

**ENTREPRENEURIAL MINDSET AND NEW VENTURE CREATION:  
EVIDENCE FROM UNIVERSITI UTARA MALAYSIA (UUM)  
INTERNATIONAL STUDENTS**

**SAMINU MAIWADA (815260)**



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## ABSTRACT

It is widely accepted that the issue of unemployment among the graduates is order of the day globally. Entrepreneurship addresses this issue through the creation of new ventures which have a significant influence on the world economic growth. The entrepreneurial spirit among the students in universities has been very low. There have been positive attempts to improve the role of university graduates as creators of new ventures. This study examined the entrepreneurial mindset and new venture creation among international students in Universiti Utara Malaysia (UUM). This study finds very distinct support of entrepreneurial orientation, entrepreneurship perception and university's role as the factors that influence new venture creation among the international students. The study employed a cross sectional approach with the use of survey questionnaires in collecting data. A total of 273 responses were analyzed using multiple regressions analysis. The results indicated that there are positive relationships between all the variables.

**Key Words:** Entrepreneurial Orientation, Entrepreneurship Perception, University's Role, New Venture Creation.



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## ABSTRAK

Umum mengetahui tentang isu pengangguran di kalangan graduan universiti. Bidang keusahawanan berupaya menangani isu ini menerusi pembentukan *venture* baru. Venture baru yang memberi kesan kepada pertumbuhan ekonomi dunia. Smangat keusahawanan di kalangan pelajar universiti adalah rendah. Terdapat usaha-usaha positif bagi meningkatkan peranan graduan universiti sebagai pembentuk *venture* baru. Kajian ini menyelidik hubungan diantara pemikiran keusahawanan dan pembentukan *venture* baru di kalangan siswa antarabangsa Universiti Utara Malaysia (UUM). Kajian mendapati orientasi keusahawanan, persepsi keusahawanan dan peranan universiti sebagai faktor yang mempengaruhi pembentukan *venture* baru di kalangan siswa antarabangsa. Kajian menggunakan kaedah keratan rentas dan boring soal selidik dalam kutipan data. Sebanyak 273 dianalisis menggunakan regresi berbilang. Dapatan kajian menunjukkan hubungan positif di antara semua pembolehubah yang dikaji.

**Kata Kunci:** Orientasi Keusahawanan, Persepsi Keusahawanan, Peranan Universiti, Pembentukan *Venture* Baru.



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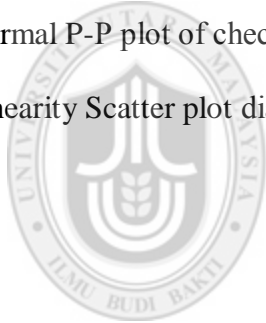
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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Introduction**

This chapter elucidate on the background of the study, where by the over view on the scope of the research is explained. This chapter also discussed the problem statement, followed by the research questions, research objectives, significance of the study, scope of the study and finally conclusion.

#### **1.2 Background of the study**

Global phenomenon of graduates leaving universities and other tertiary institutions is increasing all over the world. Creating a new business is a stressful task that needs basic entrepreneurial background. Searching for wage or salary employment on the other hand is also demanding and stressful process due to the changes in global economy and scarce job opportunities in the labor market. These crisis negatively affected labor market, in a situation where they were unable to accommodate the graduates from universities and institutes of higher leanings.

Nowadays inadequate job opportunities in the labor market resulted to the number of problems in the society such as mental illness, loss of confidence, depression, redundancy are among the others. This incidence forced individuals to find other alternatives way out in order to survive. This dilemma forced wise persons among the graduates to venture into new businesses. Individual ability in adapting dynamic changes may give him/her resilience for starting a new business venture. Exploring and utilizing potential opportunities may result in creation new business ventures at individual level and organizational level which can lead to the sustainable economic development of the nations.

This research intends to connect the entrepreneurship mindset with new venture creation among the university leavers. Kuratko and Hodgetts (2004) defined entrepreneurship as a dynamic process of vision, change, and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. It involves the willingness to take calculated risks- in terms of time, equity, or career, the ability to formulate an effective venture team; the creative skill to marshall needed resources; fundamental skill of building solid business plan; and finally, the vision to recognize opportunity where others see chaos, contradiction, and confusion.

Furthermore, this definition gives an insight to the magnitude of this study. Malaysia is one of the countries that yield a large number of international students from Asia and Africa. Therefore, it will be important place for conducting study that would encourage new venture creation among foreign students.

This study would focus on the relationship between entrepreneurial business venture creation and various variables that might influence over it. The study will explain in details the relationship between entrepreneurial orientation, entrepreneurship perception, university role, and new venture creation. As Gartner, Mitchell and Vesper, (1989) says, within the concept of new venture creation many entrepreneurial routes of starting new business can be distinguished.

### **1.3 Problem Statement:**

New venture creation is a means of revitalizing stagnated economies and of coping with unemployment problems by creating new job opportunities (Gurol & Atsaan, 2006). According to International Labor Organization (ILO, 2014) by the year 2018 the global youth's unemployment rate is projected to rise to 12.8%, with growing regional disparities. The global

youths unemployment rate, estimated at 12.6% in 2013, which is almost 73million young age are not employed. Also informal employment among young age remains pervasive and transitions to decent work are slow and difficult (ILO, 2014). The effects of unemployment among youths are spreading all over the world. Developed economies, European Union countries, developing economies and less developed economies are all struggling to alleviate the rate of unemployment among their youths. On current projections, the rate of youth unemployment in the developed economies and European Union will not drop below 17% level before 2016 (ILO, 2014).

However, the continued uncertainty about the economy, corporate and government downsizing and a declining number of corporate job providers have been imposing the appeal of self-employment and new venture creation (Teixeira & Davey, 2008). The problem of unemployment among the graduates is increasing globally due to the increases in population, increases number of the graduates, reliant on government employment, economic meltdown, and less emergence of new ventures. The present world young age population is estimated at 1.5 billion, out of this figure only 620 million are employable. Almost 90% of this population lives in developing countries like India and China (Sindambiwe & Mbabazi, 2014). According to International Labor Organization ILO (2013) prediction, approximately 660 million youths will be seeking employment by year 2015.

The oil crises 2014 ending to date affect the economy of many countries which leads to the low productivity, high inflation rate, quick changes in foreign exchange rate, and increasing number of unemployed graduates. Moreover, every year the number of graduates keep increasing simultaneously, but the number of jobs remained as it is and this is a serious challenge to all globally.



The rate of unemployment in selected world regions are as follows: North Africa rate of unemployment is at 12.5%; Middle East is at 11%; developed countries and European Union are at 7.5% and 7.8% respectively; Sub Saharan Africa is at 7.7%; Latin America and Caribbean are at 6.6% and 6.8% respectively; East Asia is at 4.8%; and, South East Asia and the Pacific is at 4.3% (Statista, 2015).

In Malaysia, the rate of unemployment recently moved up from 2.70% in November 2014 to 3% in December 2014 (Trading Economics Report, 2014). This indicates that there is no single country in this world no matter how big it is can totally eradicate unemployment problems among its citizens. However, it can minimize unemployment rate by taking necessary precautions like youth empowerment and poverty alleviation programs in universities, colleges and skill acquisition centers. The main victims of this endemic risks, lack of innovativeness, and reactivity are university graduates.

According to Malaysian Ministry of Higher Education (MOHE), the number of graduates that were unemployed in 2011 is over 24%. The primary consequence behind this problem is lack of entrepreneurial spirit among the graduates. The majority of jobs are provided by small and medium enterprises which have entrepreneurial orientation background. Students at all level of learning starting from the primary level up to the tertiary level having entrepreneurial orientation is very essential for them due to the quick changes in the global economic positions, and less availability of wage employments. Rahmah, (2011) in her study stated that one of the factors leads to the unemployment among the Malaysian graduates is the low quality of the graduates. Many employers gave negative comments on the graduates and mentioned that the graduates do not have the suitable skills and qualifications, which meets the industry requirement. Table 1.1 below illustrates the unemployment rate in Malaysia starting from August 2014 to January 2015.

**Table 1.1**

*Unemployment Rate in Malaysia*

Months	Unemployment Rate %
August 2014	2.7
September 2014	2.7
October 2014	2.7
November 2014	2.7
December 2014	3.0
January 2015	3.1

**Source:** Bank Negara Malaysia, April 13<sup>th</sup>, 2015

Table 1.1 shows clearly the recent rapid growth of unemployment in Malaysia.

University graduates are facing some major constraints for creating new venture, due to the weak entrepreneurial spirit, difficult source of finance and high cost of entrepreneurship take up (Quanling, 2011, p. 237).

The issue of employability among the UUM graduates is no different the unemployment trend mentioned earlier. Based on the UUM tracer study report 2012 and 2013 in Table 1.2, the percentage of unemployed are 26.2% and 22.9% respectively.

**Table 1.2***UUM Graduate Employability*

<b>Status</b>	<b>2012 (%)</b>	<b>2013 (%)</b>
Employed	62.5	69.4
Unemployed	26.2	22.9
Further studies	4.3	3.1
Skill enhancement	2.0	1.4
Job placement	5.0	3.2

**Source:** UUM Tracer Study Report, 2012 and 2013 (UTLC, 2014)

Table 1.3 illustrates the graduates' employment status. It shows that only 1.8% and 2.0% graduates join family business in 2012 and 2013, respectively. Only 1% is self-employed in 2012, while 2013 registered only 1.4%. This is a serious problem with venture creation among UUM graduates, which may indicate weak entrepreneurial mindset among UUM students.

**Table 1.3***Graduate Employment Status*

<b>Status</b>	<b>2012 (%)</b>	<b>2013 (%)</b>
Permanent employment	55.2	59.6
Contract	19.9	19.5
Temporary	22.1	17.6
Family enterprises	1.8	2.0
Self-employment	1.0	1.4

**Source:** UUM Tracer Study Report, 2012 and 2013 (UTLC, 2014)

This phenomenon of high level of unemployment and its associated backwardness might have been due to poor entrepreneurial skills and development among students in universities.

Several authors including Lopez (2012) stated that there is lack of reliable descriptions of the entrepreneurial process as a whole- the process that considers creation of entrepreneurial transition those actively addressing substantive unemployment barriers within the new venture creation context.

The high failure rate of new ventures and their tremendous growth difference have caused the attention of contemporary scholars to address the issues of new venture creations among the youths. Moreover, the creation of new ventures among students revealed a tremendous high failure rate and tremendous growth differences. Due to the above issues, inculcating entrepreneurial mind and the strategy of creating new ventures will solve the problems of unemployment among the graduates. These problems make the perspective of new researches relying on entrepreneurship becomes the new highlight area on venture creation research.

As a result of these challenges, there is need to conduct a research on this field to see how the outcomes can change the moral behavior of UUM international students towards entrepreneurial venture creation.

Based on the high unemployment rate, and the alarmingly small percentage of UUM graduates getting involved in new venture creation, it is time that a study to examine the entrepreneurial mindset among students is undertaken.

Based on the above compounded problems, creation of new ventures among the graduates will solve the present level of unemployment that is scattering the nations, thus reducing the rate of violence, poverty, and employers of labor.

To fill this gap, the present study discusses the determinants of new venture creation from the perspective of entrepreneurial mindset by examining entrepreneurial orientation, entrepreneurship perception and university's role as a crucial factors that stimulates new venture creation in contrast with other studies in the field that used other determinants.

#### **1.4 Research Questions**

Research question is a mirror that can gives direction to the researcher on his journey toward his destination. Based on the statement of the research problem, the following questions are developed:

1. Does entrepreneurial orientation has positive effect on new venture creation?
2. Does entrepreneurship perception has positive effect on new venture creation?
3. Does the university's roles have positive effect on new venture creation?

#### **1.5 Objectives of the Research**

Any researcher must have specific objectives that nurture his interest in conducting the research. The primary motive of conducting this research is to help in evaluating the importance of entrepreneurial mindset and new venture creation among UUM international students. This research tends to describe some characteristics of entrepreneurs, and theirs implications toward entrepreneurial mindset.

The main motives of this research are:

1. To determine the effect of entrepreneurial orientation on new venture creation.
2. To examine the effect of entrepreneurship perception on new venture creation.
3. To determine the effect of university's role on new venture creation.

### **1.6 Significance of the study**

This research added to the body of knowledge on the entrepreneurial mindset and new venture creation among students by applying theories that would justify the concept. The study will help the university to redesign its entrepreneurial activities by addressing areas that need to panel beat, while indicating the gaps to fill by demonstrating entrepreneurial mindset and new venture creation among students.

The study also has significant contributions as below:

1. The findings of the present study will address the issues of entrepreneurship in contemporary society and its relation to the international students towards creation of new ventures.
2. The finding of this research is useful for UUM international students to understand the importance of entrepreneurial attitudes toward new ventures initiatives.
3. The outcomes of this study also show the roles of university in promoting entrepreneurial development and understanding entrepreneurial uncertainties in the business ventures.
4. This study could be used as guidelines toward venture creation among the students at every level either managerial or individual after graduation.

5. The present study could serve as a foundation for further research in this field especially among the upcoming UUM students, and some variables which are not being used in this research, can be described in the future.

Many researchers put more emphasis on entrepreneurial orientation at organizational level with a very few at individual level this study could be useful to future researchers on this field. An examining about the relationship between entrepreneurial mindset and new venture creation among international students is an area of interest of this research. The study tends to find out the significant relationship of entrepreneurial mindset and venture creation among international students. If the study connect the relationship such relationship should be expected to contribute to the body of knowledge among researchers by exploring the impacts of these factors in a complex business venture environment.

### **1.7 Scope of the study**

The scope of this study aimed to determine the impacts of entrepreneurial mindset and new venture creation among UUM international students. The study will take a look in to the differences between students who engage and do not engage in entrepreneurial activities. Also the study will identify students' perception and intention on new venture creation. The study also would determine the significant relationship between entrepreneurial mindset and new venture creation among international students in UUM.

The present study will cover only variables that are stated earlier entrepreneurial orientation, entrepreneurship perception, university's role and new venture creation.

## **1.8 Conclusion**

This chapter served as the heartbeat of the study, and elaborates the direction of this research. The main concern of this chapter is to explain the main questions of the research area on entrepreneurial mindset and new venture creation among international students in UUM. The chapter also mentions background of the study, statement of the research problem, research questions, and objectives of conducting this research. Moreover, significant of this study, and scope of the study were also discussed in the chapter. The next chapter will be discussing the various literatures related to this study.





## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter explores past literatures which relates entrepreneurial mindset and new venture creation among international students in UUM. The definition and concept that related to the entrepreneurship, entrepreneurial venture creation, entrepreneurial orientation, entrepreneurship perception, as well as university's role all would be discuss. This chapter also will review some of the past researches on entrepreneurial mindset and new venture creation. The research will import the secondary data from different text books and journal articles. The literatures will be the guide to the formation of the research hypotheses.

#### **2.2 Concept of Entrepreneurship:**

The term entrepreneur was first used by popular economists Ricard Cantillon (1680-1734) in the late 17<sup>th</sup> and 18<sup>th</sup> centuries (Fayolle, 2007). Entrepreneur is a French word which signifies “entreprendre” which means to undertake or to accomplish needs and wants through innovation and venture creation (Fayolle, 2007).

Fayolle, (2007) cited that, Joseph Schumpeter was contributed in the studying entrepreneurship in the 20<sup>th</sup> century around 1930s, and other Austrian economists like Freidrich von Hayek. He opined entrepreneur to be a risk taker who deliberately allocates resources to exploit opportunities in order to maximize the financial return. The main assumption of Cantillon on entrepreneur is a person who willingness assumed the risk of venturing business under uncertainty condition. He distinguishes between the functions of entrepreneur and the person

who contribute money to do a business. A part from Cantillon assumptions, Fayolle, (2007) cited that Alfred Marshall defines entrepreneur as a multi- tasking capitalist person.

Moreover, in a beginning of 19<sup>th</sup> century, as cited also by Fayolle (2007) a French economist Jean- Baptiste Say define “entrepreneur” as a person who organizes or operates a businesses. Say viewed entrepreneur as a planner while Cantillon viewed entrepreneur as a risk taker. While in another definition given by Joseph Cantillon cited by Fayolle, (2007) defines “entrepreneur” as someone who pays a certain amount for a goods/services and resells it at an uncertain price. All these concept considered entrepreneur as a person who have the ability to lead a business in a positive way by applying a proper planning, to adapt to unstable environments and understanding their strengths and their weakness.

In 1934, Joseph Schumpeter considered entrepreneur as an innovator person not as a risk taker. Schumpeter defines entrepreneur in a modern way, he seem entrepreneur as a person who destroys the existing economic order by creating new goods or services, or creating new forms of organization or by exploring new raw materials (Fayolle, 2007). *Le Petitt Robert* defines entrepreneur in economic perspectives which means anyone who manages business venture of their own, and implements the different factors of production, land, labor, and capital in order to do a business (Fayolle, 2007). Johnson (2001) also define entrepreneur as a person who recognized and utilize opportunity through innovation or adding additional value to the existing product that will create new market ideas, money and skills while assuming the uncertainty and profit. Solomon (2007) defined entrepreneur as innovator, action oriented person who initiate and manage a business venture.

Thompson (1999) seems entrepreneur as a person who has a vision and utilizes an opportunity that will respond on it and start new venture. Also any person who habitually initiates and

innovates to build something of value around perceived opportunities is an entrepreneur (Thompson, 2003). In a nutshell based on the above definitions an entrepreneur is a person who takes a risk for initiating enterprise. Many scholars refer entrepreneur as a person, creator, organizer, initiator, leader, motivator, decision maker, risk taker etc.

### **2.2.1 Entrepreneurship**

Schumpeter defines entrepreneurship as cited by Lumpkin and Dess, (1996) as an innovative function. It is a leadership rather than an ownership. Entrepreneurship refers to a process of initiating, creating, organizing, leading, motivating, innovating, and taking risk of business ventures. The most important act of entrepreneurship is new entry. New entry can be achieved by entering new or existing markets with new or existing products or services (Lumpkin et al, 1996).

Entrepreneurship has attracted several attention and interest since its emergence as research field in the late 1970s (Sadiq, 2014). Entrepreneurship has become popular interest area in the economics literature in the late 1800`s (Say, 1880 and Marshall, 1890 as cited by Miller 1983). Schumpeter (1949) as cited by Miller (1983) concept of entrepreneurship emerged further in 1940`s and 1950`s as a start-up of a new business was viewed to be an entrepreneurial activity guided by the initial idea. Schumpeter defines entrepreneurship as the continuous innovation and creation of new goods and services that will replace the old ones in terms of value and efficiency (Ireland, Hitt, & Sirmon, 2003).

Wennkers and Thurik, (1999) considered entrepreneurship as the ability and willingness of a person to discover new opportunities by identifying specific ways to utilize the opportunities in

uncertain market. In another definition by Hisrich, Peters and Shepherd (2008) defines entrepreneurship as the process of initiating something new with value by devoting the necessary time and effort, assuming financial, social and physical risk by receiving the outcomes monetary rewards and personal satisfaction and autonomy. At the same time Fayolle, (2007) viewed entrepreneurship as a real engine of economic development by creation new business activities, innovations in the existence ones, creating jobs and building economic activities. Entrepreneurship is an integrated concept which putting individual or organization in an innovative direction (Kuratko & Hodgetts, 2004). Meanwhile Gartner (1985) defines entrepreneurship as the emergence of new venture.

In another definition given by Guljinder (2011), defines entrepreneurship as the propensity of mind to take calculated risk with confidence to achieve pre-determined business objectives. Entrepreneurship provides an avenue for one to become independent. Entrepreneurship provides awareness that may lead to yield the desire of young ones to become job providers. Entrepreneur is an individuals` propensity that engage in innovative, proactive, and risk taking behavior to start new venture (Knight 2000).

Gana (2001) defined entrepreneurship as ability of an individual to seek out investment opportunities in an environment and be able to initiate and manage a business venture successfully based on identified opportunities. Shah, Kavousy, Rezghi, and Tohid, (2011) defines entrepreneurship as the practice of starting new business or revitalizing mature organizations, particularly new ventures and response to identified opportunities. All these definitions mentions entrepreneurship as a role played by an entrepreneurs or the act perform by an entrepreneur. Therefore, entrepreneurship provides an avenue for one to become independent.

All these definitions define entrepreneurship as a key driver to the global economy. Nyawali and Forgel (1994) view entrepreneurship activity, as a systematic project which determines by three basic items, entrepreneurship capacity, entrepreneurship opportunity, and entrepreneurship aspirations. Entrepreneurial aspirations are the degree of expectation of an individual from a potential entrepreneur to the real entrepreneur. Entrepreneurial capacity is an individual ability to create and manage a new venture. Last not the least entrepreneurial opportunity is the possible extent to which a person can create new business achieving success through the effort of entrepreneur`s.

In view of these debates on entrepreneurship definitions, entrepreneurship concept is still remaining in the theory building stage and is a “multidisciplinary jigsaw” (Wisemen & Skilton, 1999). The literature argues that entrepreneurship should be define base on the perceived level, which involves individual level, organizational level or an opportunity found at both individual and organizational levels (Sadiq, 2014).

Some scholars like Schumpeter (1942) one of the pioneer researchers on this field as cited by Lumpkin et al, (1996) perceived entrepreneurship as organizational level phenomenon. The scholar opined that research and development should be organizational routine. Other scholars such as Gartner, Bird, and Starr (1992); Baumol (1990) supported Schumpeter (1942) stand by viewing entrepreneurship concept as more recognize if it is conceptualized as a firm level phenomenon.

Secondly, some literatures take a look entrepreneurship concept at individual level phenomenon. Historically, any individual who can identify market opportunities, acquired required resources, and create a new venture with the aim of getting profit, such person is considered as an

entrepreneur (Sadiq, 2014). Base on this school of thought a specific characteristic which differentiate an entrepreneur from others is undertaking risk of introducing new products, services and processes. Base on this assumption entrepreneurship concept should be conceptualized as an individual phenomenon rather than firm level.

The third arguments on conceptualizing entrepreneurship are those literatures that combine individual and firm level phenomenon, by harmonizing venture creation and opportunities exploitation. Entrepreneurial opportunities discovery is the foremost way of conceptualizing entrepreneurship. According to contemporary scholars such as (McMullen & Shepherd, 2006; Companys & McMullen, 2007) viewed opportunity discovery as objective and subjective concepts which involves technical skills like financial analyses, market research and other fields of entrepreneurship such as creativity, leadership and problem solving, which are less tangible (Hills, Lumpkin, & Singh, 1997; Hindle, 2004). This shows clearly individual level and firm level are complementing each other in conceptualizing entrepreneurship.

In Islamic perspectives Hoque, Mamun., and Mohammad (2013) defines Islamic entrepreneurship as the process of creation business venture for producing products or rendering services which are permissible (halal) for making profits . There are a lot of back up from the holy Qur`an and Prophetic Sunnah that encourages entrepreneurial venture creation in Islam. A person can start and manage any type of business within the boundary of Islam, based on the Islamic guidelines for commerce, industry, interest, debts, contracts, wills and finance. Islam mentions the basic principles of economic activities as a buyer's or producer's (entrepreneurs) and owners of wealth (Hoque *et al.*, 2013). Islam encourages mankind to attain Allah`s provision (rizq) through their best effort. One of the principles of Islamic entrepreneurship which differ with conventional one is concept of Sharia as mention by Pustrui and Fahed-Sreih (2010) Islam

forbids the lending or borrowing of money with interest. As a result of this entrepreneurship concept in Islam is being created according to Sharia obligations.

Moreover, an Islamic entrepreneurship is guided by the sharia guidelines, such as *Mudharaba*, *Ijara*, *Qard Hasan*, and avoid *Bai` ul Einah*. Islamic entrepreneurship does not recognize any activities which fail to protect consumers, and encouraging social responsibilities, ethical values and healthy business practices. The traits of Islamic entrepreneurship according to Hoque et al., (2013) are involves fear of Allah, patience, honesty, truthfulness, morality, halal earnings, knowledge, initiative, risk taking, customer orientation, employee involvement, hardworking, innovativeness, excellence, vision, optimism, social welfare, and strategic thinking. The authors create Islamic perspective entrepreneurship model; which recommended for developing by the future researchers in this field. Allah says in the Holy Qur'an "Verily the most honorable person to Allah among you is he who fears Him most" (Qur'an 49:13). This is the silent principle of the inner feelings that guide entrepreneurs toward their activities.

**Table 2.1***Vesper's Entrepreneurial Typology*

Name/ type	Entrepreneurial activity
Starter	enters an independent business by initiating a new enterprise
Acquirer	ventures an independent business by acquiring an ongoing business
Runner	runs a small to medium business beyond start-up
Take-Off Artist	manage an enterprise into a high-growth tracks
Turnaround Artist	saves a failing enterprise
Innovator	manages something new happen that is not a firm
Champion	supports innovator
Intrapreneur	takes creative for business unit initiation inside an established enterprise
Industry Captain	manage a big organization

**Source:** Vesper (1999) cited by (Verheul, Uhlaner, and Thurik, 2002)

### 2.3 Entrepreneurial Orientation (EO)

Entrepreneurial orientation has received conceptual and empirical back up, by different authors over a period of time. Entrepreneurial orientation is one of the strategic areas in entrepreneurship where scholars prioritize in developing it. This study will evaluate the cumulative knowledge on the relationship between entrepreneurial orientation and venture creation. Entrepreneurial orientation refers to the processes, practices, and decision-making activities that lead to new entry (Lumpkin & Dess, 1996). Also Hu and Zhang (2012) define entrepreneurial orientation as the activities of implementing new business, and the strategic decision process that solve



problems reacting to the environmental business changes. Individuals who have entrepreneurial orientation can stand independently by applying the concept of innovation, risk-taking and proactive to the competitors positively in order to explore market opportunities. Entrepreneurial orientation creates awareness among students that can help them to set up new enterprise after their graduation.

The concept of entrepreneurial orientation can be referred back to the work of Miller (1983), who is the pioneer in initiating the measures of entrepreneurial orientation. He opined that a firm is responsible for innovation, taking risky ventures, and taking pro-active measures in order to beat its competitors. The original work of Miller (1983) brought three key factors of entrepreneurial orientation in entrepreneurial organizations; innovation, risk taking and pro-activeness. Later different scholars from various angle adopted Miller concept of entrepreneurial orientation, such as (Colvin & Slevin, 1989). In another studies by Lumpkin et al, (1996) add two more dimensions of entrepreneurial orientation which make it five. Innovation, risk taking, and pro-activeness were already offered by Miller (1983), while autonomy and competitive aggressiveness were brought by Lumpkin et al., (1996). Proceeding studies on conceptualizing entrepreneurial orientation, agreed that both the two dimensions Miller (1983) and Lumpkin et al, (1996) are acceptable depend on the research questions being used by the researcher's.

Entrepreneurial orientation has many definitions by various scholars of learning, Lumpkin et al., (1996) defines entrepreneurial orientation as a processes, practices, and decision making tasks that lead to a new venture. The main concern for entrepreneurial orientation refers to the entrepreneurial decision, such as working experience, educational background, training or skills acquisitions, personal attributes like self-efficacy or self-confidence (Isidore, & Norsiah, 2012). According to Shane (2003) entrepreneurial orientation is a decision making process measured by

a person risk taking ability. Rouch, Wiklund, Lumpkin, and Frese (2009) define entrepreneurial orientation at organizational level “as the strategy-making processes that provide organizations with a basis for entrepreneurial decisions and actions” (p. 762). Entrepreneurial orientation at individual level defines by many scholars; Elunurn (2012) defines entrepreneurial orientation at individual level as searching for business opportunities by an individual. The objective of initiating an enterprising can only be achieved when there is a strong offer of effective entrepreneurial orientation and awareness among the students.

Nevertheless, various scholars conceptualize entrepreneurial orientation at firm level and at individual level. Bolton and lane (2012) in their studies; Individual entrepreneurial orientation: Development of a measurement instruments. The researchers used 1,100 university students in southern USA as sample to validate the five entrepreneurial dimensions presented by (Lumpkin *et al.*, 1996). The final outcomes result shows that three out of five dimensions innovativeness, risk taking, and proactiveness are validated on individual entrepreneurial orientation which shows statistical correlations with measures of entrepreneurial intention. While the remaining two factors autonomy and competitive aggressiveness found no relation.

Nandamuri, Gajulapally, and Gowthami (2012) in their studies, a strategic analysis of entrepreneurial orientation of management graduates; the researchers discussed the factors of entrepreneurial orientation among the management students. A study of 200 final year post-graduate management students was selected from prominent institutions in Warangal region of India. The study proposed nine factors that would encourage students to be entrepreneurially oriented. The study grouped six components under resourcefulness factor, which implies the importance of ingenuity among the future entrepreneurs, then future orientation comprises five components, also competence have five components. Societal wellbeing and need for recognition

each comprises three components. The last four factors have two components each, leaving another four components with poor loading in to any of the factor. The studies bring critical factors that shape entrepreneurial orientation among the students.

Elenurm, (2012) in his study entrepreneurial orientations of business students and entrepreneurs, examine the relationship between entrepreneurial orientation and business startup among the students. The researcher's combines both entrepreneurs and students in order to find out the relationship between venture creation and entrepreneurial orientation. A survey of 1,075 experienced entrepreneurs and entrepreneurship students in Estonia during the years 2005-2010 were involved in the study. The researcher used three independent variables; imitative, innovative and co-creative in order to build a relationship with entrepreneurial business venture. Finding of the study indicate that innovative and co-creative entrepreneurial orientations have more popularity, and imitative orientation support has diminished.

Noel and Shoham, (2008) conducted a study on entrepreneurial orientation and international entrepreneurial business venture startup. The study examine the interrelationships among three factors of entrepreneurial orientation (innovativeness, risk taking and pro-activeness), age, and education as independent variables while international entrepreneurial business venture (IEVB) as dependent variable. The study used a sample of 539 individuals firms focused on international venture in South Africa. The researchers used multiple discriminant analysis to test new venture decisions. The outcomes results shows innovativeness is not a determinant factor of new venture start-up, but the results shows a positive relationship between pro-activeness and risk taking elements of entrepreneurial orientation, and also the results indicate positive relationships with age of an entrepreneur, while education of an entrepreneur shows negative relationship in the business venture start up decision.

Dada and Fogg, (2014) in their works; organizational learning, entrepreneurial orientation, and the role of university engagement in SMEs find the effects of entrepreneurial orientation on organizational learning in small and medium enterprises (SMEs) and the role of university activities on the relationship between the two variables. Samples of 206 UK SMEs were used through postal survey questionnaire. The result shows positively entrepreneurial orientation influence the organizational learning in SMEs. Meanwhile, university engagement as a moderator between entrepreneurial orientation and organizational learning played a positive moderating in the relationships.

Gurol and Atsan, (2006) conducted a research on entrepreneurial characteristics amongst university students in Turkey. The study explores the traits of entrepreneurship in Turkish universities and evaluates entrepreneurial oriented students with non-entrepreneurial inclined students. The study selected 400 students randomly from two universities in Turkey. The researchers distributed 40-items questionnaire to students, with questions related to demographic variables, six entrepreneurial traits mentions earlier, and entrepreneurial inclination. The research found significance relationship for all traits except tolerance for ambiguity and self-confidence in relation to entrepreneurial inclined students as compared to entrepreneurially non-inclined students. The results shows strong risk taking propensity, higher need for achievement, higher innovativeness, and higher internal locus of control in entrepreneurial inclined students.

Nevertheless, there are many studies on entrepreneurial orientation at individual level and at firms' level that shows existing positive performance implications on firms, and also entrepreneurial orientation shows positive implications on individual venture start up but the above one's may give more insight on the concept of entrepreneurial orientation.

### **2.3.1 Innovativeness**

Innovativeness is one of the essential tool used to characterize entrepreneurs, Schumpeter (1934, 1942) was among the early scholars explain the importance of innovation in the process of entrepreneurial orientation as cited by (Kimberly, 1981). Innovativeness provides a willingness to move from current practices, ideas, or technology and entering beyond the latest state of the art.

Innovativeness linked to entrepreneurial concept by combining creative resources to the new entrants. Innovativeness emphasizes the importance of technological leadership (Sandra, 2011). However, innovativeness is defined as predisposition engagement in creativity and experimentation through the introduction of new goods or services and leadership in technology through research and development process (Rauch, *et. al.*, 2009).



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### **2.3.2 Risk taking**

The main differences between entrepreneurs and wage employees are uncertainty and riskiness of self-employment. The word entrepreneurship and risk taking are inseparable; one cannot stand without the other. Sandra (2011) viewed risk taking as a main characteristic of entrepreneurs. It initially refers to the risks individuals take by working on their own rather than being wage employed. Rauch et al., (2009) views risk taking as bold actions of entering in to the unknown, having heavy debts, and allocating significant resources to ventures in uncertain business environment.

### 2.3.3 Pro-activeness

The term proactiveness was being used as one of the traits of entrepreneur. This feature explains the characteristic of entrepreneurial actions to articulate future opportunities, in terms of goods or technologies and in term of market or consumer demand (Sandra, 2011).

Venkatraman (1989) defines pro-activeness as a means of anticipating and acting on future demands by exploiting new opportunities which may or may not be related to the current line of operations, introduction of new products and brands ahead of competition.



**Table 2.2***Definitions of entrepreneurial orientation (EO) elements*

<b>Dimension</b>	<b>Definition</b>
Innovativeness	“Predisposition to creativity and experimentation through introduction of new products and services as well as technological leadership via Research and Development in new processes”
Risk taking	“Taking bold action by venturing into the unknown, borrowing heavily and/or committing significant resources to ventures in uncertain environments”
Pro-activeness	“An opportunity-seeking, forward-looking perspective characterized by new products and services ahead of the competition and acting in anticipation of future demand”
Autonomy	“Independent action undertaken by entrepreneurial leaders or teams directed at bringing about a new venture and seeing it to fruition”
Competitive aggressiveness	“Intensity of a firm’s effort to outperform rivals” Innovativeness “Predisposition to creativity and experimentation through introduction of new products and services as well as technological leadership via R and D in new processes”

**Source:** Rauch et al., (2009)

## 2.4 Entrepreneurship Perception

Perceptions play an important role in the discovery and creation views of entrepreneurship (Edelman & Renko, 2010). There is a strong agreement that cognitive factors such as attitudes and perceptions towards entrepreneurship has significant role in the engagements in entrepreneurial venture creation (Giagtzi, 2013). The entrepreneurship perception of an individual is hardly over emphasizing due to its important in new venture creation. For example when expected reward on entrepreneurship is higher than wages an individual may perceive to be entrepreneur. This reward is an individual feasibility perception. Entrepreneurship perception is one of the issues this study would take a look into, in order to identify the relationship with business venture creation. Entrepreneurial perception can be defined as the perceived personal ability of an individual to discharge a given task. Fagenson and Marcus, (1991) discuss that individuals chooses their career based upon their perception of and the associated fit with a certain profession.

The concept of perception combine two key elements in entrepreneurship namely, perceived feasibility and perceived desirability. The plan to establish new venture is determine by these two factors desirability of an individual and feasibility of the venture. Dodd, komselis, and Hassid (2006), defines perceived feasibility of entrepreneurship as the process by which starting a new venture is perceived as a feasible career option. The authors came up with five elements of perceived feasibility, these are; start up success, ability to cope with startup workload, sureness of themselves about startup, and adequate start up knowledge. On the other hand Dodd et al, (2006) also define perceived desirability as a situation to which starting a new venture is perceived as a desirable career option. The authors came up with a scale to measured perceived desirability elements as; I would love doing it, I would not be tense at all, and I would very



enthused. In addition to that the authors suggested that entrepreneurial experience is another determinant factor to feasibility and desirability perception.

Base on this notion individual can perform any activity or choose any career in line with his personal ability. In a similar study Chen, Greene, and Crick (1998) argues that the choice to involve in venture creation is depend of an individual characteristics and behaviors that are in line with entrepreneurship perception. Self-perception theory enact that peoples come to know their own attitudes, emotions, and other internal factors partially by inferring them from observations of their own overt behavior and the circumstances on this behaviors (Verhuel *et al.*, 2002). Also the author's proves that entrepreneurial behavior influences self-perception and also the activity may influence entrepreneurial perception.

Neergaard and Krueger, (2005) states that self-perception was popularized in the concept of entrepreneurship by the work of (Krueger & Brazeal 1994). The authors define self-perception as an attribution of personal competence and control which helps convert perceived failures in to learning experiences. Krueger and Dickson (1994) explain individual perception as a mechanism of predicting strategic risk taking through the mediating influence of self-efficacy. Individual ability and response to potential desirable opportunities has an important role to play toward shaping entrepreneurial perception.

Shapero, (1982) explain that an entrepreneurial intention totally depends on feasibility and desirability perceptions of an individual and propensity to act. Krueger (2000) states two elements of perceived feasibility, which are perceived opportunity and availability of the resource. He opines that individuals are more likely to engage in startup activities when they are not concerned about resource problems.

Renko, Shrader, and Simon (2012) define perception as familiarity, awareness, or understanding gained through the physical senses, mental imaging, and intuition. This definition shows that perceptions are shaped by what a person knows, what we think we know, and what we do not know. Perception of an individual can be right or wrong is like guesses for the future; it could be right or it could be wrong. Renko et al., (2012) viewed that perception can be shaped by imagination, creativity, or intuition. Knowledge plays crucial role in shaping individual entrepreneurial perceptions, decisions are made base on the entirety of perception. In many cases opportunity might misperceived, but accuracy is very critical in perceiving entrepreneurial venture start up (Renko *et al.*, 2012). Shapero (1982) agree that new ventures emerge as a result of individual's choices whose decide on the future outcomes to be desirable or feasible in pursuing outcomes.

In a study conducted by Edelman & Renko (2010), the authors view the perception of entrepreneurial opportunities as a based that motivate individual ideas in making decisions based on subjective assessments rather than on objective environment. They opined that identifying and exploiting opportunities is depends upon an individual's prior knowledge, while opportunities exploitation depends upon an individual having the required cognitive capabilities. On the creation of ventures, they suggested that venture creation should be based on entrepreneurial perceptions and social cognitive enactment processes.

Davey, T., Plewa, C., & Struwig, M. (2011) conducted a study on entrepreneurship perceptions and career intentions of international students. The authors selected first-year business students from three universities from different locations. The study chooses African countries that are either developing (Uganda and Kenya) or emerging (South Africa) and four European developed nations (Finland, Germany, Ireland, and Portugal).

The study aims to distinguish entrepreneurial intentions, attitudes towards entrepreneurship, role models and entrepreneurial experience between African and European students. The study also aims to lay the foundation for future comparative study between developing and developed countries in the area of graduate entrepreneurship.

The researchers imply convenience sampling method in their study. The results lead to global country-specific process relating to the improvement of students orientation on entrepreneurship activities within universities. The study extends research on graduate entrepreneurship by making an international comparison between developing, emerging and developed countries, which leads to suggestions on how to incline an entrepreneurial mindset and assist new-venture creations for students.

Shinnar, Oliver, & Frank, (2012) in their study, entrepreneurial perception and intentions: the role of gender and culture in three countries United States, Belgium and China. The study examines how culture and gender shape entrepreneurial perceptions and intentions within Hofstede's cultural dimensions framework and gender role theory. The study tested gender differences among university students in regard to entrepreneurial perceptions across three countries. The study found significant differences in barrier perceptions. The significant relationship between barriers perceptions on entrepreneurship and entrepreneurial intentions was also identified in the study. The study also discovered that culture and gender seem to play a crucial role in shaping the entrepreneurial perceptions among students.

Therefore, entrepreneurship individual perception is an important determinant of successful business venture (Sanchez, 2011).

## **2.5 University's Role**

University environment is very crucial in shaping individuals new venture creation. Etzkowitz, Webster, Gebhart, and Terra (2000) explain the increasing roles of universities from educational providers to the creators of entrepreneurial mindset among the students. Universities have important role to play towards development of business venture creation among students, in the local and international context. Universities become key component of the innovation system all over the world. Universities are expected to move forward from traditional role of knowledge to the modern entrepreneurial functions.

University has important role to play toward nurturing entrepreneurial inclination among students. Developing entrepreneurial skills among the students would enable them to feel confidence, to act creatively, and to become innovative leaders in the future. Universities and institutes of higher learning contributed toward promoting entrepreneurial mind and spirit among students. It's clear that future professionals must show their willingness of being proactive and entrepreneurial, even if they are not the real owners of the business enterprise (Santos, Guedes, & Fonseca 2012). In another study, Hofer, (2013) also defines entrepreneurial support in universities as an act of integrating external business support partnership and networks, and connecting close relationships with companies and Alumni.

Israel and Johnmark (2014) states that universities have important role to play in promoting entrepreneurial activities, since higher institutions of learning are seen as a place that shapes entrepreneurial cultures and aspirations among students. Universities serve as a seedbed of entrepreneurial inductions and training environment that guide students the way they think and entrepreneurially behave.

However, Santos, Guedes, and Fonseca (2012) in a similar study views that higher institutions could promote inclusive society by the revealing general entrepreneurial spirit in students. Universities and other institutions has to provide and ensure that students are ready to act as a professionals by acquiring scientific academic knowledge and technical know-how in pursuing entrepreneurial opportunities at any kind of situation. Since it is crucial to show a positive image of entrepreneurship career option to nurture the behavior of the student's within the university environment by providing consumables and other essential facilities, providing enough materials and equipment that would enhance entrepreneurial activities in the campus may result to influence student's entrepreneurial behavior to create business venture either within the campus or after their graduation. This notion was supported by Nyawali and Fogel, (1994); Fayolle and Degeorge, (2006) insisted that career selection are easily influences by the environmental factors in which he/she are familiar and interact over a period of time. Santos et al., (2012) suggested that students would be more prepared in selecting their future career if they could understand the following areas:

- (a) To decide in which area they want to work and how they want to work (employer or employee, in a public or private organization);
- (b) To understand social needs in any society, by targeting the possible business venture and defining a competitive implementation strategy;
- (c) To assess the financial sustainability of any venture they want to implement, and identifying the best area to venture in to it;
- (d) To examine the changes of the market and to maximize their ability to use them as a differentiating elements facing competitors;
- (e) To develop assertive communication plans, targeting the most important target audients;

- (f) To be proactive at all the time by focusing on the future trends;
- (g) To ascertain the social responsibility as important factor of competitiveness.

Nevertheless, the van Burge principles, Romme, Gilsing, and Reymen, (2008) came up with five principles that motivate creating venture among the university students:

- (a) Universities should create wide entrepreneurial opportunities awareness, stimulate the development of entrepreneurial ideas, and screen entrepreneurs and ideas by programs targeted at students;
- (b) University's should also support start up teams by combining right mix of venturing skills and knowledge by providing easy access to advice, coaching, and training;
- (c) Institutions should help starters in getting easy access to resources and creating a collaborative network organization of investors, managers, and advisors;
- (d) Universities should set a clear and supportive guideline that regulate spin-off process, and enhancing fair treatment of parties involves and separating spin- off process from academic research and teaching;
- (e) Creating norms and values that encourage entrepreneurial spirit and culture among students.

Base on the van Burge principles Lackeus and Middleton (2015) conducted a research in order to testify the five bridging capabilities on university students. They came up with the following outcome results. The researcher's interviews target respondents in order to have empirical evidence on these five principles for venture creation programs in university.

### **Targeting and selecting the students**

Students from all disciplines are brought together in cross –disciplinarily teams to form businesses. Student’s collaboration and projects supervisors are harmonize to carry out a number of pilot projects in order to assess its viability.

### **Creating the start-up teams**

Once student’s and ideas are available, the next thing is formulation of a team that could carry out the start-up activities. Student’s interest and personality is very important in this stage. The equity should be distributed among the stake holders such as the students, university, idea providers, etc.

### **Collaborating with external actors**

Venture creation program activities in most cases should be carried out based on external collaborations partnership. Students should be familiar to the environment, interacting with customers, trade fairs, and also interacting with mentors who have been there, all these will give them exposure to the potential investors.

### **Designing the learning environment**

Learning environment is very crucial in venture creation programs among students, most of the venture creation programs designed creation process base on their business plans and practice theories.

### **Developing entrepreneurial attitudes**

Entrepreneurial attitude is an important mechanism in venture creation process. It can change Students to be self-promoted. The personal changes to the dynamic fluctuation experience will reinforce entrepreneurial venture creation behavior.

### **2.5.1 Students' involvement in entrepreneurial activities in campus**

Student's engagements in entrepreneurial activities in campus are one of the factors that motivate students' entrepreneurial commitments as a preliminary stage of venture creation. Involvements in petty business activities within the campus such as selling bread, drinks, scarves, clothes, shoes, health and beauty products, top up recharge cards as well as some essential services like photo copying, printing, barbing saloon, electrical/electronic repairs, car renting etc. are carried out by very few students in most cases.

It's challenge to merge studies together with business engagements, especially for full time students due to the tied learning activities. But some wise students allocate time for entrepreneurial involvements base on their time table availability space. Time utilization for an entrepreneur is very crucial, that is why many scholar's view time as a money or a precious jewel which needs to utilize its wisely. The notion behind this assumption is to inculcate student's entrepreneurial mindset from the scratch so that after graduation at least he/she have acquired a basic business venture skills. At the same time engagements in business activities during studies will help them to boast their financial capability.

The major challenge for student's engagements in business venture in campus was stated in the work of Ndirangu and Bosire (2004) in Kenya, the study discusses the student's involvements in entrepreneurial activities while pursuing their studies in the university. The researcher found that 52% of the businesses run by the students were open only for sometimes; while 46% were open for all time. For those that open for some times the result shows that they did so during their free hours period. The study also discovered the effects of academic performance for those involves in business activities during their studies. The findings indicates that only 8% among those involves in business activities were affected negatively , while more than 60% of the students



shows up positive improvement in their academic excellence, while 32% argued that their performance have not been affected neither positive nor negative.

## **2.6 New venture creation**

New venture creation is at the heart beat of entrepreneurship (Gartner, 1989). Prior research on new venture creation has mentioned many antecedents that distinguish entrepreneurs from non-entrepreneurs. Lumpkin et al, (1996) argue that "the essential act of entrepreneurship is new entry" (p.136).

Scholars in the early stage of developing entrepreneurship promulgated that new venture creation is the heart beat of entrepreneurship (Gartner, Mitchell, & Vesper, 1989). New venture creation in this study would be determined by the above variables in order to know their relationship. The concept of new venture has been seen as any business enterprise whose age is less than five years (Hu, & Zhang, 2012). The essential act of entrepreneurship is creating new business venture. For this notion Lumpkin and Dess, (1996) define new entry as venturing new or existence markets with new or existing goods or services. There are many studies show positive relationship between new venture creation, firm survival and changes in technology (Karanassios, Pazarskis, Mitsopoulos, & Christodoulou, 2006). This study would focus on entrepreneurial mindset and business venture creation among students in general and among UUM international students in particular.

There is a strong argument among the scholars on the factors that lead an individual to become an entrepreneur. Many studies used Ajzen's model theory of plan behavior in shaping

entrepreneurs intention towards new venture creation. The present study will apply two theories, Ajzen's theory (TPB) and Shapero's theory of entrepreneurship event (SEE).

New venture creation is the process of perceiving an opportunity and respond upon the opportunity. It also involves innovation, it assumed that something is created from nothing and resources are being harmonized in a new dimension. For example franchising business required less innovation and low risk taking like scratch startup venture. Many scholars viewed that, pioneers or founders of any business venture are more risk takers than non-pioneers (Verheul *et al.*, 2002). In a similar definition, new venture creation is a means of recapitalizing stagnated economies and solving unemployment problems by creating new job opportunities (Gurol *et al.*, 2006).

Venture creation is at the heart beat of entrepreneur (Shock, Priem, & McGee 2003). Numerous studies have been made on entrepreneurial start up decision. In the previous part of this research the researcher's define entrepreneurship as the process of creating new ventures. A long tradition base on Chrisman, Bauerschmidt, and Hofer (1998) confirm that entrepreneur is very important to the venture creation. There are many factors that shape the entrepreneur's venture creation such as entrepreneurs' intentions, perceptions, risk taking and control (Krueger, Relly, & Carsrud 2000). At the same time Shaver, Gartner, Crosby, Bakalarova, and Gatewood, (2001) opined that new venture creation can be determine by the individual perceptions, culture, personal growth, and other internal factors and external environmental factors. A new venture is the process of creating and organizing a new business that develops, produces, and markets goods or services to satisfy unmet market needs and wants for the intention of gaining profit and growth (Gartner 1985). Chrisman et al., (1998) observed that there is a concrete reason that many ventures are initiated by teams of entrepreneurs' and the outcomes of this group has a positive result on new

venture. The creation of a new entrepreneurial venture is projected upon the decisions of its owners pertaining goods or services, buyers, resources, technologies, and firm's methods (Gartner 1988). Meanwhile in a similar definition given by Venkatraman (1997) stated that new venture creation stands at the nexus of lucrative opportunities and enterprising individuals.

New venture creation can take many forms such as joint venture between two or more persons, or as a corporate venture, or as an independent venture managed by one or more persons acting in their own self-interest (Chrisman *et al.*, 1998). Under normal circumstances each type of business enterprise has some special characteristics with regard to ownership genesis, and purpose (Gartner 1988). Venture creation could starts by initiating entrepreneurial intention, followed by opportunities searching, then decision to exploit such opportunities by venturing in to it, and finally entrepreneurial opportunity engagements. The intent of an individual could be shape his search toward discovering new venture opportunities (Krueger, 1993). Next step after individual intent, opportunities could be discovered due to the availability of goods and services differences from one area to another. Opportunities are those goods, services, raw materials, and marketing methods that introduced and dispose at a profit (Shock *et al*, 2003). After discovering opportunities, a choice should be made whether to exploit it or reject it (Shane & Venkatraman, 2000). The best way of exploiting opportunities are either hierarchies approach through venture creation, or markets approach sale opportunities to existing firms (Shane & Venkatraman, 2000). Both of the two methods are entrepreneurial actions, but the first one is more relevant to our study. At this juncture intent should be transform in to action or a new venture. In the past decade there were various studies on new venture creation and different variables were used by different scholars, with the aim of finding relationship and building new venture creation determinants. Some of these studies on venture creation are includes;

Kropp, Lindsay, and Shoham (2008) investigate entrepreneurial orientation and international entrepreneurial business venture start up decision. The study uses a design questionnaire collected data from 539 individuals from different South African firms. The study examined factors that precipitate the entrepreneurial venture creation decision. The study mentions entrepreneur's intentions, perceptions of risk and control, goals, personal growth, expectations, culture, and other internal factors as well as external environmental factors as the factors that can influence venture creation start up. Also the study shows clearly the relationship between entrepreneurial orientation and international business venture creation. The researchers used multiple discriminant analyses in order to test new entry decisions. The result of the study shows that venture creation decision is positively related to the pro-activeness, and risk taking and rejected innovativeness of an entrepreneur.

The study of Teixeira and Davey (2008) was conducted on 4,413 students enrolled in Portuguese higher education institutions, with the aim of determining attitudes of higher education students to new venture creation in Portugal. The study used students personality, (risk, creativity) entrepreneurial experience, knowledge, awareness, interest, contextual factors role models and professional experience as a determinants of entrepreneurial venture creation. The study found that students enrolled in non- universities (i.e. polytechnics) are having more effective and potential entrepreneurial propensities.

Moreover, Israel and Johnmark, (2014) in their study entrepreneurial mindset among female university students of Jos Nigeria, the researchers point out that, perception of entrepreneurship, role model, and university role has significant effects on new venture creation. The study was adapted a sample size of about 400 female students from three faculties. The study analyzes the data through the means of simple percentage and transforms it to tables and charts. The study

found weak relationship between teaching entrepreneurship and female students' entrepreneurial mindset. Therefore the study recommended universities to create supportive entrepreneurship environment that could encourage new venture creation among the female students.

Sanchez, (2011) on his study university training for entrepreneurial competencies: Its impact on intention of venture creation and intention of university students. The author's test that entrepreneurship education program can encourage students intention to venture into businesses.

The researcher collected data from 864 university students of Castilla & Leon Spain. The researcher used planned behavior theory in order to differentiate students with high competency on venture creation and those with low competency. The result shows that students in the programed group are more competent toward self-employment than the students in the control group.

Samuel and Owusu-Mintah, (2014) also conducted a research on entrepreneurship education and job creation among tourism graduates in Ghana. The study presented a report on a tracer study of various universities, to find out the benefit of entrepreneurship received by the tertiary institutions graduates. The study used mixed method approach in collecting data. The sampling size of the report was 205 graduates selected through snowball sampling techniques. The study found that only 3percent among the graduates were engage in new venture businesses, while almost 97percent of the graduates were not engage in any kind of business activities. Some of the reasons given by the respondents were involves lack of initial capital out lay, inadequate entrepreneurship spirit, and the unrelated nature of entrepreneurship education studied at their institutions.

The above few reviews indicates that many researchers have studied the existing relationship between entrepreneurial venture creation and other factors such as role model, knowledge etc.

This study will use entrepreneurial orientation (risk taking, innovativeness, and pro-activeness), entrepreneurship perception, and university's role to determine the new venture creation among the UUM international students.

## **2.7 Theoretical framework**

Theoretical framework of this study connects the underlying research problems with the theoretical back up from the previous studies. Theoretical frame work is very crucial element in conducting a research; it's serves as bases for conducting a research. A researcher must choose a direction for identifying the problems of the study. It could be adaptation of a previous model or modification to suit the purpose of the research. A part from the direction of the research, the researcher must connect the relationships between the various variables that had being investigated. Sekaran and Bougie (2010) defines theoretical frame work as a foundation of hypothetical deductive reasoning which researcher has to develop. Therefore, establishing a good theoretical framework guided by the hypotheses statements, supported by underpinning theories is important in conducting a scientific research.

## **2.8 Underpinning Theories**

### **2.8.1 Theory of Planned Behavior (TPB)**

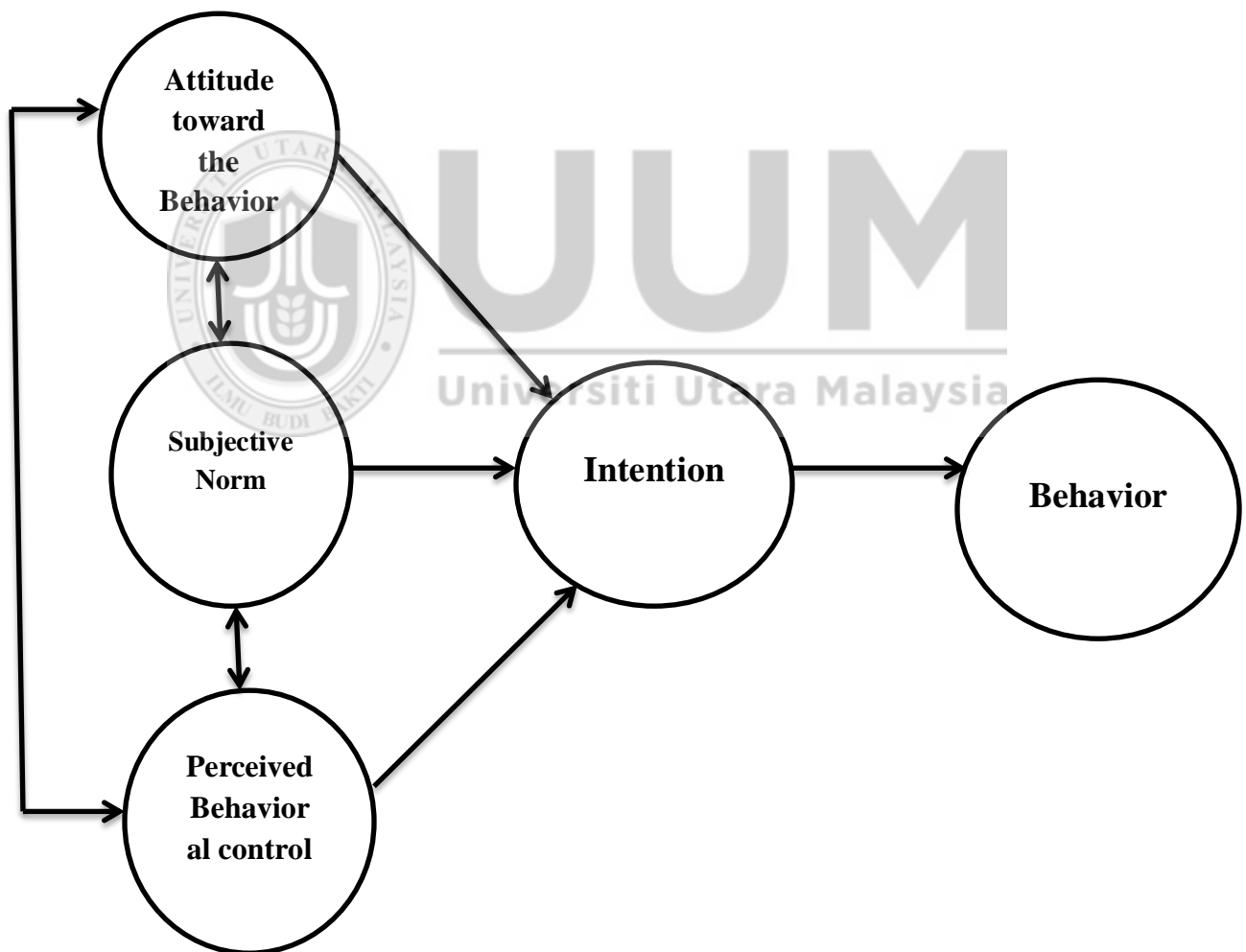
Krueger and Casrud (1993) imply that understanding venture creation requires a theory that implies intentional behavior. Intentional models are very important in explaining planned behavior such as venture creation (Krueger, Reilly & Casrud 2000). There are a lot of theories

that connect venture creation with entrepreneurial behavior. The most prominent among them is Ajzen theory of planned behavior (1991). Planned behavior dealt with intention for creation of new ventures while behavior model connote entrepreneurial mindset of an individual. Intention to create new venture is totally depend on attitudes toward the behavior which reflects individual beliefs and perception towards the target behavior. Theory of planned behavior considered as a leading theory in predicting individual entrepreneurial behavior due to its robust and validity as examined by (Krueger & Casrud, 1993). In determining behaviors that lead to the creation of new ventures, theory of planned behavior is very explainable in these phenomena (Krueger et al 1993).

Ajzen's theory of planned behavior shape the students aims of choosing career opportunities, for this reason, it's very important to connect this theory to the new venture creation among students as supported by many scholars (Krueger *et al.*, 1993; Krueger *et al.*, 2000; Lopez, 2012). A theory of planned behaviors is a means that nurtured understanding entrepreneurial venture creation process by nurturing attitudes and perceptions towards the behavior. Many studies were used the theory of planned behavior in determining entrepreneurial behavior which may lead to creation of new ventures (Krueger *et al.*, 1993).

The Ajzen's theory of planned behavior (1991) identifies three key attitudinal antecedents of individual intention that may affect future behaviors especially planned towards venture formation (Krueger *et al.*, 2000). These antecedents are attitude towards behavior, subjective norms and perceived behavioral control. The psychological literature has proven intentions to be planned behavior predictor especially when the behavior is rare, hard to observe or contains unpredictable time frame (Lopez, 2012). Due to these assumptions, new business ventures emerge long period of human history and it requires concrete planning. Entrepreneurship

engagement has direct links to the planned behavior which intentions act as prerequisite element of creating business venture. One of this study independent variable is entrepreneurship perception which is moving hand in hand with self-efficacy which Bandura (1991) mentioned as individual belief or capability to have control over important events that may affect his future decision. In a nutshell perceived behavioral control has a direct connection with self-perception, this might have a significant relationship to this study.



**Figure 2.1**

*Ajzen's 1991 Model of Planned Behavior (TPB), (Krueger et al., 2000)*



### **2.8.2. Shapero's Theory of Entrepreneurial Event (SEE)**

The second theory used to determine new venture creation in this study was Shapero and Sokol (1982) which is popularly known as Shapero's model of entrepreneurial event (SEE). Shapero's model is the best theory that explained entrepreneurship venture creation (Sanchez, 2011). The model assumes that individual behavior is more or less in a status-quo unless something disrupts or interacts with the status quo. Krueger et al., (2000) states that the choice of behavior is totally dependent on the similar credibility of alternative behaviors and propensity to act, and credibility demands desirable and feasible behaviors. This model states three key factors of entrepreneurial events which are; perceived feasibility, perceived desirability, and propensity to act.

#### **2.8.2.1. Perceived feasibility**

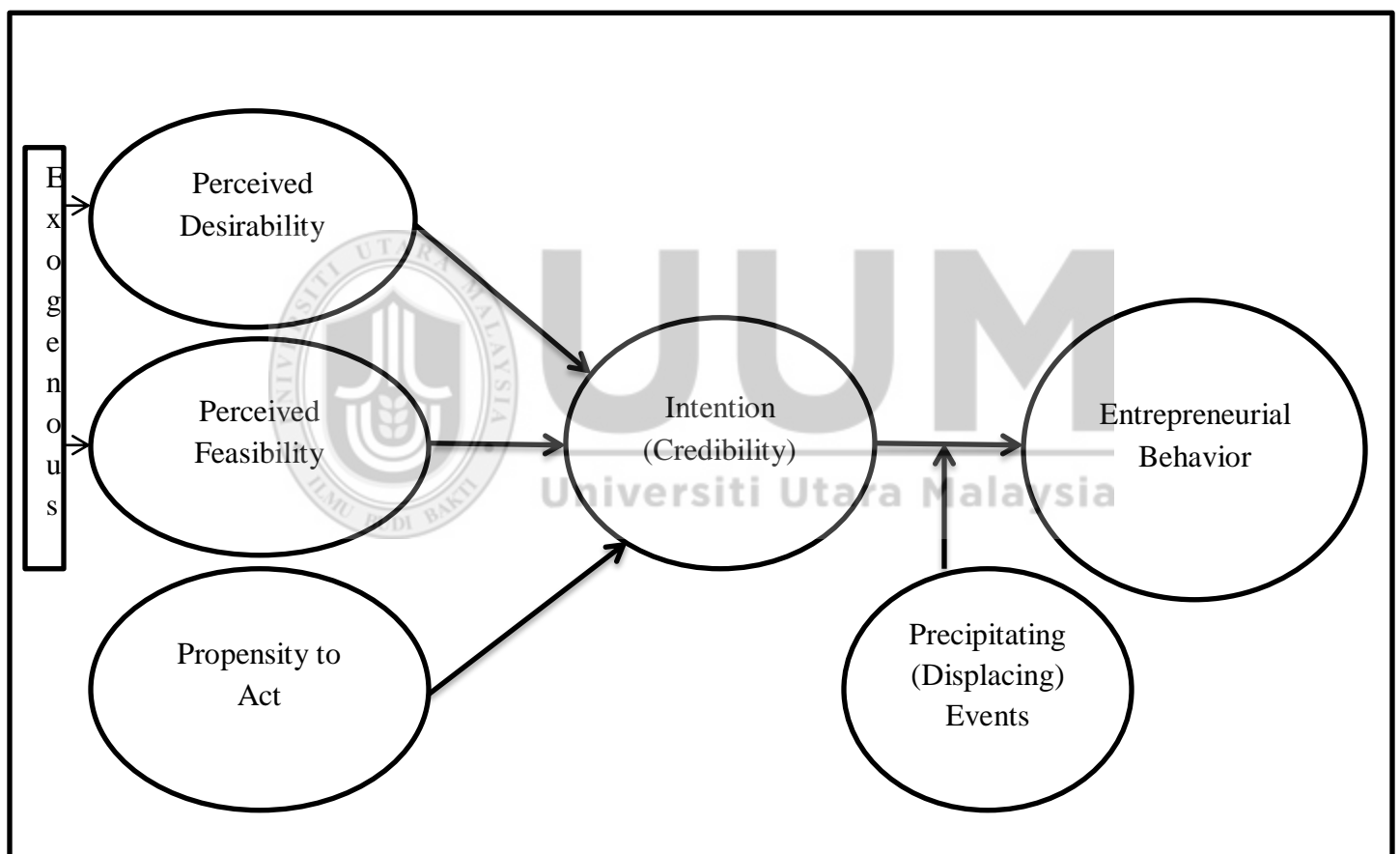
Fitzsimmons and Douglas, (2005) define perceived feasibility as the ability of an individual's perceptions to apply a required behavior. In connecting to the research area, entrepreneurial perception is proposed as one important variable that has a significant relationship with new venture creation. At this juncture, feasibility perception of an individual can shape his response upon available entrepreneurial opportunities.

#### **2.8.2.2. Perceived desirability**

Perceived desirability is defined as the attractiveness of venturing into business, or a degree to which something attracts individual perception to start a business venture (Shapero's *et al.*, 1982). Individual perception is coming first before entrepreneurial intention, which means individual desire can play an important role based on this assumption.

#### **2.8.2.3. Propensity to act**

In a nut shell propensity to act is an individual ability to act on one's decisions as a result of some one's desire to have a control through taking action (Krueger, 1993). Taking decision to start a new venture depend on an individual ability for exploring and utilizing opportunities. For example some students have the ability of starting a business but they couldn't know how to identify the opportunity.



**Figure 2.2:**

*Shapero's Model of Entrepreneurial Event (Krueger et al., 1993)*

Lopez, (2012) makes a comparison between Ajzen's and Shapero's theories of behaviors, the author's check similarities and disparities of the two theories which concluded that Ajzen's

theory interpreting individual intention while Shapero's model explaining behavior toward creating business ventures.

**Table 2.3**

*Ajzen's Theory of Planned Behavior and Shapero's Entrepreneurial Event (SEE)*

<b>Ajzen's (1991) TPB</b>	<b>Shapero's (1982) SEE</b>
<p><b>Attitude Toward Behavior</b></p> <p>This is the attitudes on expectations and belief about personal impacts of outcome resulting from the behavior of an individual. Attitude toward behavior is a construct that influence perception of individual toward desirability of performing behavior.</p>	<p><b>Perceived Desirability</b></p> <p>This is the personal attractiveness of creating a business which involves intrinsic and extrinsic personal impacts. Perceived desirability is a situation were by a person discovered the attractiveness of starting a business.</p>
<p><b>Subjective Norms</b></p> <p>This is the perceptions of what important people in respondent's lives think about performing a particular behavior. For example perceptions of a person or family for desirability of selecting particular careers like a teacher, accountant, engineer or entrepreneur.</p>	<p><b>Perceived Feasibility</b></p> <p>Perceived feasibility is the degree to which a person feels capable of initiating a business. In another way is an individual's believes, and capability toward creating a business venture.</p>
<p><b>Perceived Behavioral Control</b></p> <p>This is in line with Bandura's (1977, 1982) concepts of perceived self-efficacy which is focus on course of action execution by individual in responding to the prospective situations.</p>	<p><b>Propensity to Act</b></p> <p>This simply means the personal disposition to act on one's decision. The desire to take control through taking action depends on one's perceptions. Propensity to act is a likelihood of taking action.</p>

**Source:** (Lopez, 2012)

Several scholars have used the theory of planned behavior in determining entrepreneurial behavior such as (Krueger *et al.*, 1993; Douglas & Shepherd, 2002). The studies show positive relationships between individual intention toward venture creation and behavior. Intention refers to a specific target behavior of starting a business (Krueger, 1993). Therefore, the use of Shapero's entrepreneurial event theory and Ajzen's theory of planned behavior in this study will explain the relationships between entrepreneurial orientation, entrepreneurial perception (desirability and feasibility), and roles played by university which represent one of the environmental factors which has influence over new venture creation.

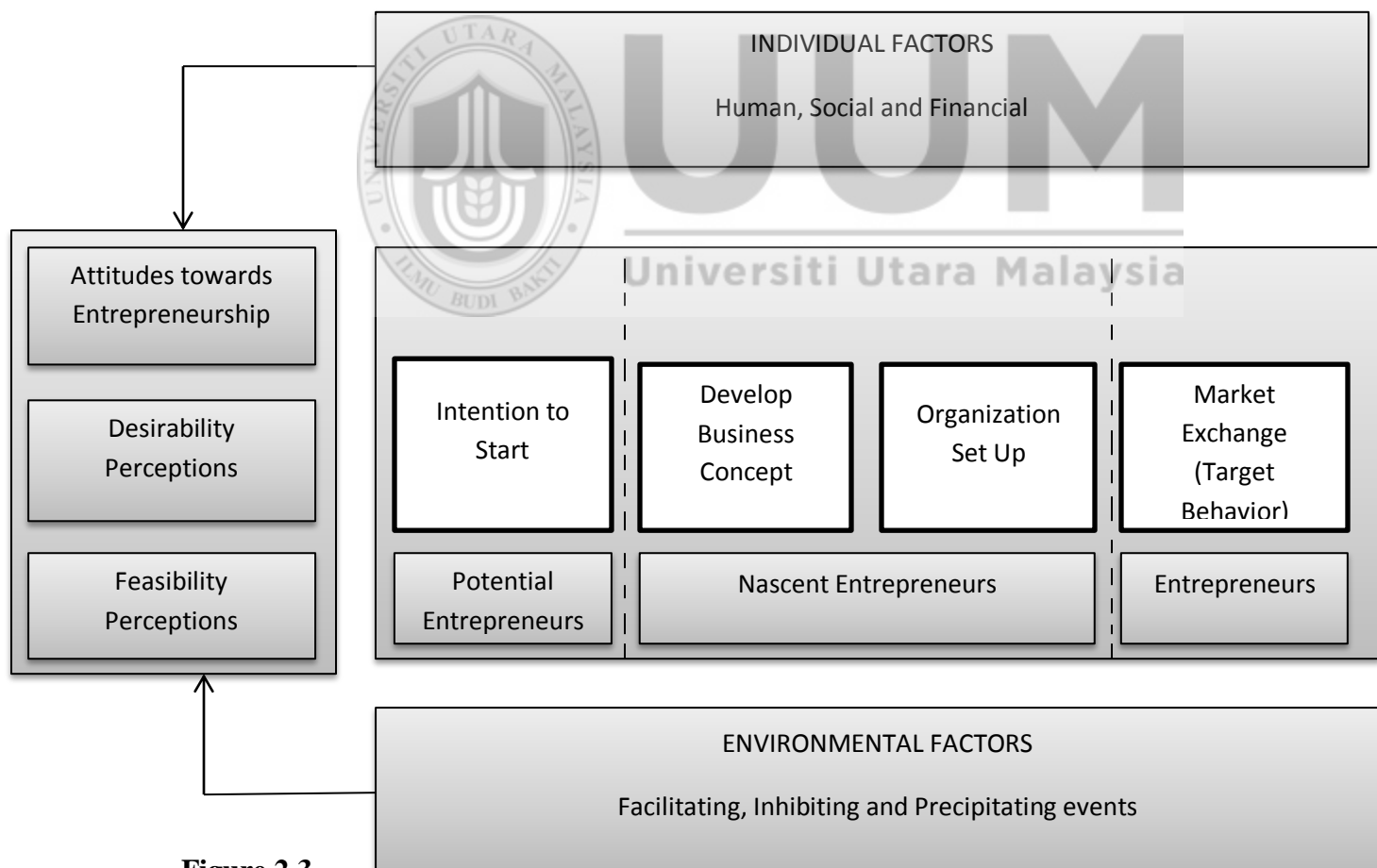
## **2.9. Past Models**

Several studies were discussed new venture creation at individual level and at the firm level. Various scholars proposed new venture creation models that suit their research interest; each model has its strength and weaknesses. Some of these models will be discuss below.

### **2.9.1 Model from: Lopez (2012)**

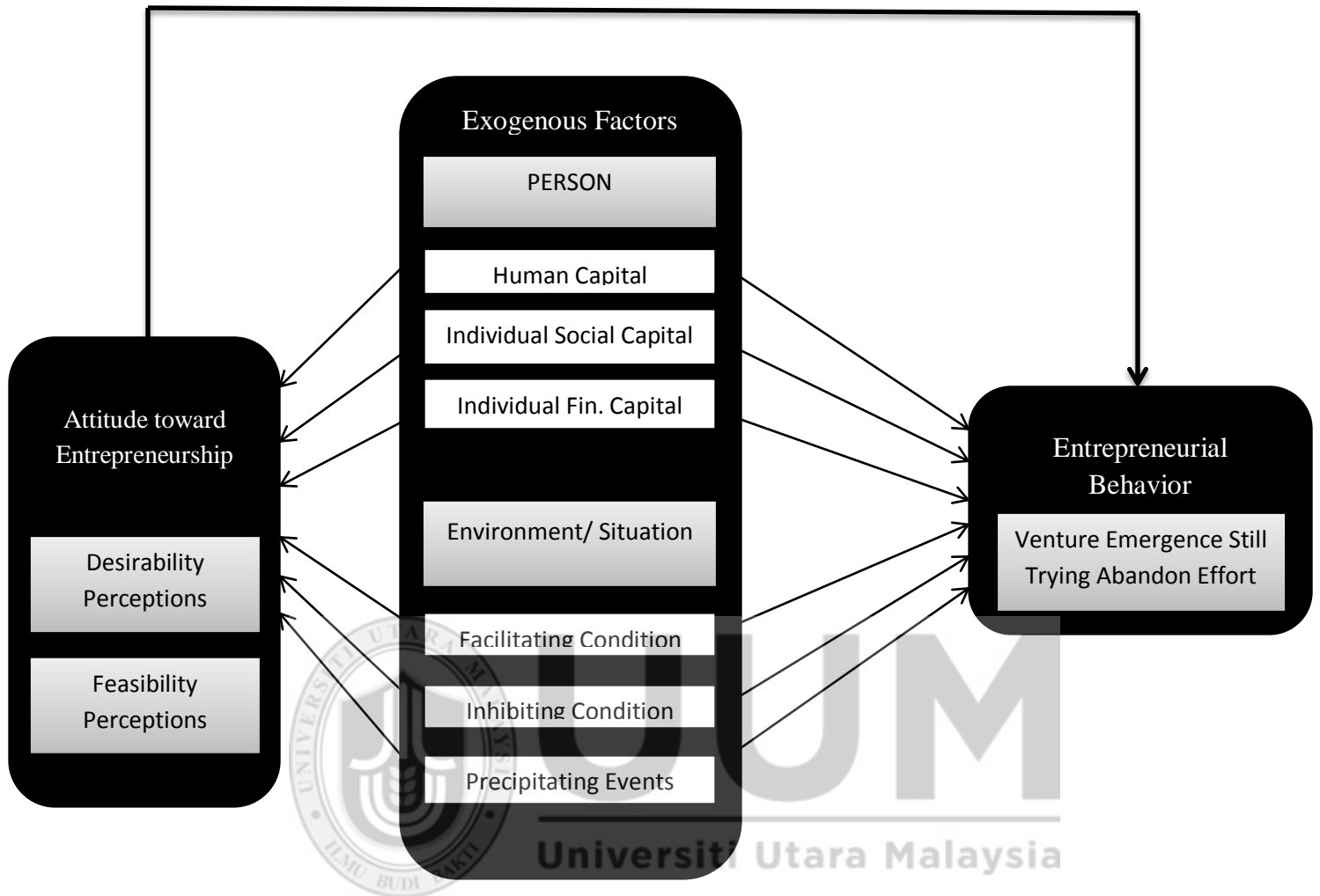
Lopez (2012) in his study on venture creation process in Puerto Rico, the study discussed the antecedents of entrepreneurial intention and the factors that influence the transition from intention to entrepreneurial behavior which may lead to venture creation or firm birth. The author's constructs three key stages of creating new venture. First he implies that evaluating of intention determinants can lead to the development of policy that influences entrepreneurial behavior, which is the laying foundation of new venture creation. Secondly analyzing theories of planned behavior is the mediator to test the validity of theory within the context of new venture creation. Last not the least assessing the transitions during the venture process that transform the intention to behavior through understanding the factors that lead to the emergence of new

venture by connecting the relationships between intention and behavior. The researcher used two samples to provide insights into the venture creation process in Puerto Rico; first Global Entrepreneurship Monitor Data (GEMD) and second sample nascent entrepreneurs. He used GEMD information to test the intentions as the initial process of venture creation, and sample of individuals (nascent entrepreneurs) from small businesses in order to test the relationship between the GEMD report and the factors that influence the intention behaviors. The study found that intentional models provide a frame work that may predict future behavior which may lead to the creation of new venture (firm birth). The study proved existence relationship between new venture creation and entrepreneurial behavior.



**Figure 2.3**

*A Conceptual Model of Venture Creation process in Puerto Rica (Lopez, 2012)*



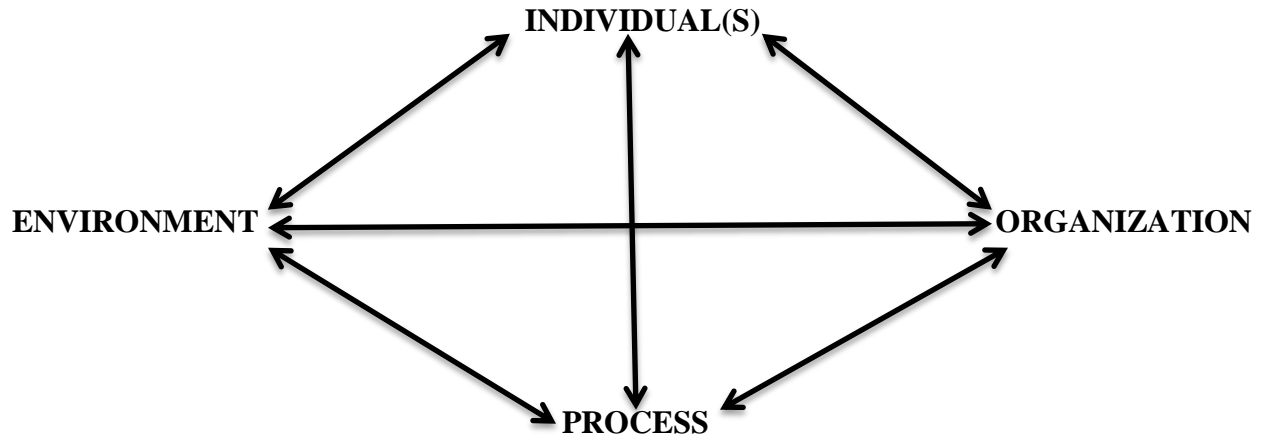
**Figure 2.4**

*Lopez Venture Creation Structural Equation Model (Lopez, 2012)*

### **2.9.2 Model From: Gartner (1985)**

This model was proposed by Gartner (1985), the model examine four integrates components of entrepreneurship. The model describes individual's characteristics, the organization which they create, the surrounding environment, and the process of starting the business; all are influencing new venture creation. The model indicates that the new venture creation is determined by the above four factors. Base on Gartner's (1985) model a new venture could be launch on one of the coming modes; it could be launch as an independent entity, or it could be launch as the new profit center of the firm, or it could be launch through a joint venture.

The model looks relevant to this study as some of the variables are similar to those used in this study. The model highlight some variables that are related to individual dimensions such as risk taking propensity, need for achievement, locus of control, education, age etc. Also in terms of environmental factors the model states some of the variables that influences environment like universities geographical proximities, availability of land, venture capital availability, attitude of the area population etc. The variables that have influence over organizational dimension are includes the new products or services, focus, government rules changes, parallel competitions etc. The last dimension of new venture creation base on the Gartner (1985) model is process which has many variables such as business opportunities; accumulate resources, markets products and services etc. Some of the above variables this study also incorporated them like university's role, entrepreneurial orientation which comprises of risk taking, innovativeness, and pro-activeness. The assumption is to have positive relationships on the new venture creation. Gartner viewed venture creation model as a multi-dimensional which depends on the type of behaviors constitute its.



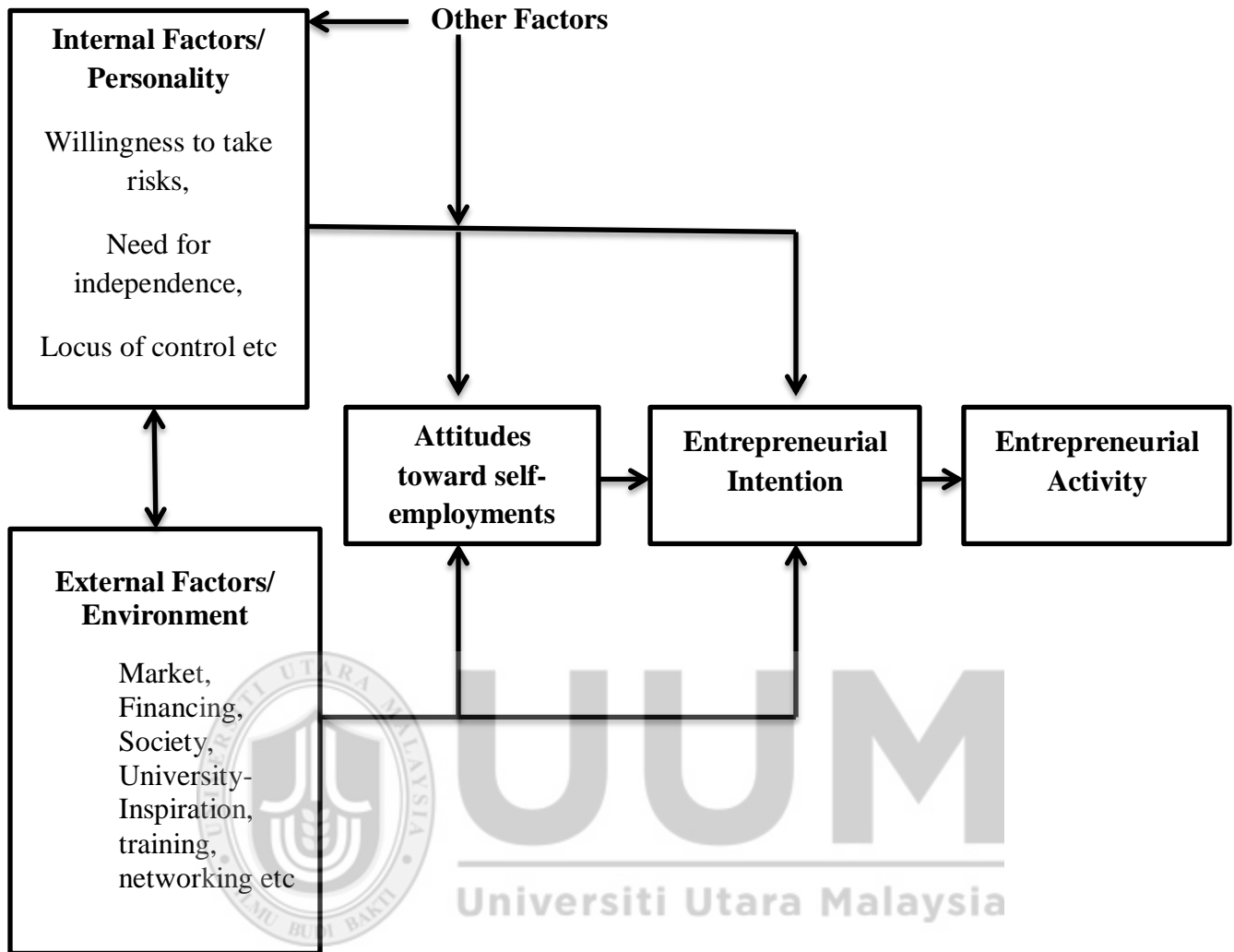
**Figure 2.5:**

*A Framework for Describing New Venture Creation (Gartner, 1985)*

### 2.9.3. Model From: Christian and Nikolaus (2004)

This model is from Christian and Nikolaus (2004) in their comparative study on entrepreneurial intention on two German (Vienna and Munich) universities. The study states factors that may influence entrepreneurial spirit among the students. The researchers used internal factors or personality traits such as willingness to take risks, need for independence, and locus of control as internal factors that might influence intention toward creation of business venture. Environmental traits such as market, financing, society, and university- inspirations, training, and networking considered as external factors. The study also implies that attitude towards self-employment can lead to entrepreneurial intention, then to entrepreneurial activity. The model states two of this research variables; risk taking and university's role as factors that has positive influence on entrepreneurial activity among students.





**Figure 2.6**

*Model of Entrepreneurial Decision Process (Christian and Nikolaus, 2004)*

## **2.10 Hypothesis Development**

According to (Noel & Shoham 2008; Elunurm 2012; Bolton & Lane 2012) proposed that entrepreneurial orientation affect new venture creation, while Israel and Johnmark, (2014) viewed that entrepreneurship perception and university's role has positively influences new venture creation.

Due to the above arguments and based on the stated purpose of the present study, these hypotheses were formulated in order to test the relationships between students' entrepreneurial orientations, entrepreneurship perception, and university's role on the new venture creation.

### **Hypothesis I**

**H<sub>1</sub>:** There is a positive relationship between entrepreneurial orientation and new venture creation

### **Hypothesis II**

**H<sub>2</sub>:** There is a positive relationship between entrepreneurship perception and new venture creation.

### **Hypothesis III**

**H<sub>3</sub>:** There is a positive relationship between University's role and new venture creation.

## 2.11 Research Framework

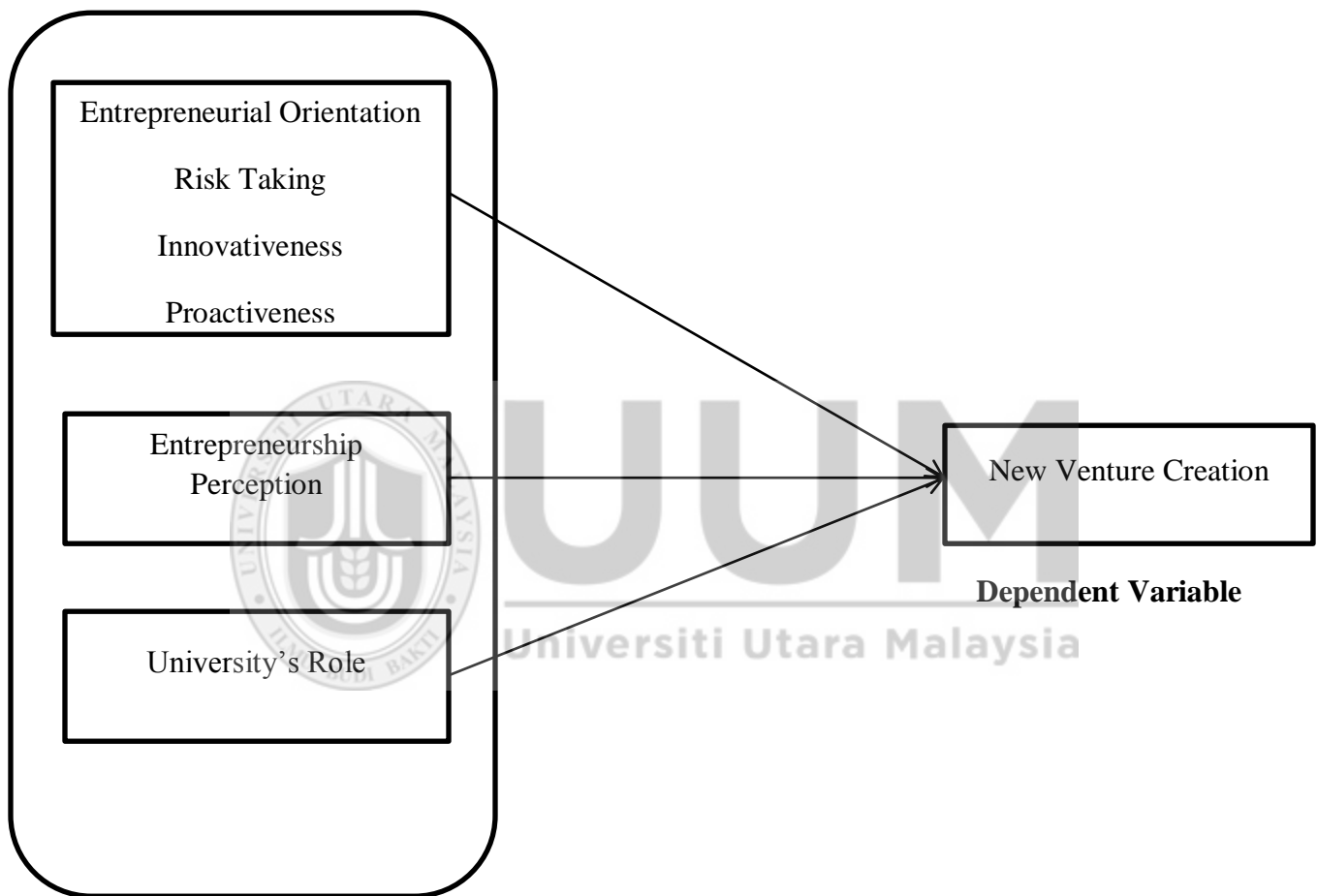
The model used in this study was built based on the previous reviewed literatures' and models of new venture creation. High demand in entrepreneurship fields' yield quit number of studies from different angles over the years. This study primarily focuses on entrepreneurial orientation, entrepreneurship perception, and university's role as independent variables, while new venture creation stands as dependent variable. These variables were chooses based on the past studies recommendations such as (Gartner 1985; Christian & Nikoulas 2004; Lopez 2012, Bolton & Lane 2012; Israel & Johnmark, 2014).

However, three independent variables mentions before individual entrepreneurial orientation consist of three determinants (risk taking, innovativeness, and pro-activeness) were developed by the Bolton and Lane (2012). Entrepreneurship perception and university's role were developed by Israel et al., (2014).

The dependent variable of this study, new venture creation has many dimensions like individual level and organizational level dimensions as stated earlier by Gartner (1985), but this study preferred to use Israel et al., (2014) proposed dimensions due to its up to datedness'. The model proposes the entrepreneurship perception and university's role as significant variables that have direct influence over new venture creation.

## 2.12 Research Model

The framework of this study is diagrammatically showed below.



**Independent Variables**

**Figure 2.7**

*Research Model*

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discusses the methodology used to examine the proposed conceptual model of the research. It discusses the theoretical framework to back up the concept of the research in order to achieve the objective of this study. The chapter discusses a research design of the study. Also the chapter discusses population of the study, sample size, sampling techniques, measures and instruments of the research, unit of analysis, validity and reliability of the variables used to answer the research questions and test the hypotheses. It also discusses the approach used in analyzing theoretical relationships. Finally the chapter discusses techniques of data collection and analyses.

#### **3.2 Research Design**

Conducting a research require formulation of proper design on the way the research will be conducted. Sproull (1995) define research design as a plan that lead to conduct a research which consists of elements and the procedures. Understanding a clear research design will enable the researcher to undertake his/her intended study in appropriate manner. Two important factors conformed by Kumar (1996) should be taking into consideration in designing a research: First research area should be clearly identify and process development for the commencement of the

research. The second component, proper selection of the techniques and procedures to assured validity, objectivity and accuracy of the data. These two components indicate that research design is not valid and acceptable if the design lack to incorporate proper selection techniques and procedures. A quantitative descriptive approach was proposed in this study due to its accuracy and reliability. The main advantage of this approach is quantifying the relationship between variables, as the numbers is impressive rather than other methods or designs. A quantitative approach assumes that behavior is predictable and explainable (Johnson & Christensen, 2012). Understanding entrepreneurial mindset in individuals through descriptive approach will be more accurate and precise due to the high number of sample size in predicting and explaining the phenomena. The study proposed to use survey questionnaires which will be distributed to the target respondents (UUM international students).

To avoid failure in this study, the research was conducted through the survey questionnaire instrument. The items used in this study were adapted base on the past researches in this area with minor modifications to make it applicable to UUM international students. A covering letter was written to introduce the researcher. The survey questionnaire of this research was divided in to two sections: Section 1 consist of demographic survey items, while section 2 consist items used in measuring independent variables (entrepreneurial orientation, entrepreneurship perception and university's role), and dependent variable which is new venture creation.

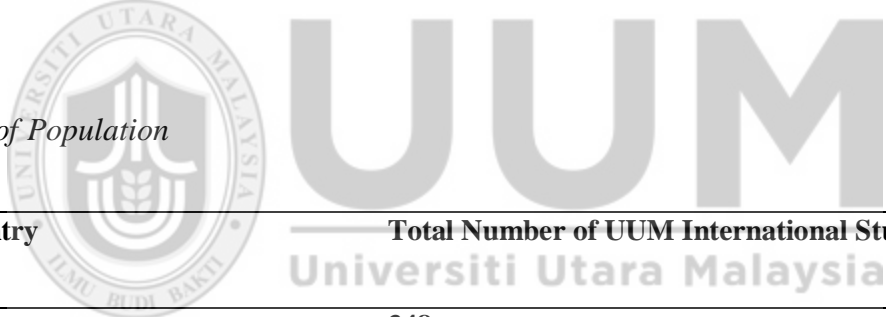
The test instrument developed by Bolton and Lane (2012) was adapted for entrepreneurial orientation which consists of ten items. Instruments developed by Israel and James (2014) were adapted for entrepreneurship perception, university's role and new venture creation.

### 3.3 Population of the Study

Sadiq, (2014) defines population of the study as a complete set of units of analysis which a researcher was investigating within a time frame and defined extent. A population of this study comprises of all the current international students in UUM. In conducting a research, target population is very important due to their role played toward success of the research. The target population of this study is Universiti Utara Malaysia (UUM) international students. Therefore, the population comprises students from over 42 foreign countries. Based on the information obtained from UUM Academic Affairs Division, the population was estimated to be about 1,711 students.

**Table 3.1**

*Distribution of Population*



Name of Country	Total Number of UUM International Students
Nigeria	348
Indonesia	263
Iraq	235
Jordan	134
Pakistan	114

**Source:** *UUM Academic Affairs Unit (March, 2015)*

### 3.4 Sampling Size

Sampling size is the number of units that a researcher tends to utilize as a sample in order to obtain the information on the study being conducted. Shapero's (1982) define sample size as the number of units that were chosen from which data were gathered. The central concern of any sample size is good representation of the target population, therefore larger sample size in most cases is better to generalize a reliable outcome results.

The main concern of this study is new venture creation among international students in UUM. To select respondents from this population, Kreijcie and Morgan (1970) suggested a sample size of 313 for a population of 1,700 to 1,800.

### 3.5 Sampling techniques

There are many ranges of techniques in selecting sample size. For this study, convenience sampling technique would be used in gathering the data. A convenience sampling is a non-probability sampling method which allows the researcher to select a subject base on the conveniences in getting access to the respondents or proximity. In a situation whereby sampling frame is not well establish, and information of the population is not well known, convenience sampling method should be used by the researcher (Samuel, Ernest, & Awauh 2013). This study lacks full respondent's information like names, programs and matric numbers. As such simple random sampling could not be employed. Thus, convenient sampling technique was employed to select respondents.



### 3.6 Measurement of construct

Measurement is very crucial to empirical study. A methods used to collect data involves measuring many items. Measurement defines as rules for assigning numbers to a particular object to represents quantities of attributes (Bhatti *et al.*, 2015). The variable of this study were measured by using five-point scale ranging from strongly agree to strongly disagree base on the past studies of Bolton et al., (2012), and Israel et al, (2014).

New venture creation was measured using the items developed by Israel et al (2014). The construct consists of four items, and the respondents were asked to choose one out of the five- according to 5 point likert-scale, from strongly disagree to strongly agree. The construct consists of items were options (1) I seriously considered entrepreneurship as a highly desirable career option, (2) I aspire to be self-employed, (3) I have seriously determined business opportunities in my own locality, (4) I have the basic knowledge and skills required to start a new business initiatives.

Entrepreneurial orientation was measured with ten items using five likert-scales. The measures were developed by Bolton and Lane (2012) to measures individual entrepreneurial orientation. The respondents were asked to select from strongly disagree to strongly agree. Entrepreneurship perception was measured using the four items developed by Israel et al, (2014). The respondents also were asked to selects between strongly disagree to strongly agree by using five likert-scale.

University's role was also adapted from the study developed by Israel et al, (2014) which consist of four items. The items were also selected by the respondents using likert-scale of five; from strongly disagree to strongly agree.

### **3.7 Unit of Analysis**

Unit of analysis is one of the most important areas in conducting research. It's the main entity in analyzing the study. The appropriate unit of analysis used to investigate the concepts of this research is individual or in other word the unit of analysis of this study is individual's international students in UUM.

### **3.8 Data Collection Procedures**

Data collection procedures defined as a means through which a researcher collects the necessary data for the research under investigation, it could be internally or externally; primary or secondary (Sadiq, 2014). A method of collecting data that a researcher could be used involves survey questionnaire, observation or interview. This study implies survey questionnaire as a primary source of data collection. A pilot study was conducted to evaluate the reliability and validity of the survey instrument. After that a total of three hundred and fifty questionnaires were distributed to UUM international students. The researcher used self-administered method of distributing questionnaires to the respondents at various gathering places such as; Sultanah Bahiyah library, Sultan Badlishah Mosque, faculties, as well as students' accommodation hostels in some instances.

### **3.9 Pilot Study**

To avoid misunderstanding or misinterpretation of questionnaire by the whole respondents, pilot study is highly recommended by many scholars to test the scale and validity of the questions,

which may guide the researcher to go ahead or to address the areas that has a problem. Pilot study help to increase the validity and reliability of the study findings. Lancaster, Dodd, and Williamson (2004) suggest that a good conducted pilot study will provide a clear aims and objectives of the study which may testify that the research is scientifically valid and publishable, which can lead to a higher quality report.

The adapted questionnaires of this study were distributed to the several international students in UUM. After that, the responses were received and analyzed to see whether the expected result was achieved through the pilot study. Later, revision of the questions were carried out, any question which does not gives useful result was removed; defend on its importance to the whole research. Isaac and Michael (1995) opined that a sample of 10 to 30 respondents will be sufficient for conducting pilot study and it's advantageous to utilize the resources. Pilot test was conducted among 30 UUM international students to examine the reliability of the survey instruments. The respondents were selected randomly from different countries and programs by administering the questionnaire to them. A total of 22 items excluding demographic data were tested which comprise the whole variables; entrepreneurial orientation, entrepreneurship perception, university's role and new venture creation.

### **3.10 Response Rate**

The acceptable rate of response by the respondents is 32.6% as suggested by (Johnson & Owen 2003). The sample size used for this study as recommended by Kreijie and Morgan (1970) was 313 respondents; in order to avoid low returned response, 350 survey questionnaires were administered. Out of the distributed questionnaires a total number of 312 questionnaires were

collected which represent 89%. Only 301 returned questionnaires were found completed and valid which represents 86%. The maximum time consumes to answered the survey questionnaire of this study is between 5-8 minutes which shows time consciousness of the researcher.

### **3.11 Data Analyses Technique**

There are different techniques of analyzing data such as used of standard deviation, mean deviation, factor analyses, analysis of variance, correlation analyses, regression analyses etc. In order to analyze the data for this study; a total number of four variables were taken into account namely entrepreneurial orientation, entrepreneurship perception, university's role and new venture creation. The data will be analyzed by using Statistical Packages for Social Science (SPSS) software version 20.



### **3.12 Reliability and Validity**

To ensure reliability of the measures Bhatti et al., (2015) implies that the reliability of a measure is established by testing for both consistency and stability. Conducting pilot testing of instrument is very crucial; it will help the researcher in finding consistent result. Reliable data is very important in contemporary research. Saunders, Lewis and Thornhill (2007) define reliability as the tendency of getting same results when measurements repeated under similar circumstances. Reliability of an instruments used in the research is acceptable from 0.60 to above (Malhotra and Majchrzak, 2004). Base on this school of thought, any consistent results from 0.60 and above is

acceptable, while other school of thought argue that reliability should be at least from 0.85- 0.90 (Monette, Sullivan, & Dejong, 2002).

Bhatti et al., (2015) defines validity as a “process of testing whether the researcher manages to measure for what he/she plans for particular study, and if yes, then up to what extend the results are truthful” (p. 73). A study is considered valid due to its accuracy over predicting reality. The aim of validity in research is to prove measures used in a study as accurate, due to this assumption this study is aimed to provide valid results which may remain accurate over a predictable period. Validity can be evaluated through internal dimension or external dimension. Saunders et al, (2007) explains internal validity as the likelihood that experimental manipulation was responsible for the differences occurred. On the other side external validity refers to the situation where the results of the study can be generalized to the larger population. Reliability and validity of the study will allow generalizing in comparison to similar circumstances.

### **3.13 Chapter Summary**

The chapter was highlighted the proposed research methodology for evaluating the structure of the research. The chapter discusses underpinning theories that support the research frame work. Also the chapter takes a look for past models, hypotheses development, research design, population of the study, sampling size, sampling techniques, measurements of construct and instrumentation. It also explains data collection procedures, pilot study, non-response bias, data analyses techniques and finally reliability and validity of the instruments. The next chapter will present the analysis of this study.

## **CHAPTER FOUR**

### **ANALYSES AND FINDINGS**

#### **4.1 Introduction**

This chapter discussed the data collection processes and analysis of findings. The chapter explains the process involves in data analysis which includes data cleaning and cleansing, removing of outliers and missing data. It also discussed factor analysis and test of normality, descriptive statistics of the respondents. The reliability and validity test of measurement, t-test and regression analysis were also conducted. All these analyses were conducted through the help of SPSS version 20.

#### **4.2 Response Rate**

A self-administered questionnaire data was collected from UUM international students, based on the Kreijie and Morgan (1970) recommendations, the appropriate sample size that can represent the population of this study was three hundred and thirteen respondents, whom were international students in UUM. The study distributed higher number of questionnaires; three hundred and fifty questionnaires were administered with a view to improving response rate. Three hundred and twelve questionnaires were returned which marks 89% response rate while thirty eight questionnaires were not returned. Out of the three hundred and twelve returned questionnaires eleven were invalid, while three hundred and one were usable making 86% valid response rate. Summary for this information is coming in Table 4.1 below:



**Table 4.1***Summary of the Questionnaires and the Response Rate*

Item	Remarks	Percentage/Frequency
Sample size of the study	313	
Distributed questionnaires	350	
Returned questionnaires	312	89%
Unreturned questionnaires	38	11%
Usable questionnaires	301	86%
Unusable questionnaires	11	3%

The response rates for this analysis marking 89% responses, which is good enough to conduct analysis. Therefore, three hundred and one valid responses were used initially before removal of outliers for the further analysis.

#### **4.3 Data Screening and Cleansing**

Screening of the data was done after examining the basic descriptive statistics and distributions of frequency of the imputed data.

##### **4.3.1 Detection of Missing Data**

Detection of error in analysis is very common due to the human nature. Error can be occurred as a result of oversight in the process of entering the data in to the software (SPSS), or could be happened as a result of unavailable information given by the respondents.

Data could be corrected by sorting out cases as stated by Pallant (2013); the process involves data-sort cases-variable-ascending-or descending order procedures. The error could be corrected by referring to the pre-numbered original collected data. The second alternative by the same author could be sort out by applying the analyzed- descriptive frequency method.

However, dealing with a missing data according to Hair, Black, Babin, and Anderson (2010) suggests that any case that has over fifteen percent missing data shall be dropped provided that the remaining sample size after the drop of missing data cases is efficient to conduct further analysis.

Sekaran (2003) opined that single missing data case could result to mislead the research findings. Due to this assumptions, identifying and addressing the missing data is very important in the research process. Missing data has negative influence to the researcher, it could reduce the sample size available for analysis and this could result to bias conclusion of the research. There are four steps process of treating missing data as stated by Hair et al., (2010). The first step is determining the type of missing data, followed by the extent of missing data; then diagnosing the randomness of the missing data, and finally, selecting the method of imputation the data.

This study detects missing data by applying descriptive statistics of frequency test. Furthermore, the research runs the missing value analysis in detecting the missing values.

This study counted out cases with more than 15 percent incomplete data as opined by (Sekaran 2003). Therefore, a total of 312 responses received but only 301 were valid, eleven cases were incompletes, which left 301 valid responses before deletion of outliers.

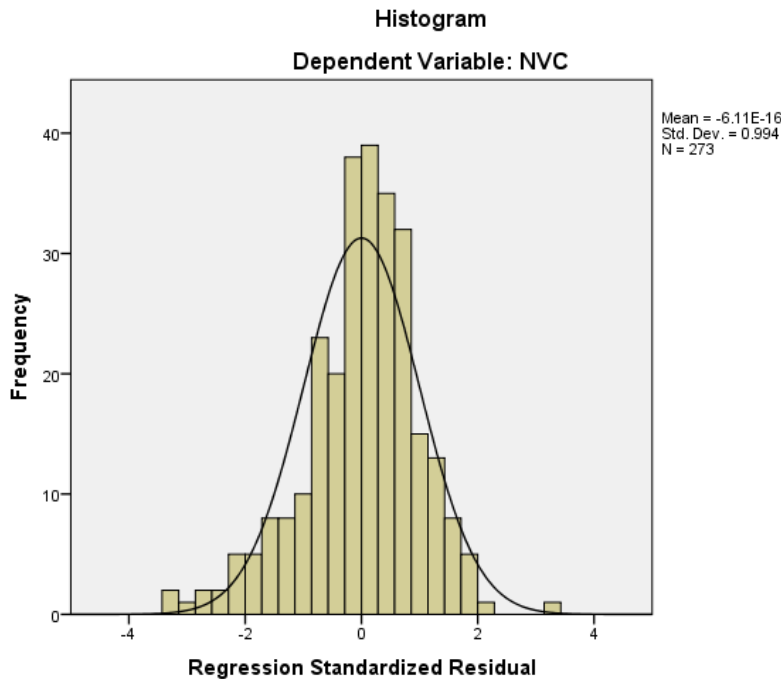


#### **4.3.2 Outliers**

Treatment of outliers is very important after checking the missing value in analyzing data. Detection of outliers would enable researcher to remove any data that is outside from the normal distribution of data. For example some respondents might mark all strongly disagree, neutral or strongly agree in filling the survey questionnaires. This can result to distort the analysis outcomes. Outlier can be in favor of the research analysis or unfavorable to the data analysis. In this research, out of the three hundred and one key in data, twenty eight cases were detected and deleted which left the valid data of 273 cases. After deletion the outlier's cases through univariate method which the researcher followed the method of deletion outliers; analyze-descriptive- descriptive statistic- standing variable; the z-score were created. Also the researcher used Mahalanobis for further deletion of multivariate outlier's cases. Furthermore, new histogram and box plotted shows absence of any outlier's case in the all remained cases.

#### **4.3.3 Normality Test**

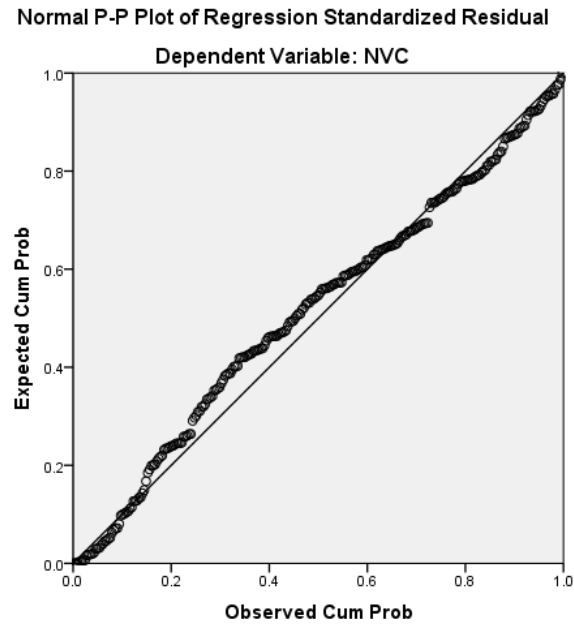
Sekaran and Bougie (2013) explains the rationale behind doing normality test, they viewed that normality test will ensured the properties of the population were not under represented or over represented in the sample, and the sample mean will be near to the range of the population. Hair et al (2010), seen normality as the most important assumption in analyzing multivariate data. This study adopted the analyzed- descriptive- explore process for testing the normality of the data. Both of the histogram and Q-Q plot results shows that the data was relatively normal as shows in figure 4.1.



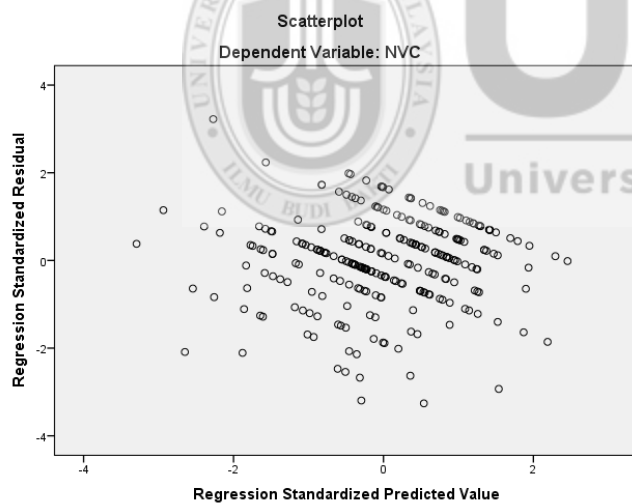
**Figure 4.1**  
*Histogram and check of normality*

#### 4.3.4 Linearity Test

Linearity test of the data could be observed through linearity residual plot or examination of scatter plot (Hair *et al*, 2010). Linearity can show the change in relationship in the dependent and independent variables. Linearity could be used to identify the relationship between variables in a straight line (Sadiq, 2014). The researcher conducted a linearity test to know whether the relationship between variables have change through plotting the normal P-P plot. The observation of the scatter plot as in figure 4.2 showed a straight line relationship with a predicted value of dependent variable (new venture creation) not a curve.



**Figure 4.2**  
*Normal P-P plot of checking linearity*



**Figure 4.3**  
*Linearity Scatter plot diagram*

From the above graph, the scattered plots show the linearity relationship between entrepreneurial orientation, entrepreneurship perception, university's role and dependent variable new venture creation. Therefore the data proved the linearity assumption of multiple regressions.

#### 4.3.5 Homoscedasticity (Levene Test)

According to Groves and Peytcheva (2008) non response bias is the researcher failure to collect survey data from the target respondents. Non response bias is very common in social science research due to the individual differences. Some of the researchers may select a wrong respondent samples or low respondents; this might question the validity of the data. One of the ways of treating non response bias cases is by comparing the early and late filled and returns questionnaires. May be first administered survey questionnaires are more available to find them rather than the late respondents; due to this problem a non-response bias might arise. In this study the researcher administered questionnaires to the target respondents.

The researcher used early and late responses questionnaires in order to validate the early and late responders' bias. The early filled and returned questionnaires were two hundred questionnaires, and the late ones are one hundred and one questionnaires. A new variable named response rate was created by assigning (1) to represent early responders and (2) to represent late responders. Pallant (2013) t-test recommendations were used in this analysis. The result was shown in Table 4.2 below.

**Table 4.2**

*Result of the Early and Late Responders in Non-Response Bias Test*

Variables	Sig.
Entrepreneurial Orientation	.140
Entrepreneurship Perception	.064
University's Role	.073
New Venture Creation	.150
P>0.05	

However, table 4.2 shows that all the variables significance level is above .05 which signify the same variation of the early and late responders.

**Table 4.3**

***Independent Samples T-Test Result***

	Levene's test For equality of Variances		t-test for equality of means			
	f	Sig.	T	df	Sig. (2-tail)	Mean differences
<b>REO</b>						
Assumed equal variance	2.193	.140	-1.874	271	.062	-.17288
Equal variances not Assumed			-2.019	48.987	.050	-.17288
<b>REP</b>						
Assumed equal variance	3.464	.064	-.056	271	.955	-.00554
Equal variance not Assumed			-.067	53.905	.947	-.00554
<b>RUR</b>						
Assumed equal variance	3.236	.073	-1.791	271	.074	-.19514
Equal variance not Assumed			-2.207	55.783	.031	-.19514
<b>RNVC</b>						
Assumed equal variance	2.087	.150	-.941	271	.347	-.10039
Equal variance not Assumed			-1.048	50.355	.300	-.10039

The independent t-test result all shows that there was no significantly significant difference between the early respondents and late respondents except in university's role variable as indicated in the (2-tailed) result which shows a less than 0.05.

#### 4.4 Factor Analysis

Hair et al., (2010) define factor analysis as a technique that defined the underlying structure of a data matrix, reduced a number of large variables into smaller ones, provided operational definition for a variable and tested theory about the nature of an underlying process. A factor analysis was conducted in this study to find out whether the items used define what they proposed to measure. In short factor analysis is a short way of summarization and reduction of a data. In this study a principal factor analysis and rotation varimax were adopted.

The data for the first independent variable; entrepreneurial orientation items were analyzed. All the ten items were above the minimum value of 0.40 except item number two which was discarded. The item had been deleted because it did not load on one factor extraction. Nine items for entrepreneurial orientation were included in the factor which accounted for 27.403% of the variance with Eigenvalue of 3.82 and a KMO of .857. The result met the minimum KMO requirement as stated below .50 is not acceptable but .80 and above is meritorious (Hair et al 2010). The Table 4.4 below will provide factor analysis result for entrepreneurial orientation.

**Table 4.4***Factor Analysis for Entrepreneurial Orientation*

<b>Entrepreneurial Orientation</b>	<b>Factor Loading</b>
I like to take bold action into the unknown	.570
I tend to act “boldly” in situations where risk is involved	.578
I often like to try new and unusual activities that are not typical But not necessarily risky	.545
I prefer a strong emphasis in projects on unique, one of a kind Approaches rather than revisiting tried and true approaches used before	.667
I prefer to try my own unique way when learning new things rather than Doing it like everyone else does	.610
I favor experimentation and original approaches to problem solving Rather than using methods others generally use for solving their problems	.740
I usually act in anticipation of future problems, needs or changes	.617
I tend to plan ahead on projects	.660
I prefer to step up and get things going on projects rather sit and wait for Someone else to do it	.447
Eigen Value	3.82
Percentage of variance explained (%)	27.403
Kaiser-Meyer-Olkin	.857
Bartlett’s test of sphericity approx. chi square	687.640
Principal Component Analysis. A1 component Extracted	

The factor analysis for entrepreneurship perception was shown in Table 4.5. All the items were retained. The result in table 4.5 shows that the results for percentage of variance explained were 61.492%, with Kaiser- Meyer- Olkin (KMO) output of .737 which is also acceptable. From the observed result of Eigen value showed the value of 2.46 and Bartlett’s sphericity haven a value of 325.240 with associate significance of .000 which indicated that the result met the factor analysis requirement.

**Table 4.5**  
*Factor analysis for Entrepreneurship Perception*

Items	Factor Loading
Entrepreneurship is about job creation	.686
Entrepreneurship is an honorable profession	.756
I respect people who are entrepreneurs	.773
I admire those who succeed in running their own business	.762
Eigen Value	2.46
Percentage of variance explained (%)	61.492
Kaiser-Meyer-Olkin	.737
Bartlett's test of sphericity approx. chi square	325.240
Principal Component Analysis. A1 component Extracted	

The third variable in this analysis is university's role; the result in table 4.6 indicated that Kaiser-Mayer-Olkin (KMO) measure of sampling adequacy (MAS) for university's role indicated the value of .717 which was middling for factor analysis base on (Hair *et al.*, 2010) recommendation. The Bartlett's sphericity shows the value of 325.240 with a percentage of variance of 50.883. The result also met factor analysis requirement. Therefore all the items were selected for factor analysis.

**Table 4.6**  
*Factor analysis for University's role*

Items	Factor Loading
Entrepreneurial or business related examples are included in my program	.684
UUM has infrastructure in place to support the startup of new businesses	.724
Entrepreneurship courses should be made compulsory in order to stimulate entrepreneurial spirits in campus	.439
There is student clubs on campus which promote entrepreneurial activities	.706
Eigen Value	2.04
Percentage of variance explained (%)	50.883
Kaiser-Meyer-Olkin	.717
Bartlett's test of sphericity approx. chi square	159.830
Principal Component Analysis. A1 component Extracted	



The dependent variable of this study new venture creation which has four items was also test for factor analysis. The result as in Table 4.7 below indicated that all the items met minimum requirement for factor analysis. The Kaiser-Meyer- Olkin (KMO) was also middling .739 as mention by (Hair *et al.*, 2010) a minimum requirement of 0.50. All the items accounted for 62.638 percent of variance with Eigen value of 2.51.

**Table 4.7**  
*Factor Analysis for New Venture Creation*

Items	Factor Loading
I seriously considered entrepreneurship as a highly desirable career option	.683
I aspire to be self –employed	.730
I have seriously determined business opportunities in my own locality	.782
I have the basic knowledge and skills required to start a new business initiative	.736
Eigen Value	2.51
Percentage of variance explained (%)	62.638
Kaiser-Meyer-Olkin	.739
Bartlett’s test of sphericity approx. chi square	352.943

Principal Component Analysis. A1 component Extracted

#### 4.5 Reliability and Validity

According to Bhatti and Sundram (2015) defines reliability as the extent to which a scale produces consistent results if repeated measurement made (p.183). A Croanbach’s alpha is the most common frequently used by the researchers to measure internal consistency of instruments. A croanbach’s alpha of 0.60 and above are reliable in testing internal consistency of the instruments (Sekaran *et al.*, 2013; Bhatti *et al.*, 2015). In order to test the validity of the research

instruments factorial validity had been submitted and the result shows that all the instruments used are valid and reliable.

The validity of the instruments can be measure through using Kaiser- Mayer- Olkin (KMO) and Bartlett's test of sphericity. The study test the validity of this research instruments through KMO and the result shows a KMO of .86 for entrepreneurial orientation, .74 for entrepreneurship perception, .72 for university's role, and finally .74 for new venture creation.

However, all the variables of this study met the minimum requirement of  $.60 < \text{Croanbach's alpha}$  coefficient as suggested by (Bhatti and Sundram 2015; Sekaran *et al.*, 2013). Table 4.8 will show the Croanbach's alpha of .83, .79, .68 and .80 for entrepreneurial orientation, entrepreneurship perception, university's role and new venture creation respectively.

**Table 4.8**

*Validity and Reliability Analysis*

Factor	No of items	KMO	Croanbach's Alpha
Entrepreneurial orientation	9	.86	.83
Entrepreneurship Perception	4	.74	.79
University's Role	4	.72	.68
New Venture Creation	4	.74	.80

#### 4.6 Descriptive Analysis

The general information on respondents selected demography was involved in this study. The section marked as section 1 consisted of nine questions to explain demographic and entrepreneurial related information of the respondents on gender, age, marital status, current program, area of study, semester, nationality, work experience and entrepreneurial experience.

Base on the above information the descriptive analysis was submitted through analyze-descriptive- frequency process as directed by (Bhatti *et al.*, 2015). The output results of the descriptive analysis on respondents' demography are shown in Table 4.10 coming below.

**Table 4.9**

*Respondents Profile*

Variable	Description	Frequency	Percent (%)
<b>Gender</b>	Male	213	78.0
	Female	60	22.0
	<b>Total</b>	<b>273</b>	<b>100.0</b>
<b>Age</b>	< 20	15	5.5
	21-30	128	46.9
	31-40	105	38.5
	40 and above	25	9.2
	<b>Total</b>	<b>273</b>	<b>100.0</b>
<b>Marital Status</b>	Single	144	52.7
	Married	124	45.4
	Divorced	5	1.8
	<b>Total</b>	<b>273</b>	<b>100.0</b>
<b>Current Program</b>	Bachelor	83	30.4
	Master	100	36.6
	PhD/DBA	90	33.0
	<b>Total</b>	<b>273</b>	<b>100.0</b>
<b>Area of Study</b>	Applied Science/		
	Engineering	41	15.0
	Art	15	14.0
	Management	217	71.0
	<b>Total</b>	<b>273</b>	<b>100.0</b>

<b>Semester</b>	1	78	61.2
	2	71	26.0
	3	55	20.1
	4	37	13.6
	5	10	3.7
	6	19	7.0
	7	-	-
	8 and above	3	1.1
	<b>Total</b>	<b>273</b>	<b>100.0</b>
<b>Nationality</b>	Asian	168	61.2
	African	105	38.8
	Others	-	-
	<b>Total</b>	<b>273</b>	<b>100.0</b>
<b>Work Experience</b>	0-1year	41	15.1
	2 years	30	11.0
	3 years	24	8.8
	4 years and above	90	32.9
	No experience	88	32.2
	<b>Total</b>	<b>273</b>	<b>100.0</b>
<b>Entrepreneurial Experience</b>	0-1year	26	9.5
	2years	21	7.7
	3years	11	4.0
	4years and above	20	7.4
	No Experience	195	71.4
	<b>Total</b>	<b>273</b>	<b>100.0</b>

There were 273 valid responses of this study; from these responses 213(78%) were male, while female responses were 60(22.0%). The respondents whose age range falls into 21-30(46.9%) have the highest percentage, followed by those between the age ranges of 31-40(38.5%). The result also shows respondents with age range of 41and above (9.2%), for those in the range of < 20(5.5%) years.

The above data shows out of 271 respondents 144(52.7%) students were single, 124(45.5%) students were married, and only 5(1.8%) students were divorced. The analysis also shows the current program of the respondents; Bachelor degree students were 83(30.4%), master's students have the highest number of 100(36.6%) respondents, followed by PhD/DBA students who have 90(33%) respondents.

From the above data, area of study analysis shows the result of 41(15%) respondents were applied science and engineering students, the highest number of 217(71%) were management students and the remaining 15(14%) respondents were arts students. Analysis of the semester level of respondents indicated that 78(28.6%) respondents are in their first semester, 71(26.0%) are of second semester, 55(20.1%) are of third semester, 37(13.6%) are in their fourth semester, 10(3.7%) are of fifth semester, 19(7.0%) are in their six semester, and the remaining 3(1.1%) are in eight semester and above.

Respondents' nationalities were categorized into three sub categories, (Asian, African, and others) but only two continents have representatives. African nationalities have highest percentage of 168(61.2%) respondents and 105(38.8%) respondents are Asian.

Work experience of the respondents shows 41(15.1%) have only one year and below work experience, 30(11.0%) have 2years, 24(8.8%) have 3 years and 90(32.9%) have 4years and above work experience. The remained 88(32.2%) respondents don't have any work experience.

Finally, the last item in this category were entrepreneurial experience of the respondents, 26(9.5%) have less than one year entrepreneurial experience, 21(7.7%) have two years, 11(4.0%) respondents have three years entrepreneurial experience and 20(7.4%) have four years and above

entrepreneurial experience. The result shows a large percentage of 195(71.4%) of the respondents have no any entrepreneurial experiences.

#### 4.7 Correlation Analysis

The primary objective of conducting research is to identify the multiple relationship or differences between variables. Correlation analysis is a statistical method which measures the strengths of relationship between two metric variables (Bhatti *et al.*, 2015). Correlation between the variables can be strong, moderate and weak relationship.

Pallant, (2013) classify correlation strength between the variables into three categories; large, medium and small relationship. He considered .50 to .10 as a large relationship, while .30 to .49 considered as medium relationship and .10 to .29 as weak relationship.

The study employed Pearson correlation analysis to identify the correlation among the variables used in this research; entrepreneurship orientation, entrepreneurship perception, university's role and new venture creation. The outcome of the analysis indicated that there are correlations between all the variables as shows in Table 4.11 below.

**Table 4.10**

*Pearson Correlation for Independent Variables and Dependent variable*

Variables	EO	EP	UR	NVC
Entrepreneurial Orientation	1			
Entrepreneurship Perception	.396**	1		
University Role	.422**	.326**	1	
New Venture Creation	.501**	.398**	.386**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed). \*\*

The result of this analysis was shows a correlation between entrepreneurial orientation and new venture creation ( $r=.501$ ,  $p<0.01$ ), entrepreneurship perception and new venture creation ( $r=.396$ ,  $p<0.01$ ). Also the result shows a correlation between the two variables. Moreover, the analysis shows a correlation between the university's role and new venture creation ( $r=.422$ ,  $p<0.01$ ). Base on the Pallant (2013) suggestion a correlation of .50 to .10 considered as a strong relationship between the variables, for this the relationship between entrepreneurial orientation and new venture creation have a strong relationship. Entrepreneurship perception and university's role in relation to new venture creation the relationship had been considered as moderate. The general overview of this analysis shows the strongest relationship between entrepreneurial orientation and dependent variable new venture creation.

#### **4.8 Test of Hypotheses**

Sekaran, (2003) explained that multiple regressions will explain the relationship level between dependent and independent variables. In this study multiple regression were used to predict the relationship between entrepreneurial orientation, entrepreneurship perception, university's role and new venture creation. Before ascertain this analysis pre requisite test, such as test of normality, homoscedasticity and collinearity was tested and met the required values. Separate and simultaneous analysis was employed to see the relationship between dependent and independent variables. Table 4.12 below will provide separate relationship between independent and dependent variables.

**Table 4.11**

*Relationship between entrepreneurial Orientation and new Venture Creation*

Variable	R <sup>2</sup>	Adjusted R <sup>2</sup>	F	Beta	t	Sig
Entrepreneurial Orientation	.251	.248	90.810	.501	9.529	.000

\*\*p<0.005, \*\*\*p<0.001, Sig =Significant,

#### 4.8.1 Hypothesis I

This hypothesis stated that there is a positive relationship between entrepreneurial orientation and new venture creation. The above Table 4.12 supported this hypothesis. The result shows a strength relationship with a beta value of .501, and t- value of 9.529 at p< 0.05. This result shows clearly that entrepreneurial orientation is strong predictor of new venture creation. Therefore, it can be assert that the higher the entrepreneurial orientation on individual, the higher to create new venture.

**Table 4.12**

*Relationship between entrepreneurship Perception and new Venture Creation*

Variable	R <sup>2</sup>	Adjusted R <sup>2</sup>	F	Beta	t	Sig
Entrepreneurship Perception	.158	.155	50.893	.398	7.134	.000

\*\*p<0.005, \*\*\*p<0.001, Sig =Significant,



#### 4.8.2 Hypothesis II

The second hypothesis of this study stated that, there is a positive relationship between entrepreneurship perception and new venture creation. From the above Table 4.12, the result also shows a positive relationship between entrepreneurship perception and new venture creation with the beta of .398 and t-value of 7.134 at  $p < 0.005$  significance level. The result supported the hypothesis which interred that the better perception on entrepreneurship the better the relationship on new venture creation.

**Table 4.13**

*Relationship between University's Role and new Venture Creation*

Variable	R <sup>2</sup>	Adjusted R <sup>2</sup>	F	Beta	t	Sig.
University's Role	.149	.146	47.502	.386	6.892	.000

\*\* $p < 0.005$ , \*\*\* $p < 0.001$ , Sig =Significant

#### 4.8.3 Hypothesis III

This hypothesis predicted that there is a positive relationship between university's role and new venture creation. A positive relationship between university's role and new venture creation was supported. From the above Table 4.13 the result shows beta value of .386 and t-value of 6.892. The result clearly shows positive relationships which explained 47.5% variance in new venture creation. Therefore, the hypothesis was also supported.

**Table 4.14***Summary of the Tested Hypotheses (Regression Analysis)*

<b>Hypothesis</b>	<b>Significant</b>	<b>Findings</b>
H1	Yes	Supported
H2	Yes	Supported
H3	Yes	Supported

#### 4.9. Multiple Regression Analysis

Multiple regression analysis is the process of testing variables in group at the same time (simultaneously) with the aid of SPSS. Multiple regressions can help the researcher to assess the strengths of the independent variables in a group to the dependent variables relationship. Table 4.14 below explains the summary of the relationship between the variables.

**Table 4.15***Summary for Multiple Regression Analysis Result*

<b>Variable</b>	<b>R<sup>2</sup></b>	<b>Adjusted R<sup>2</sup></b>	<b>F</b>	<b>Beta</b>	<b>t</b>	<b>Sig.</b>
Entrepreneurship Orientation	.322	.314	42.544	.347	5.977	.000*
Entrepreneurship perception				.204	3.656	.000*
University's Role				.173	3.068	.002*

\*p<0.001, \*\*p<0.005, Sig =Significant

#### Result Interpretation

The result in Table 4.15 above, shows a statistical significant relationship between entrepreneurial orientation and new venture creation with .347 beta and t-value of 5.977 at p<0.001 significant levels.

The statistical relationship between entrepreneurship perception and new venture creation also shows statistical significant relationship with .204 beta value and 3.656 t-values at significant level of  $p < 0.001$ .

The result in Table 4.14 above also shows the statistical significant relationship between university's role and new venture creation at significant level of  $p < 0.005$  with a beta value of .173 and t- value of 3.068.

#### **4.10 Summary**

This chapter presented a statistical result of the findings. An issue such as missing value, non-bias response and outliers was discussed. Also the chapter discussed various statistical analyses such as descriptive statistic of the respondents and inferential statistic of the research hypothesis including regression and multiple regression analyses. The chapter supported all the hypotheses through the findings of the analysis. The next chapter will discuss the findings of the research, limitation of the study, suggestion for future researchers, theoretical and practical implications of the study.

## **CHAPTER FIVE**

### **DISCUSSION AND CONCLUSIONS**

#### **5.1 Introduction**

The chapter presented a summary of the research findings in the previous chapters. The topic of discussion consists of three independent variables; entrepreneurial orientation, entrepreneurship perception and university's role and on the other side new venture creation as dependent variable. The chapter also highlighted the vital findings that might suit the objectives and hypotheses of this research. It was also explained the theoretical and practical implications of this study. Limitation of the study and suggestion for the future researchers were also discussed. Conclusion base on the research frame work that links to the findings, significance and objectives of this study were drawn.

#### **5.2 Discussion of the Findings**

The study primarily aims to determine the relationships between entrepreneurial orientation, entrepreneurship perception and university's role in creation new venture among UUM international students.

As mention in chapter four, three hundred and fifty questionnaires were administered to the respondents whom were UUM international students for the purpose of conducting analysis. Out of this figure only three hundred and one returned questionnaires were valid. After treating for outliers, only two hundred and seventy three cases were further analyzed. The main direction of

this part was a discussion of the research information found in chapter four. In order to understand this explanation from the findings, objectives of this study are restated to give us the insight of this study.

- a. To determine the effect of entrepreneurial orientation on new venture creation.
- b. To examine the effects of entrepreneurship perception on new venture creation.
- c. To determine the role of university`s toward entrepreneurial venture creation.

The study implies three research questions with the aim of addressing the above objectives.

These questions are:

- a. Does entrepreneurial orientation has positive effect on new venture creation?
- b. Does entrepreneurship perception has positive effect on new venture creation?
- c. Does university role has positive effects on new venture creation?

The details of the findings of each of the tested hypothesis and the details of how these objectives had been achieved will be discussed.

### **5.3 Discussion from the Hypothesis Results**

#### **5.3.1 Entrepreneurial Orientation**

The first objective of this study was to examine the significant relationship between entrepreneurial orientation and new venture creation among UUM international students. The first research hypothesis in the present study shows that there is a positive relationship between

entrepreneurial orientation and new venture creation. This hypothesis was tested statistically and found significant. The result in Table 4.11 shows that for every increase in unit in entrepreneurial orientation, there was an expected increase of .501 ( $p < 0.01$ ) in new venture creation. This signifies positive relationship between entrepreneurial orientation and new venture creation.

This outcome was in line with the finding of Noel and Shoham (2008) who conducted a research on entrepreneurial orientation and international business venture start up in South Africa. The study found positive relationship between entrepreneurial orientation and new venture creation except innovative determinant which the study found not significant. In addition, study conducted by Elenurm (2012) on entrepreneurial orientations of business students and entrepreneurs in Estonia also yielded a significant result between entrepreneurial orientation and new venture creation.

The first hypothesis of this study stated that entrepreneurial orientation positively influence new venture creation. The positive relationship between entrepreneurial orientation and new venture creation shows that UUM international students are willing to take bold action into the unknown business venture. The result also revealed that international students in UUM are willing to invest in risky businesses that yield more turnovers. It was also found that UUM international students are usually ready to act in anticipation of future problems, needs or changes. The study satisfied that UUM international students are prefer to try their own unique way when learning new things rather than doing it like everyone else does. This is in line with the previous study of Gurol and Atsan (2006) on entrepreneurial characteristics amongst university students in Turkey. The study explores the traits of entrepreneurship in Turkish universities and evaluates entrepreneurial oriented students with non-entrepreneurial inclined students. The results shows

strong risk taking propensity, higher need for achievement, higher innovativeness, and higher internal locus of control in entrepreneurial inclined students.

The result is also consistent with a study of Nandamuri, et al., (2012) in their studies, a strategic analysis of entrepreneurial orientation of management graduates. The study proposed nine factors that would encourage students to be entrepreneurially oriented. The study found significant relationship among the six factors, while the four factors were found insignificant. One of the significant variables was entrepreneurial orientation.

### **5.3.2 Entrepreneurship Perception**

The second objective of the present study was to examine the significant effects of students' perception on creation of new venture. This was determined through the testing of the second hypothesis which predicts that there is a positive relationship between entrepreneurship perception and new venture creation. The findings in Table 4.12 predict that for every unit increase in entrepreneurship perception, it will result to increase .398 ( $p < 0.01$ ) percent in new venture creation. It is obvious that entrepreneurship perception can significantly influence graduates career opportunity choice. This hypothesis was supported statistically. The finding of this study was confirmed by (Shapero 1982; Renko *et al.*, 2012). The result indicated that UUM international students are respecting people chooses entrepreneurship as a profession; they are also respecting peoples whom succeed in running their businesses. This result is also consisted with the study of Shinnar, Oliver, & Frank, (2012) entrepreneurial perception and intentions: the role of gender and culture in three countries United States, Belgium and China. The study examines how culture and gender shape entrepreneurial perceptions and intentions within

Hofstede's cultural dimensions framework and gender role theory. The study found significant differences in barrier perceptions. The significant relationship between barriers perceptions on entrepreneurship and entrepreneurial intentions was also identified in the study. The study also discovered that culture and gender seem to play a crucial role in shaping the entrepreneurial perceptions among students.

The result of this study was also confirmed by Davey, et al., (2011) in a study of entrepreneurship perceptions and career intentions of international students. The authors selected first-year business students from three universities from different locations. The study chooses African countries that are either developing (Uganda and Kenya) or emerging (South Africa) and four European developed nations (Finland, Germany, Ireland, and Portugal). The researchers imply convenience sampling method in their study. The results lead to global country-specific process relating to the improvement of students orientation on entrepreneurship activities within universities. The study extends research on graduate entrepreneurship by making an international comparison between developing, emerging and developed countries, which leads to suggestions on how to incline an entrepreneurial mindset and assist new-venture creations for students. The result also found positive relationship between entrepreneurship perception and career intentions.

As observed earlier, perception on entrepreneurship needs to understand feasibility and desirability behavior of individuals. This study testifies clearly that entrepreneurship perception is an essential element that can lead to creation of new ventures among the students.



### 5.3.3 University's Role

The last objective of this study aimed at determining the significant influence of university's toward new venture creation among international students. This objective was achieved through hypothesis testing in chapter four. Hypothesis three stated that; there is a positive relationship between university's role and new venture creation. Table 4.13 predicted that for every unit increase in the university's role there was an expected increase of .386 in new venture creation at significant level of ( $p < 0.01$ ). This also shows a significant relationship between university's role and new venture creation.

The finding of this study was supported by the work of Dada et al., (2014) in their study of organizational learning, entrepreneurial orientation, and the role of university engagement among U.K SME's. The result indicates significant relationship which placed university engagement as a moderator between entrepreneurial orientation and organizational learning.

In another study of Ndirangu and Bosire, (2004) in Kenya, the study found the significant results on student's involvements in entrepreneurial activities while pursuing their studies in the university. The researcher found that 52% of the businesses run by the students were open only for sometimes; while 46% were open for all the times. The study also found the effects of academic performance for those involves in business activities during their studies. The findings indicates that only 8% among those involves in business activities were affected negatively , while more than 60% of the students shows up positive improvement in their academic excellence, while 32% argued that their performance have not been affected neither positive nor negative.

In another study by Israel et al., (2014) in a study conducted in University of Jos Nigeria, the researchers believe that universities playing important role in promoting entrepreneurial activities, since higher institutions of learning are seen as a place that shapes entrepreneurial cultures and aspirations among the students. The researchers viewed universities as a seedbed of entrepreneurial inductions and training environment that guide students the way they think and entrepreneurially behave. The study discovered a significant relationship between university's role and creation of new ventures.

The present study found that UUM international students expressed their feelings on the role of university in promoting new venture creation. Many of the respondents believed that UUM has infrastructural facilities that can enhance students' performance toward creation of new ventures, while others does not take any decision they are neither agree or disagree. Averages of the respondents believe that entrepreneurial clubs which are responsible for promoting entrepreneurial activities are very limited in the UUM campus. As a result of this entrepreneurial activities are very scarce, thus it may cause high rate of unemployment among graduates.

Since, the opportunities are no longer waiting for any one, new ventures would not be able to exploit without injecting entrepreneurial spirit among students. In fact universities are playground that would shape the future entrepreneurs' among graduates.

## **5.4 Implications of the Study**

The importance of creation new venture among the graduates is hardly over emphasizing, the present study provides theoretical and practical implications to the knowledge as highlighted below.

### **5.4.1 Theoretical Implication**

Several studies have been conducted on new venture creation at individual level and organizational level; this study contributed toward new venture creation among the international students in UUM. The result of the study provides additional contribution to the theory in the following areas:

The empirical evidence provides by the present study had contributed toward understanding international students entrepreneurial mindset in UUM. The result of this research was in line with the previous theories of entrepreneurship behavior and supported literatures in the field of entrepreneurial venture creation.

The findings of this study emphasize on the importance of entrepreneurial mindset in creating new ventures. The study found that entrepreneurial orientation was significantly influence new venture creation. Thus, the study supports the importance of entrepreneurship perception in the creation of new venture. Also the study found a significant relationship between roles played by the university in creation new ventures. In line with this creation view of new venture, empirical result of the present study supports a conceptualization of entrepreneurial orientation, entrepreneurship perception and university role.

Two theories were used in this research; theory of planned behavior (TPB) and Shapero's theory of entrepreneurship event (SEE). This study had contributed to these theories by adding more

evidence from an international student's point of view. To my little knowledge no any study of this kind was been carried out using underpinning theories stated earlier in Malaysian higher institutions of knowledge. Therefore, the present study contributed in extending the scope of the theory of planned behavior (TPB) and shapero's theory of entrepreneurship event (SEE) in a different context.

Base on the available findings on the past researches among international students in UUM, this study could be the first of its kind which combines three variables that could influence new venture creation among UUM international students.

However, from the original model of new venture creation, entrepreneurial orientation variable were not involve as a variable but the present study adopt it in order to know it relationship to the new venture creation; this could also count as a great contribution to the theories and literatures. This study also identified the need for understanding new venture creation in dealing with the international students in foreign universities. The study aims to draw the needs for more replication studies on new venture creation among Malaysian international students.

The findings of this study contribute to the literature on entrepreneurial mind set by empirically determining the relationships among entrepreneurial orientation, entrepreneurship perception, university's role and new venture creation. The study implies cross sectional data on UUM international students, the study captured empirical evidences in creation new venture. The results highlight the evidence of theory of planned behavior and Shapero's theory of entrepreneurial event (Ajzen, 1991; Shapero's, 1982) and elucidate on the relationship between the two theories. In so doing, the gap between the behavior and entrepreneurship event will be filled in entrepreneurship venture creation school of thought.

### **5.4.2 Practical Implications**

From the findings of this study, it was discovered that the results could benefit policy makers, students and university authority.

Policy makers at various levels could enhance policies that would encourage entrepreneurial activities among students and potential entrepreneurs, such as creation of skills acquisition centers and providing training that could improve entrepreneurial thinking. Governments at all levels should put in place policies that could enhance livelihood of their teaming youths to reduce relying on the governments and avoid redundancy among the youth after their graduation especially in African and Asian countries. This study could also be beneficial to policy makers; government should encourage small and medium enterprises among the graduates through collaboration with financial institutions on public private partnership policy. This will improve entrepreneurial mind set and standard of living among the students. Furthermore, criminal acts such as robbery, kidnapping, raping, drug abuse etc. could also reduce drastically among the youths.

Secondly, Students as target respondents of this study could be beneficial to this research in terms of their academic activities such as assignment, tutorial and entrepreneurial discussion among them. It could also be beneficial to students in understanding new venture process and way of exploring business opportunities in their various places. The study could also benefit students' in choosing their career during their studies or after graduation.

Thirdly, university authority could benefit from this research by addressing new venture creation challenges before the students by putting in place all necessary input that should enhance entrepreneurial mind set among the students, such as entrepreneurship training, designing a curriculum that would involves entrepreneurial courses in each program regardless of the

student's area of specialization. The present study could also benefit universities by creation centers' that will carry out all entrepreneurial activities in the university. Centre for entrepreneurship development should design extra curriculum activities that may encourage clubs in campus that are responsible for promoting entrepreneurial activities. This could be done by encouraging exhibitions, inter house (DPP) entrepreneurial competition, entrepreneurship week (retreat program), collaborative entrepreneurial training with other institutions and by inviting successful entrepreneurs' to deliver a speech to share practical experiences etc.

### **5.5 Limitations of the Study**

The present study encountered many limitations coming below:

#### **1. Data collection related matters**

Using primary data in most of the time, may results to many challenges especially during collecting the data. As a result of this problem some of the distributed questionnaires could not be used in the analysis of this research.

#### **2. Accuracy of the research findings**

Peoples are not equals; questionnaires can be administered to those who you know their attitude and integrity and those who do not know. For this some of the respondents' are not sincere in answering their questionnaires. In one way or the other this issue could affect the accuracy and authenticity of the results which is beyond the ability of the researcher.

#### **3. Generalizability of the findings**

The research was carried out in Universiti Utara Malaysia, due to this restriction and limited number of respondents, the findings of this research would not be used to generalize the

entrepreneurial mindset and new venture creation among all international students in Malaysian universities.

### **5.6 Suggestions for Future Research**

Base on the limitations mentions above, the following recommendations for the future research was compounded.

It is recommended that creating the avenues that could enhance students' perceptions to be entrepreneurs in the future may result to solve the problem of unemployment among the graduates. Future studies should put more emphasis on the entrepreneurial mindset among the students which may lead to the intention of creation new ventures. The present study were limited to UUM international students, due to this phenomenon, it is highly recommended that research should be conducted on entrepreneurial mindset and new venture creation among the entire UUM students in order to generalized the outcomes of the findings.

The present study applied cross sectional method of conducting research which implies collecting data at the same time; due to this factor it is strongly recommended for the future researchers to use longitudinal method to study new venture creation among the students.

Moreover, the analysis of this study was conducted on limited number of variables, to understand the effects of entrepreneurial orientation, entrepreneurship perception and university's role on the new venture creation among UUM international students. Therefore, the study suggested the future researchers to add more variables either moderating or mediating variables, to know the mediating or moderating influence on new venture creation. This study used regression analysis to explain the correlation and influence of independent variables on the dependent variable (new

venture creation) future researchers should go beyond that, so that the result of the analysis will be more comprehensive.

## **5.7 Conclusion**

This study had examine the individual entrepreneurial mindset and new venture creation among UUM international students. The study found the results within the stipulated limitations. The study had made the recommendations that would guide the policy makers, students and authority of the university's. The suggestions made in the study would help in improving entrepreneurial activities and creation of new ventures among UUM international students.

The effort made in this study may result to better creation of wealth among international students in UUM. The study may also help UUM towards achieving its slogan “the eminent management university”

Finally, it could be concluded that the objectives of this study was totally achieved. The study shows that entrepreneurial orientation, entrepreneurship perception and university's role do influences new venture creation among international students in UUM. Clearly, the study highlighted on some of the contextual, perceptual and behavioral factors that influence new venture creation.



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