

**FACTOR INFLUENCING THE INTENTION TO START-UP ONLINE BUSINESS  
AMONG MALAYSIAN STUDENTS**

**CHRISTINE LIEW WEN TING**

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## DECLARATION

I hereby declare that the work have been done solely by myself and no portion of this work are in any thesis that has been submitted in support of any application for any other degree or qualification of this or any other higher education institutions.

Date:

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Christine Liew Wen Ting

Faculty of Management and Economics

Sultan Idris Education University

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## ABSTRACT

The starting point of students to start an online business is because of the existence of the intention towards venturing new things. Start an online business is something common towards students who are interested to have extra income while pursuing their study. This study focus on to examine the influence of personal attributes and family support towards the intention to start-up online business among Sultan Idris Education University (UPSI) students. Theory of Planned Behaviour (TPB) are adopt in explaining the relationship between the variables. The data was collected using survey questionnaire towards 107 students in UPSI that was not involved in any business activity. The questionnaire validated can be used for further measurement of the intention to start-up online business. The Cronbach's alpha was used to test the reliability of the questionnaire. Where multiple regression analysis has been used to test the relation of personal attributes and family support. The findings of this research shows there is significant positive relation between personal attributes and family support towards the intention to start-up online business. Personal attributes of the students does influence them to have the intention to start-up online business. The intention on starting an online business too are positively influence by the support from the family. As the P-value for the two variables are less than 0.05, hence there are connection between the two dependent variables towards the intention to start online business. This study will give an insight to higher education institutions on enhancing or widen current entrepreneurship programs to encourage and influence the students to have the intention to start their own online business.





## ABSTRAK

Titik permulaan pelajar untuk memulakan perniagaan dalam talian adalah kerana kewujudan niat untuk menerokai perkara-perkara baharu. Memulakan perniagaan dalam talian adalah sesuatu yang biasa di kalangan pelajar yang berminat untuk mendapatkan pendapatan tambahan sepanjang menjalankan pengajian mereka. Kajian ini memberi tumpuan untuk mengkaji pengaruh sifat peribadi dan sokongan keluarga terhadap niat untuk memulakan perniagaan dalam talian di kalangan pelajar Universiti Pendidikan Sultan Idris (UPSI). Teori Perancangan yang perlakuan (TPB) diadaptasikan dalam menjelaskan hubungan antara pembolehubah. Data ini dikumpul menggunakan soal selidik terhadap 107 pelajar di UPSI yang tidak terlibat dalam perniagaan. Soal selidik yang telah disahkan dapat digunakan untuk pengukuran lebih lanjut mengenai niat untuk memulakan perniagaan atas talian. Alfa Cronbach telah digunakan dalam kajian ini untuk menguji tahap kebolehpercayaan soal selidik yang digunakan. Di mana analisis regresi berganda telah digunakan untuk menguji hubungan antara sifat peribadi dan sokongan keluarga. Hasil kajian menunjukkan terdapat hubungan positif di antara dua faktor iaitu sifat peribadi dan sokongan keluarga terhadap niat untuk memulakan perniagaan dalam talian di kalangan pelajar UPSI. Sifat peribadi para pelajar memainkan peranan penting dalam mempengaruhi mereka untuk mempunyai niat untuk memulakan perniagaan dalam talian. Niat untuk memulakan perniagaan dalam talian juga berpengaruh secara positif oleh sokongan daripada keluarga. Oleh kerana nilai P untuk kedua-dua pembolehubah adalah kurang daripada 0.05, maka terdapat hubungan antara dua pembolehubah bergantung kepada niat untuk memulakan perniagaan dalam talian. Kajian ini akan memberi kesedaran kepada institusi pendidikan tinggi dalam meningkatkan atau memperluaskan program keusahawanan semasa supaya mampu menggalakkan dan mempengaruhi para pelajar untuk mempunyai niat memulakan perniagaan dalam talian.



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## CHAPTER 1

### INTRODUCTION

Concerns and issues on online business have been the recent trending topic as it has become one of the most common ways to generate income for young adults especially university students. The prospect of online business is bright as the growth of it can be ensured due to the opportunities associated by emerging it with current business trends. In Malaysia, the unemployment problem has been a very observable phenomenon (Hossain, et al., 2018). Which is the reason why many university students are realizing that upon graduation can't fully giving them chances to work in the field they are studying and with this, some of the university students create opportunities for themselves (Edelman, et al., 2016).

Through the research done by Edelman, et al. (2016) stated that by getting the certificate of the college degree are no longer something that can be used as a guarantor for future employability. Due to this, colleges and universities now are offering courses

that are related to entrepreneurship and business to expose the students with the topic so that students can have wider choices on future employment. As starting new business is highly recognize by the young adults especially university students as a crucial safeguard of the future work ability. For the benefits of the students' future affirmation regarding the opportunity to being employed, it is important for them to understand that those are the factors plays an essential part on influencing their ability on starting their own business and be self-employ (Edelman, et al., 2016).

Based on Hossain, et al. (2018), the total number of enrolments for university students had been increased from 576,439 to 1,134,134 in the years 2002 and 2010 respectively. The number of enrolments has been increasing until recent year and it is a serious concern as the higher the number of enrolments the higher the percentage of unemployment rate in Malaysia. Hence, Malaysia's University has given entrepreneurship education as a compulsory subject to take to help students getting basic information on how to start a business. Entrepreneurship is the scope of activities engaged by individuals who own and manage their own business as it has been known to be one of the most important role to strengthen the economic strategies for a long time (Kuratko, 2005; Nazri, Aroosha, & Omar, 2016; Mamun, Nawi, Mohiuddin, Shamsudin, & Fazal, 2017). Mamun, et al. (2017) explain that the entrepreneurship also show up as one of the most effective approaches for a developing country's economy like Malaysia and preserve its competitiveness in facing the grow of threats in globalization. Many researchers agree on the entrepreneurship or businesses does plays big role towards country's financially. Since a decade ago, entrepreneurship or starting new venture has become one of the world's most famous research topics and its contribution towards the entrepreneurship courses has bring all colleges and degrees to have the entrepreneurship education courses on to exposed the students about the brief idea on how to start a business (Mamun, et al., 2017).

As so many young adults have penetrated by social media, the online business has become an easy path to those interested in business. Social media such as Facebook, Instagram, Twitter and others like mobile applications and websites are used as a



platform to open an online business. Social media can be used to share information or collect information in education. For businesses, social media or the internet can be a tool to sell or promote your business (Lau, 2017). University students are exposed to the usage of current technologies and entrepreneurship education where it can cause students to have the intention to start-up online business. It doesn't have a lot of complicated procedures to start an online business such as the fees, contracts, gaining customers or promotion. The flexibility of starting an online business has made university students have the intention to do business (Lau, 2017).

The future working environment will soon be conquered by the youth, with their agility and creativity mentality, it can help in improving the future working place. There are many studies instead of focusing on the youth capability on entrepreneurship, the studies mostly focus on adult entrepreneurs. So the need to study why the younger generations venture into entrepreneurship is a necessity to be explored (Gelaidan & Abdullateef, 2017). Therefore, the aim of this study is to identify the personal attributes and family support as the factor that can influence the intention to start-up an online business among university students.

## 1.1 Research Background

Online business is a type of business where the business activity is all online or using the internet to run the business. As doing online business is flexible, there are many people especially students who started their business online as their side income. Why do students choose to start a business online and not offline business? This is because online business is much easier to operate and it doesn't cost much. Students can manage their online store everywhere they can, and they only need one website to own an online business (Xu & Quaddus, 2010). What factors influence Malaysian university students



to have the intention to start their own online business? What are the implications that faced by Malaysian students at University level that led them to make such decision?

The variables that will be discussed in this study are personal attributes and family support that influence the intention to start-up online business. There is only a few articles or case study on these variables. The reason why to study these variables is that research supported that the notion of unemployment and the situation can have a direct impact on individuals to start their own business and this is when there are no options, so one can create their opportunity for themselves. Other than that, there are “missing links” in the literature regarding the relationship between family support to the beginning of business and the realization of their initiatives. (Mazzarol, 2015).

The common situation faced by most of graduating high-level students is unemployment. Based on the news article from The Star Online stated the annual report mention in a study by the Ministry of Education where it point out that in 2015 there are 24% of graduates were unemployed (M Shanmugam, 2017). Malaysian universities whether its public or private sector produce a large number of graduates, but the proportion of the graduates acquire a job is very low (Hossain, et al., 2018). The fluctuating of the economic structure and the landscape is likely the reason for the increases in the unemployment rate in Malaysia. From this situation, some students find it is a good opportunity to start their own business. Where the students worry in the future there are no opportunities to get a job so they may need to create their opportunities. The future unemployment may have driven students to start a business as personal attributes and behaviour are highly influence the intention to become self-employ (Shamsuddin, et al., 2018).

Another factor influencing the intention to start an online business that is been discuss in this study is family support. Family support plays a big role in motivating students to make a decision. For university students, as young businessmen or



entrepreneurs are lack in many areas and one of them is capital and experience (Nielsen and Lassen, 2012). Social support provided by family plays a critical role in those individuals that are new to the business world as many challenges will come towards them as they go deeper in this field (Edelman, et al., 2016). To get support from family on starting a business is usually hard as they know more about what will happen shortly. But if the family characteristic is from the situation that is exposed to the business field or entrepreneurship then students will get better support from family. Having a family who was self-employed strengthen the probability to the individuals on the transition from getting salary monthly to self-employment.

Through the entrepreneurial education can be as one of the fundamental information to start a new business (Mamun, et al., 2017). The entrepreneurial education that has seen as the skills and information are able to successfully runs the business and get the entrepreneurial opportunities where through the recent study has shown the universities that had been promoting entrepreneurship by achieving on the entrepreneurial or business activities. These influence will have a significant impact for the students that have the intention to start online business. Colleges and universities that introduces entrepreneurial courses to work out on the effort to promote the entrepreneurship as a professional careers (Mamun, et al., 2017).

Malaysia now takes the lead in cutting unemployment as government and NGOs does take initiative on helping to create opportunities for graduates or unemployed individuals. One of the programs is Skim Latihan 1 Malaysia (SL1M) where the main aim of this program is to assist underprivileged graduates from the rural and urban poor and marginalized society. Under the SL1M training program, graduates with a degree, Masters or Ph.D. qualification that have difficulty finding jobs will be taken into participating in companies (Lim, 2017). On the same year too, Deputy Higher Education Minister Datuk Dr. Mary Yap Kain Ching has said that over 60% of students in higher education institutions actively participated in entrepreneurship activities and programs and there are 3% that had become an entrepreneur while pursuing their tertiary education. With support from different agencies, it has the potential of helping students





who are involved in online business to widen or gain more customers (Edelman, et al., 2016).

Demographic factors like gender and ethnicity also will be briefly discussed in this study on how many of the students to have the intention to start-up an online business in UPSI. For gender, males and females have distinctive stereotypes in society and they are also likely to be seen as having different personalities and attitudes towards things (Mueller, 2004 in Indarti, et al., 2016). Smith and Beasley (2011) showed few constraining factors which are lack of general business knowledge, contradictory advisory support from external agencies, lacking of the sector-specific mentors, finance and experience of familiar entrepreneurship for those students who have the intention to start-up a business.

## 1.2 Research Problem

Previous studies has shown that a decision to start a business most commonly are based on a complex configuration of external (push factors) and internal (pull factors) motives (Staniewski & Awruk, 2015). According to the definition of the Malaysia Labour Force Survey, the unemployment individual are included those who is willing to work, but unable to obtain a job in a certain period of time (Ismail, 2011). The current condition of the job market nowadays has shown where the young people are experiencing difficulties on getting a decent jobs because of the economic downturn that happen in a country (Mamun, et al., 2017). Based on Mamun, et al. (2017) mentioned that there are implication on entrepreneurship education that are positively affect employability and getting specific information regarding the job experience.

A research has uniquely shows that creating unemployment benefits for those who will start-up a business can not only reduce risk but also can have a positive result on the percentage of people who wants to start a business. When the population growth increase faster than the employment opportunities that are generated in market, then that is one of the reason why unemployment happen (Hossain, et al., 2018). But based on Dvoulety and Mares (2018) researched hypothesis were to determine that if there is an increase in the unemployment rate would lead to an increase in owning a business and if a reduced in unemployment rate would spur the creation of new business.

As for family support, family background or characteristics is important on having a kind of family that are supportive and helping in the business. This is due to the students that having their parents with self-employment history are more inclined on involve in a business than those parents with no experience on self-employment (McElwee, et al., 2003 in Pauceanu, et al., 2018). All of which are integral parts of the decision to move beyond thought and into action. Numerous studies underline the positive consequences on entrepreneurship intention of having parents with a self-employment history: create management expertise for the future own business (Papadakis, et al., 2002), determine the desire to start a business (Birley & Westhead, 1994) or leading to a greater tendency to choose a self-employed career (Pauceanu, et al., 2019). These can lead to a greater support from the family to the students who need helps financially and mentally on handling the business.

When discussing demographic factors, gender as the only subtract to find correlation. There are many researchers found out that women are more prefer to be independent than men because women desire to be independent and the need for job satisfactions are also some notable motivating factors to start-up a business (Hazudin, et al., 2015). Kirkwood (2009) examine that “push” vs “pull” theory on both men and women and found that they did not feel that they had the adequate characteristics, feasibility, or the desire to pursue entrepreneurship unless they were unemployed. Another hurdles in improvement of the business especially among women are, they have low experiences in handling business management including insufficient



information on business development, lacking of networking abilities, lacking of business training, problem of child care and family commitment (Roomi, Harrison, & Beaumont-Kerridge, 2009)

Based on Hazudin, et al. (2015) mentioned that one of the main motives why people going into business because they prefer to be independent. This is due to the fact that most of us detestation to receive instructions from others. This means that more people are venturing into business is because the want to be independence and willingness to be free of any control or become one's own boss (Baumgartner & Caliendo, 2008).

### 1.3 Research Objectives



This research aim to examine the factors influencing the intention to start online business among University students. The factors such as personal attributes and family support are discuss in detail in this research with the relation the intention to start online business. Hence there are two objectives for this research which is:

- i. To examine the influence of personal attributes towards intention to start-up online business among UPSI students
- ii. To examine the influence of family support towards intention to start-up online business among UPSI students





## 1.4 Research Questions

Based on the research objectives, the research question has been developed which is:

- i. What is the influence of personal attributes towards intention to start-up online business among UPSI students?
- ii. What is the influence of family support towards intention to start-up online business among UPSI students?

## 1.5 Research Hypothesis

Through the research objectives to answer the research questions, the following research hypothesis are proposed:

H<sub>1</sub>: Personal attributes positively relates with the intention to start-ups online business among students

H<sub>2</sub>: Family support positively related with the intention to start-ups online business among students

## 1.6 Operational Definition

The variables are measure through a process known as operationalization. This operational definition is like a manual instructions on the variables that will be measure



in this research. Therefore, this is the brief definition on the dependent and independent variables that will be discuss in this research based on the research objectives.

### **1.6.1 Online business**

Based on Belew & Elad (2017), online business is a business where it operates only over the internet and there is no physical store that's sells the product or services where online business are now growing rapidly as a platform to earn income with flexible working time.

### **1.6.2 Personal attributes**

Personal attributes are the individual's skills, behaviour and personality that may influence his or her determination on doing something that may bring a successful outcome due to the situation that causes the individuals to have the spirit on achieving it (Mustapha & Selvaraju, 2015).

### **1.6.3 Family Support**

Support from families are one of the strong influence towards anything an individuals do, the support they get from family can either be directly or indirectly where some individuals with family background that are related to their work are easy to take their family member as the role model to do a decision (Mamun, et al., 2017).

## 1.7 Research Significance

This research aiming to examine personal attributes and family support as a factor that can influence the intention of university students to start-up online business. As the study is focusing on students, the finding of the study can bring awareness towards few party that are concern of students' situation during their education period. The finding of this research can shows the factors influencing students to start a business and the importance of basic knowledge or background of entrepreneurship education. It is to gives a students to have better chances on choosing what is right for them to do on starting a business either online or offline.

This

research too may help on enhancing or developing the current entrepreneurial program in the university. With the information gain from the finding about the intention of the students towards starting an online business, university can identify which semester or what age of the students are more interested on starting their own online business. University too can implement more programs regarding starting a business or entrepreneurship programs where it can encourage or motivate students with confidence on starting their own online business while studying. In addition, this research also indirectly can help students or university to test the effectiveness of current entrepreneurial courses or business related programs towards influencing students to start a business.

Lastly,

the research done will bring attributions towards university's management team on discussing about the entrepreneurship or business policy, strategies and education in university level that can help their student to have better situation on their monetary state. Future researcher can carry out more research about student's interest on starting their own business.

## 1.8 Structure of thesis

The organisation of this research are put into 5 difference chapters. In this every chapter will explain every necessary information regarding the research objectives which is to examine the factors that influence the intention to start online business among UPSI students. The first chapter will be the introduction of the research. This chapter will provide information about the main idea of why this research are being conducted and gives the reader idea on what is the focus of this research.

Chapter two of this research will provides info of a review of the literature about the online business and the past literature on the intention to start online business. Where this chapter too will emphasize on the past literature and the literature review of the factors that are being discuss in this research which is personal attributes and family support.

Next is chapter three which is research methodology. This chapter focuses on the methodology used to run this research like the research sample, sampling, the location of this research has been done and the data collection method that are used to get the results of this research. In addition, the pilot study where stated the explanation of the reliability and validity of the questionnaire used to collect the data. The data analysis method will be explain and same goes to the research design of this study.

For chapter four, this chapter will present about the result of the study conducted on university students where the data collected will be explain in detailed. The software such as SPSS is used to analyse the data collected. There will be two analysis that will be discuss in chapter four. The first analysis is the descriptive statistics analysis and the second one is the inferential statistics analysis. The descriptive statistics analysis will explain on the demographic data of the respondents and the measurement of the

variables. For the inferential statistics analysis is regarding the Pearson's Correlation and multiple regression analysis that will be used to examine the relation between the variables. Through this analysis, the results of this research will be generated and presentable.

Last chapter which is chapter five is the discussion of this research. This chapter will mention the overall research by discussing the research objectives and provides the conclusion of the research. Other than that, this chapter too will discuss on the implication of the study, limitation of the study and the suggestions for future researchers.

## 1.9 Conclusion

This chapter explains the research background of the factors influencing online business start-up. Where the researcher figure out with the problem statement, objectives, questions regarding the research. For better understanding about the title, researcher too has explain briefly the definition of few words. For further understanding or more information, a literature review, research hypothesis and framework will be explain in the following about the research.