1986) define self-efficacy as, "... concerns individuals' personal beliefs in their own competence to perform a certain task." Self-efficacy in entrepreneurship is important in order to set off the spirit in every student to be more innovative and creative in entrepreneurship. In addition, this entrepreneurship program can actually train them to be more responsibility and to trust themselves.

Figure 1 illustrates the relationship of five attributes of entrepreneurship namely as business planning, risk thinking, self-efficacies, need for achievement and locus of control on the effectiveness of entrepreneurship education program in Malaysian public universities.

### 2.2. Hypotheses Development

Honig (2004) defines business plan as a written document that describes the current state and the pre-supposed future of an organization. To ensure the effectiveness of the program, the Business Plan course covers a wide range of topics. According to Honig (2004), a business plan consists of 20 to 40-plus page document that outlines a proposed new product or service, the

organizational and financial strategies to be employed, marketing, production, and management activities, and an examination of the competitive and environmental constraints and resources. With this, the students can prepare themselves in the business world. Based on this, the hypothesis below has been developed:

H<sub>1</sub>: There is a relationship between business plan and the effectiveness the entrepreneurship program on students in Public universities.

In order to be successful entrepreneurs, the most important element is risk taking. Preparing the students and developing their mindset as risk takers is the most crucial part. European Commission Report (2008) suggests that developing personal attributes and skills form the basis of an entrepreneurial mindset and behaviour (creativity, sense of initiative, risk-taking, autonomy, self-confidence, leadership, team spirit, etc.). The following hypothesis is developed.

H<sub>2</sub>: There is a relationship between risk thinking and the effectiveness of the entrepreneurship program on the students in public universities.

Wilson et al. (2007) describe self-efficacy as self confidence in domain and it is actually based on individuals' self-perceptions on their skills as well as their abilities. Self-efficacy is an essence that entrepreneurs must have in order to survive in entrepreneurship arena. On the other hand, Boyd and Vozikis (1994) determines the self-efficacy construct as appropriate for the study of entrepreneurship because of its nature: It is a task-specific construct that includes an assessment of confident beliefs an individual has about internal which is personality and external or environment. From this, the third hypothesis is developed to explain more about self-efficacy and entrepreneurship through education. Thus, we postulate H3 as below.

H<sub>3</sub>: There is a relationship between self-efficacy and the effectiveness of the entrepreneurship program on students in public universities.

Since McClland (1962) introduced theory on motivation, the need for achievement is considered is as one of the traits that should be possessed by successful entrepreneurs. The desire to have the need of achievement is the major element which encourages the individual to become successful. Besides, Collins et al. (2004) suggest that motivation or the term of need for achievement may be particularly potent in predicting outcomes at particular levels of analysis and in specific situations which also is the key to entrepreneurship. Therefore, we propose the following hypothesis.

H<sub>4</sub>: There is a relationship between the need for achievement and the effectiveness of the entrepreneurship program on the students in Public universities.

Nieuwenhuizen and Marcado (2007) state that internal locus of control is typical of successful entrepreneurs. This is due to the emotional control and they become more optimistic as well as realistic in making decisions in business. Hence we suggest H<sub>5</sub> as below.

H<sub>5</sub>: There is a relationship between locus of control and the effectiveness of the entrepreneurship program on the students in Public universities.

### 3. RESEARCH METHODOLOGY

#### 3.1. Research Design

In this study, we employed a survey technique where a set of questionnaire has been developed to examine the effectiveness of the entrepreneurship program among students in Public universities. Our study involved of 320 final year students in Bachelor of Entrepreneurship program from six IPTAs which includes 84 respondents from Universiti Malaysia Kelantan followed by Universiti Malaysia Sabah 55 respondents, Universiti Putra Malaysia and Universiti Utara Malaysia 50 respondents respectively and 45 respondents from University Teknikal Malaysia Melaka. The data obtained have been analyzed by using Statistical Package for Social Science for Windows Release 19.0.

#### 3.2. Reliability Test of Instrument

Table 1 illustrates the Cronbach's Alpha for the instruments. The Reliability test for dependent variable which is the effectiveness of overall program consists of 5 items of reliability coefficient. The result shows Cronbach's Alpha is 0.879. For business plan variable consist of 6 items with Cronbach's Alpha about 0.893 while variable risk thinking consist with 5 items have 0.847 of Cronbach Alpha. The next variable is self-efficacies which is consists with 10 items and the Cronbach Alpha is 0.871 and followed by variables need for achievement consist with 5 items and the reability test is 0.877. Finally, the variables of locus control which consist with 6 items have score about 0.870. From the analysis, we can see that all of the variables have scored more than 0.80 which is good and acceptable. According to Bougie and

Figure 1: The effectiveness entrepreneurship education program

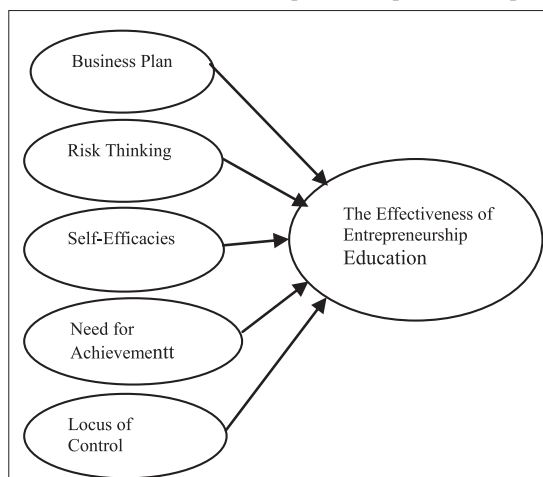


Table 1: Reliability test

Variable	Number of items	Cronbach alpha
The effectiveness of entrepreneurship education program	5	0.879
Business plan	6	0.893
Risk thinking	5	0.847
Self-efficacies	10	0.871
Need for the achievement	5	0.877
Locus control	6	0.870

Sekaran (2010), the result shows that all variables are reliable and valid for actual survey.

## 4. RESULTS

### 4.1. Profile of Respondents

The respondents of our study consist of 213 (66.6%) female students and 107 (33.4%) male students. 287 (89.7%) students in the category of 20-24 years, which is the normal age range of students in the university; 22 (6.9%) students were 24-29 years. For student were age less than 20 years is 10 (3.1%) and only 1 respondent is more than 29 years old. 205 (64.1%) students were Malays, 74 (23.1%) students were Chinese, 15 (4.7%) were Indians and 26 (8.1%) students were other races.

### 4.2. Descriptive Analysis

Table 2 shows that the overall mean for the latent variables ranged between 3.812 and 4.107. In particular, the mean and standard deviation for business plan were 4.004 and 0.514, respectively. This suggests that respondents tended to have high level of business plan. Table 1 also indicates that the mean for the risk-thinking was 3.812, with a standard deviation of 0.602, suggesting that the respondents risk-thinking as high. Further, the results also show a high score for the self-efficacy (Mean = 4.046, Standard deviation = 0.476) and a high score for with mean = 4.107 and standard deviation of 0.494 for need for achievement and the descriptive statistics also show a high score for locus of control (Mean = 3.873; standard deviation = 0.558). In terms of the two endogenous dimensions of industrial training and the effectiveness of entrepreneurship program, the means and standard deviations are as follows: For industrial training (Mean = 3.890; standard deviation = 0.653) and for the effectiveness of entrepreneurship program (Mean = 4.055; standard deviation = 0.609). This indicates that the respondents tended to also have high score for both constructs.

### 4.3. Hypotheses Testing

On the other hand, Table 3 shows the regression coefficient for business plan, risk thinking, self-efficacies, need for achievement

and locus and control on the effectiveness of entrepreneurship education program. The results from our study suggest that business plan influences the level of effectiveness of the entrepreneurship program where the standardized co-efficient is 0.130 ( $P < 0.05$ ). Thus, Hypothesis 1 is fail to reject. This finding explained that the better business plan developed will enhance the effectiveness of the entrepreneurship program in the universities.

On the other hand, the regression co-efficient for risk thinking also statistically significant at 0.110 ( $P < 0.05$ ). The result shows that there is a relationship between risk thinking and the effectiveness of the entrepreneurship program. Thus, Hypothesis 2 is failing to reject. The result shows that the increase in risk thinking will increase the effectiveness of the entrepreneurship program. For the self-efficacy variable, the result shows that there is no relationship between self-efficacy and the effectiveness of the entrepreneurship program where  $B = 0.068$ ,  $P > 0.05$ . Thus, Hypothesis 3 is fail to reject.

The regression co-efficient for need for achievement is statistically significant at 0.363 ( $P < 0.05$ ). The result shows that there is a relationship between need for achievement and the effectiveness of the entrepreneurship program. Thus, Hypothesis 4 is fail to reject. The result shows that the increase in need for achievement will increase the effectiveness of the entrepreneurship program. The regression co-efficient for locus of control is statistically significant at 0.248 ( $P < 0.05$ ). The result shows that there is a relationship between locus of control and the effectiveness of the entrepreneurship program. Thus, Hypothesis 5 is fail to reject. The result shows that the increase in locus of control will increase the effectiveness of the entrepreneurship program.

## 5. CONCLUSIONS

The findings show that business plan, risk thinking, locus of control and need for achievement are positively significant to the effectiveness of the entrepreneurship program while self-efficacies is not significant. These findings suggest that an increase in business plan, risk thinking, locus of control and self-achievement will lead to increase the level of effectiveness of the entrepreneurship program. Thus, all Malaysian public universities and other higher education institutions should improvised their course learning outcomes to ensure that the students can learn more about the importance of entrepreneurial skills and it will benefit them in the future. The university also needs to nurture the students on the essence of the entrepreneurship program. Ahmed (1985) states that locus of control is the capability of a person in believing what he or she

**Table 2: Descriptive statistics**

Variables	Mean±SD
Business plan	4.004±0.514
Risk-thinking	3.812±0.602
Self-efficacy	4.046±0.476
Need for achievement	4.107±0.494
Locus of control	3.873±0.558
Effectiveness of entrepreneurship program	4.055±0.609

SD: Standard deviation

**Table 3: Multiple regressions**

Variables	Unstandardised coefficients		Standardised coefficient	t-statistics	Significant
	B	Standard error	B		
Business plan	0.157	0.063	0.130	2.480	0.014**
Risk thinking	0.116	0.061	0.110	1.916	0.050**
Self-efficacies	0.073	0.060	0.068	1.211	0.227
Need for achievement	0.447	0.060	0.363	6.514	0.000***
Locus control	0.223	0.045	0.248	4.978	0.000***

\*\*Regression coefficient is significant at the 0.05 level (two-tailed), \*\*\*Regression coefficient is significant at the 0.01 level (two-tailed)

can control based on oneself. This element is a must in every youth who might be entrepreneurs in future. Fagbohunge and Jayeoba (2012) determine the locus of control as a term that indicates the degree to which an individual assumes responsibility or feels responsible for the success or failure in his life as opposed to feeling that external agents like luck is in control. Moreover, Nieuwenhuizen and Machado (2004) discuss deeply about the locus of control which is actually the extent to which a person perceives himself/herself as being within it or beyond personal control and understanding.

As a conclusion, developing entrepreneurial graduates is therefore essential for our future success. Universities and other higher education institutions should be ideally placed to expose students to environments which foster entrepreneurial mindsets and the effectiveness of the entrepreneurship programs are important keys to produce more young entrepreneurs in future. The program itself can educate our young generation to be more productive after graduating from their studies at university level. Rather than becoming unemployed, it is good to channel their creativity and energy towards entrepreneurship which is now becoming a valuable field in this world. As mentioned earlier, other countries are now doing a lot of work to develop their youth in entrepreneurship. As a developing country, Malaysia should do the same to improve and develop in the country's economy. If this asset is being used in a proper way, they not only can generate their own income but also can help our country to boost up its economic development. All of this starts from education.

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