

THE RELATIONSHIP OF PERSONAL TRAITS AND ENTREPRENEURIAL POTENTIAL OF MALAYSIAN GRADUATES: THE ROLE OF ENTREPRENEURIAL NETWORKING AND ENTREPRENEURIAL ENVIRONMENT

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Abstract

This conceptual paper is to study the relationship between the personal traits and entrepreneurial potential of young graduates in Higher Education Institutions (HEI) and the influence of Entrepreneurial Networking and Entrepreneurial Environment towards Entrepreneurial Potential of young graduates. The decreasing numbers of entrepreneurial potential among young graduates in Malaysia has shown years to years though countless effort has been launched and yet the status of graduate entrepreneurs in Malaysia is still vague. Prior studies focused on needs for achievement shown result rather than needs for power and needs for authority and those studies were mostly conducted in non-Malaysia settings. Thus, this study focused on young graduates whom their entrepreneurial potential are tested to determine their personal traits with the moderating variables studied inclusively. Few studies have been carried out to investigate the relationship of personal traits and entrepreneurial potential among young graduates. Therefore, this paper attempts to explore this relationship in Malaysia's setting.

Keywords: *Entrepreneurial Potential, Entrepreneurial Networking, Entrepreneurial Environment*

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Introduction

Malaysia has carried out tremendous efforts in increasing the numbers of graduate entrepreneurs, through the variety of mechanisms that exist for encouraging entrepreneurial attitudes and skills in the country including entrepreneurial programs and activities, physical infrastructures such as businesses and entrepreneur parks, as well as business incubators and advisory services. The additional allocation of RM25 million funding scheme for graduates

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have been channeled to provide and encourage Higher Education Institution (HEI) graduates to enter the entrepreneurship field so that they could produce more potential and successful graduate entrepreneurs. It can generate and improve the country's economic growth (The United Nations Conference on Trade and Development-UNCTAD, 2012) to achieve its Vision 2020 in terms of creating more job employment opportunities.

Latest surveys conducted by Global Entrepreneurship Meeting (Bosma, 2013) has reported Asia Pacific and South Asia (Malaysia), European Union countries and the Non-European Union shows the lowest levels of potential entrepreneurs with 16.8%, 17.3% and 17.4% respectively of the potential youth indicating that they are potential entrepreneurs. Past statistic result (Department of Statistic, 2009) has shown that Malaysian generally has less interest and engagement on entrepreneurship as their career since years of 2000 to 2008 although various proven efforts had been given by Malaysian Government in order to increase the number of self- employed graduates. While, former participant of Student Entrepreneur Development (GEDP) in IPT found only 2.3% of graduates choose career as an entrepreneur (Mohammad, Buang & Hussin, 2014). Moreover, the number of potential of graduates to involve in entrepreneurship is decreasing from year to year. Some of them may be reluctant to change their status and prefers job stability and having good paying jobs (Yusof & Sandhu, 2007).

Yet, according to the Malaysian Statistic Department (2009), the latest statistic doesn't illustrate the current situation and numbers of entrepreneurship graduates in Malaysia. It supports the current study that reveals about the ambiguity status of graduate entrepreneurs particularly in Malaysia. Various studies has been conducted to prove the ability of entrepreneurship in producing potential entrepreneurs from the educational system (Keat, Selvarajah, & Meyer; 2006) but it seem not to be a promise in helping to identify those individuals that might be potential and best suited for entrepreneurial opportunities in the marketplace and it also failed to identify the entrepreneurial potential among young graduates. The main problems are still unanswered questions (Shane & Venkataraman, 2000) even though it has been used by schools, career counselors, and investors.

Past studies have proved that entrepreneurship is a discipline which can be learned by individual and it is not faith as those individual whom entrepreneurial potential can create the effective education, training, and the nurturing process (Yusoff, Zainol, & Ibrahim, 2014). Indeed, entrepreneurship is not magic or even mysterious and it has nothing to do with genes (Yusoff et al, 2014; Drucker, 1994). Some other educators have argued about the idea of students' involvement into the business during their studies with the reason it may interfere and affect students' learning time and attention on their studies. It may cause psychological and physiological difficulties to fatigue (Fayolle & Gailly, 2008).

Besides that, most studies examine merely on the needs for achievement instead of needs of affiliation and needs of power. Indeed, the personal traits is important, but if it were focused one's traits, it would be continual and not capable to change or develop (Carragher, Buchanan, & Puia; 2010). Though masses study on needs for achievement conducted in non-Malaysia settings, but this current study represents a contribution to the current literature and worthy study on personal traits which emphasize more on affiliation needs and power needs towards entrepreneurial potential, and specifically in the current context of Malaysia setting where little formal research regarding this matter, in this area has occurred.

These three dimensions are important in this study and taken into consideration to be tested towards entrepreneurial potential among young graduates. Currently most of the studies focused on needs for achievement shown result rather than needs for power and needs for authority and those studies were mostly conducted in non-Malaysia settings. Thus, this study focused on young graduates whom their entrepreneurial potential are tested to determine their personal traits with the moderating variables studied inclusively. Purposely this study will be conducted at local Higher Education Institution which approximately 43 institutions (public and private) by focusing on their alumni of each institution to seek the young graduates. Thus, this study examines the relationship between two important variables; those are obligating to the personal traits and entrepreneurial potential which are moderated by entrepreneurial networking and entrepreneurial environment towards Malaysian young graduates.

Research Questions

RQ 1: What are the Personal Traits of Malaysian Graduates towards Entrepreneurial Potential?

RQ 2: How Entrepreneurial Networking and Entrepreneurial Environment influence Entrepreneurial Potential of young graduates?

Literature Review

Entrepreneurial Potential

Entrepreneurial potential is an important edge to entrepreneurial activities (Zeffane, 2012; Krueger & Brazeal, 1994). It also known as intention, preparedness or orientation, a view of a pre-existing state of readiness within the individual to accept or pursue an entrepreneurial opportunity. This viewpoint of entrepreneurial potential discovers “within the individual” is important (Zeffane, 2012). Previous studies has stated that entrepreneurial potential can be boosted by strong concerns of governments and policy makers around the world to stimulate entrepreneurship and entrepreneurial drives amongst the youth population and it also has seen as a primary driver for economic growth and development (Zeffane, 2012; Hessels et al, 2008). It supports with the main assumption that young graduates with high entrepreneurial potential are more likely to start a business than are those with lower entrepreneurial potential (Bowman, 1986; Bonnett & Furnham, 1991; Shinnar et al, 2009) according to different gender (Zeffane, 2012).

Latest surveys from 17 western countries found the lower rate of female business ownership due to women’s lower propensity to start businesses rather than men. It is because women are less confident in their entrepreneurial skills, different social networks and higher fear of failure than men (Koellinger, Minniti, & Schade, 2013). This survey has described that tendency has been used interchangeable with intention or desire. Likewise with the study that conducted at Nigeria which has explained about entrepreneurial propensity as entrepreneurial intention (Siyانبola, Afolabi, Jesuleye, Egbetokun, Dada, Aderemi,& Rasaan, 2012; Koh, 1996) which included gender, family background, ethnicity, academic performance, attitude towards risk and reinforcement derived from family and personal entrepreneurial experience (Siyانبola et al; 2012). Therefore this paper attempt to contribute to the research debate and

fill the gap by focusing in entrepreneurial potential as a measure for young graduates and intention to become future entrepreneur.

Personal Traits

In the study which piloted by McClelland (1955, 1961, 1965, 1981) and Murray (1938, 1943), it responds that N-ach (achievement needs), N-pow (power needs), N-aff (affiliation needs), n-Sec (security needs), and N-sta (status needs), have motivated individuals to leave jobs, manage their business activities and to achieve successes in business ventures and capable to adapt with numerous challenges (Rahman, 2011). However, these findings pertained to migrated individual to Japan from Latin American countries. So, this study attempts to measure those needs in Malaysia-environment specifically on young graduates. Another study on N-ach also has found unclear finding with entrepreneurial potentials to bear a direct relationship. Whereas study on N-pow and N-aff has been conducted and produced unclear result. N-pow founds as unconscious motives that push entrepreneurs to risk themselves into creating business organizations (Hornaday & Aboud, 1971).

Entrepreneurial Networking

Networking is a process of establishing and maintaining relationship (Shaw & Conway, 2000; Johnson; 2000) by giving attention to an individual's behavior and abilities (Neegaard, 2005). Others defined entrepreneurial network as the sum total of relationships and involves all an individual connections with other people (Galkina, 2013; Gartner & Bellamy, 2009). Various authors distinguish between informal and formal networks and term of "business" network, seems nearly with "formal" network (Groen, 2005; Aldrich & Zimmer, 1986). Networking is important where individuals with good networks have better access to information and resources than the individuals with small networks (Aldrich et al, 1986; Singh, 2000). When individuals recognize opportunities, then an intention to pursue entrepreneurship may emerge (Bhave, 1994). Due to "homogeneous" individuals, they had different expectations and needs, therefore the requirements of the person who has already started may be very different from the pre-start (Jack et al., 2010). Besides that, social media plays another special part in entrepreneurial network except from friends, families, acquaintances, business colleagues, employees, and customers.

The established social networking such as Facebook, Twitter, LinkedIn, My Space, You Tube, Flickr, blogs, wikis etc enabled end users create a personal profile to share and disclose their products information, photos and other form of medias which allow friends, colleagues and others to have access to those profiles (Kaplan & Haenlein, 2010). Little discussion has been debated and argued that networks are a vital asset to the potential entrepreneur to develop individual character. It becomes as an attempt of potential entrepreneurs to impose the business and those entrepreneurs who invest time and energy into their networks can achieve better results (McQuaid, 1996; Johannisson, 1986; Rush et al, 1987). Networking is significant in the early stages of a start-up (Jones & Jayawarna, 2010) and a developing country such as Malaysia, social networking plays an important role to influence entrepreneurial activities (Sandhu, Siddique & Riaz, 2010).

Entrepreneurial Environment

The term "entrepreneurial environments" refers to a combination of factors that play a role in the development or nurturing of entrepreneurship and entrepreneurial activities (Ahmad &

Xavier, 2012; Fogel, 2001). Past study had discussed that government can boost entrepreneurship through the assistance program such as offer tax and other incentives, keep rules and regulations at a minimum as well as to provide a favorable entrepreneurial environment (Keat & Ahmad, 2012; Gnyawali & Fogel, 1994). This has supported by Fogel (2001) in his empirical study on entrepreneurial development in Hungary, concluded that government should offer tax incentives and other special program for small businesses which can improve entrepreneurial process.

Another study which was carried out in Thailand and Hong Kong on university students' perception to be entrepreneurs has indicated that there are four categories for government assistance: financial support, friendly business environment, technical support and expand new market and education and training program (Moy, Luk, Sheehan, & Sammapan; 2001). The comprehensive government approach and support such by offering loans, business facilities, rules and regulations would definitely become a key condition to ensure successfulness in nurturing and promoting entrepreneurship (Klapper, 2004). Therefore, it is crucial to create the right entrepreneurial environment which can promote the entrepreneurial activity to entrepreneurial potential. Any changes in the entrepreneurial environment may show either a negative or positive effect on the growth or failure of venture (Ahmad et al, 2012; Ahmad et al., 2010).

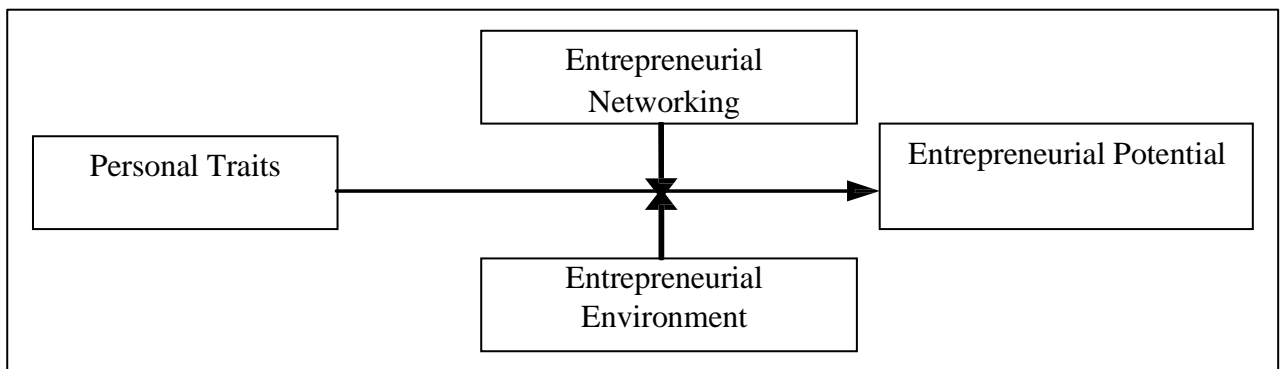


Figure 1: The Proposed Conceptual Model

Conclusion

As Malaysia's economic had faced a recession in 1997, this situation has led several firms and companies to downsize for being remain competitive and have created the unemployment rate increased. Yet, the slump period has identified that entrepreneurship is to able managed and rescue individual's life by offering alternative income. Recently, entrepreneurship is demanded. Small Medium Enterprises (SMEs) brought an imperative role to emerge Malaysia's economy and identify in generating employment opportunities for 5.6 million individuals and made up nearly 90% of all business establishments in the country (Mahajar, 2012; Utusan Malaysia, 2007; SME Annual Report, 2005). This paper outlines the relationship of entrepreneurial personal traits of the Malaysian HEI young graduates and has discussed on personal traits which has significant impact on entrepreneurial potential. In the study, it shows the combination of the moderating role of networking and environment in the relationship between personal traits and entrepreneurial potential. The discussion of the study would provide information for academia and training providers who attempt to cultivate and encourage young graduates being entrepreneurial potential.

Young graduates whom have positive personal traits should be more inclined towards venturing into business than are those who have not. Entrepreneurial potential can be developed by inculcating personal traits amongst students and young graduates. For that reason, personal traits turn out to be the central focus, educators and trainers are encouraged to promote an entrepreneurial potential through to obtain a good impact and an enriched venturing experience for their future career. Furthermore, students or young graduates who exposed and have entrepreneurial networking and entrepreneurial environment which are proven to have a significant impact on entrepreneurial potentials. Indeed, both entrepreneurial networking and entrepreneurial environment positively moderates the relationship between personal traits and entrepreneurial potential although the experimental study on the relationship of entrepreneurial potential, networking and environment is scarce among young graduates.

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