The Development Of Young Entrepreneurs' Global Propensity Index

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Abstract—**The main purpose of this study is to identify the entrepreneurial spirits among Bumiputera youth in Malaysia. The researchers intend to develop an index measuring Bumiputera youth's intention to become born-global. The index is known as Young Entrepreneurs Global Propensity Index or YES@GPI. YES@GPI index is a yardstick in identifying, grooming and assessing essential characteristics among Bumiputera youth to become global entrepreneurs after establishing their business. Bumiputera youth were selected to participate in this study. A survey methodology was employed in which questionnaire instruments were distributed to the respondents. A total of 202 questionnaires were distributed. The respondents answered the variable which measures on personality traits, entrepreneurial orientation, motivation, hierarchy of needs, business environment and intention to go into global business. The data gathered were analyzed using SPSS. The results revealed that the relationship was almost moderate, except with BEV which showed a weak relationship.**

Keywords-Young Bumoputera Entrepreneurs, Global Propensity Index, Malaysia

I. BACKGROUND OF STUDY

The study of international new ventured or born-global is growing and becoming a significant aspect in the area of global entrepreneurship literature (Dimitratos and Jones, 2005; Rialp, Rialp and Knight, 2005). A study by Rialp, Rialp and Knight (2005) found that this phenomenon is not a country-specific but can be found in major trading countries world-wide including developing economies such as China (Naude and Rossouw, 2010), Malaysia (Mohar, Manjit Singh and Kamal, 2007) and Vietnam (Thanh Thai and Chong, 2008). In fact, entrepreneurship either domestic or global is alike, where can be regarded as a critical player in a country's economic growth.

Malaysian businesses must be able to keep up with the challenges of a globalize economy. The globalize economy provide many opportunities for them to enjoy economies of scale which in turn allows them to achieve higher profit margins. The findings of this study can help to elucidate the degree of interest in global businesses and some critical areas to enhance Bumiputera youth entrepreneur capabilities to become global players. Nevertheless, some fundamental questions remain unanswered. For instance, to what extent does Bumiputera youth entrepreneur appreciate the effort initiated by the government in supporting them in global business venture? What is the success rate of these Bumiputera young entrepreneur particularly those who have received government support? What are the level of intentions, orientations and motivations within Bumiputera youth entrepreneur in Malaysia to venture into global business at an early stage?

Intentions have been numerously found by the previous empirical studies which can be regarded as the best predictors of planned behaviour, and business venture is a type of an intentionally planned activity. There is an index to measure the propensity of Bumiputera youth entrepreneur in Malaysia to venture into global business. The index is known as the Youth Entrepreneurs Global Propensity Index or YES@GPI. YES@GPI is an initial effort in developing a series of human capital indices. It is hoped that this index will increase the number of Bumiputera youth entrepreneur in Malaysia as a prominent global players.

YES@GPI also assist the government to focus on initiating policy towards nurturing 'born global' as well as in developing an appropriate programmes. Furthermore, YES@GPI can create value added to the MSC Malaysia SCORE+ Programme which designed by MDEC and SME Corporation Malaysia. Multinational companies can gain benefit which enables them to tap on this index as another tool during their selection and recruitment process for the most viable Bumiputera youth entrepreneur. Basically, this study intend to identify the entrepreneurial spirits among Bumiputera youth entrepreneur in Malaysia. At the same time, it will increase the information among the Bumiputera youth entrepreneur to venture into global business.

II. RESEARCH METHODOLOGY

A. Instrument

The researchers used self-administered questionnaire to collect the data. Data gathered were based on a cross-sectional basis. The questionnaire consists of four (4) constructs: Intention to Venture into International Business (IBV), Personality Traits (PTraits), Entrepreneurial Orientations (EO) and Motivation (MOTV). Intention to Venture into International Business (IBV), Personality Traits (PTraits) and Entrepreneurial Orientations (EO) are measured using 7-point Likert scales ranging from (1) strongly disagree to (7) strongly agree. Meanwhile, the remaining constructs are also measured using 7-point Likert scales but instead of measuring their degree of disagreement o agreement with the statement given, the respondents are asked to relate to degree of important where (1) not important at all to (7) very important. A pre-test was conducted prior to the survey. At the end of the pre-test, reliability of each constructs was examined and items which contributed to low alpha value were dropped. Statements which were unclear were made clearer and the revised questionnaires were checked for content validation. The reliability of all constructs depicted a good internal consistency, with Cronbach alpha coefficients reported as ranging from 0.70 to 0.90. Reliability statistics for all constructs is showed as follows:

TABLE 1: RELIABILITY STATISTICS FOR ALL CONSTRUCTS

Constructs	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of items
IBV	0.649	0.714	5
PTraits	0.693	0.741	10
EO	0.835	0.852	10
MOTV	0.844	0.827	10

B. Sampling Design and Sample Size

Sample was selected based on systematic random selection (every fifth person). As the subject of interest is among Bumiputera youth entrepreneur who are interest to venture into international business, "age" and intention to "venture into international business" were used as the control factors. The sample size is deemed sufficient. The rule of thumb is that where sample size should be larger than 30 and less than 500 (Roscoe, 1975).

C. Data Analysis

The completed questionnaires were entered into SPSS package and before analyze the data, screening and cleaning of the data was conducted. Then, all the dimensions were analyzed using descriptive statistics, correlation and multiple regressions. Factor analysis was also done to further confirm the dimensions and reliability test conducted to ensure internal consistency of the dimensions studied.

III. FINDINGS AND ANALYSIS

A. Dimensions Mean and Correlation

There are six (6) dimensions used in the study including personal traits (PTraits), entrepreneurial orientation (EO), motivational values (MOTV), hierarchy of needs (HNeeds), business environment (BEV) and intention to venture into global business (YES@GPI). Six (6) dimensions were used in describing the level of intention. All dimensions appeared to be favorable with each having a mean score above 5.0. Table 2 presents descriptive statistics for all dimensions studied.

TABLE 2: DESCRIPTIVE STATISTICS FOR ALL DIMENSIONS

	N	Minimum	Maximum	Mean	Std. Deviation
PTraits	193	5.00	7.00	6.6580	0.57477
HNeeds	198	2.00	7.00	6.5758	1.01852
MOTV	198	4.00	7.00	6.5000	0.67403
EO	190	4.00	7.00	6.1053	0.71970
YES@GPI	202	3.00	7.00	5.9802	0.90856
BEV	194	3.00	7.00	5.2784	0.71610
Valid N (listwise)	173				

The researchers also investigated the relationship among the dimensions in order to describe the strength and the direction of their relationships. The relationship between the dependent variable which is intention to venture into global business (YES@GPI) and the other dimensions including personal traits (PTraits), entrepreneurial orientation (EO), motivational values (MOTV), hierarchy of needs (HNeeds) and business environment (BEV) was measured using Pearson product-moment correlation coefficient.

Preliminary analyses were performed and hierarchy of needs (HNeeds) was excluded from the analysis. Table 3 showed that intention to venture into global business (YES@GPI) was significant and recorded positive relationship with other dimensions. The strength of the relationships was almost moderate, except with business environment (BEV) which depicted a weak relationship (Cohen, 1988).

TABLE 3: RELATIONSHIPS AMONG DIMENSION

		PTraits	EO	BEV	MOTV	YES@GPI
PTraits	Pearson Correlation		0.496**	0.054	0.228**	0.315**
	Sig. (2-tailed)	-	0.000	0.461	0.002	0.000
	N		182	186	190	193
EO	Pearson Correlation			0.219**	0.458**	0.498**
	Sig. (2-tailed)	-	-	0.003	0.000	0.000
	N			185	186	190
BEV	Pearson Correlation				0.160*	0.222**
	Sig. (2-tailed)	-	-	-	0.028	0.002
	N				190	194
MOTV	Pearson Correlation					0.457**
	Sig. (2-tailed)	-	-	-	-	0.000
	N					198
YES@GPI	Pearson Correlation					
	Sig. (2-tailed)	-		-	-	-
	N					

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

B. Differences in Perception of the Variables between Different Groups of Respondents

The mean scores of two dimensions were also compared in terms of gender and age. Visual Binning was used for age group in identifying a suitable cut-off points to ensure that each subgroup in a group control a relatively equal number of sample size. A one-way variance analysis was also used to study the differences between groups. The researchers have also taken steps to ensure there is no violation of the assumption of homogeneity of variance. Post-hoc test was done to minimize Type One error. It is interesting to know the effect size for the difference by calculating the **eta squared** using the Anova table. Cohen (1988) categorized 0.01 as a small effect, 0.06 as a medium effect and 0.14 as a large effect. So, the researchers calculating eta squared by using formula as in (1):

$$\text{Eta squared} = \frac{\text{Sum of squares between groups}}{\text{Total sum of squares}} \quad (1)$$

C. Differences in Gender

A one-way between groups analysis of variance was conducted to explore the impact of gender on personal traits (PTraits), entrepreneurial orientation (EO), motivational values (MOTV), hierarchy of needs (HNeeds), business environment (BEV) and intention to venture into global business (YES@GPI). Table 4 recorded a significant difference at the $p < 0.05$ level for two (2) out of four (4) dimensions. There was a significant difference for entrepreneurial orientation (EO) with $F (1, 188) = 8.771$, $p = 0.003$ with an eta squared of 0.044. Thus, the actual difference was small. Meanwhile, intention to venture into global business (YES@GPI) also registered a significant difference with $F (1, 200) = 8.186$, $p = 0.005$ with an eta squared of 0.039. Again, even though it appeared to be significant, but the actual difference was rather small which showed in Table 4.

TABLE 4: GENDER DIFFERENCES

		N	Mean	S.D.	F	Sig.
HNeeds	Male	104	6.5288	1.04237	0.463	0.497
	Female	94	6.6277	0.99444		
PTraits	Male	101	6.6535	0.59052	0.013	0.908
	Female	92	6.6630	0.56016		
EO	Male	101	6.2475	0.69866	8.771	**0.003**
	Female	89	5.9438	0.71286		
	Male	106	5.3302	0.68621	1.226	0.270
	Female	88	5.2159	0.74970		
MOTV	Male	106	6.5849	0.65998	3.669	0.057
	Female	92	6.4022	0.68033		
YES@GPI	Male	107	6.1495	0.82191	8.186	**0.005**
	Female	95	5.7895	0.96640		

D. Differences in Age Groups

A one-way between groups analysis of variance was conducted to explore the impact of three (3) age groups on the impact of gender on personal traits (PTraits), entrepreneurial orientation (EO), motivational values (MOTV), hierarchy of needs (HNeeds), business environment (BEV) and intention to venture into global business (YES@GPI). The age groups are 1= 21 years and below; Group 2 =22 years and Group 3 = 23 years and above. Table 5 showed a non significant difference at *p* <0.05 level for all.

TABLE 5: AGE DIFFERENCES

		N	Mean	S.D.	F	Sig.
	<=21	68	6.6029	0.93265		
HNeeds	22	68	6.5441	1.12547	0.057	0.944
	23+	62	6.5806	1.00079		
	<=21	66	6.7424	0.53524	0.013	0.308
PTraits	22	66	6.6364	0.59837		
	23+	61	6.5902	0.58813		
	<=21	64	6.0625	0.75330	8.771	0.780
EO	22	66	6.1515	0.66199		
	23+	60	6.1000	0.75240		
	<=21	67	6.4627	0.72464	3.669	0.844
MOTV	22	68	6.5294	0.70118		
	23+	63	6.5079	0.59224		
	<=21	67	5.1642	0.73023		
BEV	22	65	5.3077	0.61041	1.431	0.242
	23+	62	5.3710	0.79412		
	<=21	69	5.9710	0.85700	8.186	0.928
YES@GPI	22	69	5.9565	1.00637		
	23+	64	6.0156	0.86359		

E. *Bumiputera Youth Entrepreneur Potential to Venture into Global Business Index (YES@GPI)*

To calculate the potential index for intention to venture into global business (YES@GPI), the overall perceived mean score of the impact of gender on personal traits (PTraits), entrepreneurial orientation (EO), motivational values (MOTV) and business environment (BEV) are regressed to the overall mean of intention to venture into global business (YES@GPI). The computation of YES@GPI index is as in Table 6.

TABLE 6: CALCULATION OF INDEX

$$YES \ @ \ GPI \ = \ \frac{\sum_{i=1}^{5} w_i \overline{x}_i}{Max \sum_{i=1}^{5} w_i} \times 100$$

$$= \frac{(0.333 \times 6.500)(0.331 \times 502784)}{7(0.333 + 0.331)} \times 100$$

$$= \frac{3.91165}{4.648} \times 100$$

$$= 84\%$$

The weight of each dimension is standardised and multiplied to its mean in order to calculate the Bumiputera youth entrepreneur potential to venture into global business based on the following formula as in (2):

$$YES \ @ \ GPI \ = \ \frac{\sum_{i=1}^{5} w_i \overline{x}_i}{Max \sum_{i=1}^{5} w_i} \times 100 \qquad (2)$$

Where:

$\overline{x}_i$ = mean of the i-th variable

w_i = weight of the i-th variable.

The index for intention to venture into global business (YES@GPI) is **80.0.** Based on the interpretation of the score in Table 7, the Bumiputera youth entrepreneur potential to venture into global business can be interpreted as good.

TABLE 7: INDEX YES@GPI SCORES

Scores	Interpretation
From Scores of over 90 out of 100	Excellent
Scores of 70 to 89 out of 100	Good
Scores of below 50 to 69 out of 100	Moderate
Score below 50	Poor
	Serious cause for concern

IV. CONCLUSION

The main focus of this study is identify on the potential of Bumiputera youth entrepreneur to go into global business besides examine the six dimensions including the impact of gender on personal traits (PTraits), entrepreneurial orientation (EO), motivational values (MOTV), hierarchy of needs (HNeeds), business environment (BEV) and intention to venture into global business (YES@GPI). For personality traits (PT), almost all items with the exception of one are perceived quite favorable with each having agreeable mean score above 5.0 and an overall mean of 6.66. Meanwhile, for entrepreneurial orientation (EO), all items are favourable with each also having a mean score above 5.0 and have an overall mean of 6.5. For motivational values (MOTV), all items are also quite favorable and having an overall mean of 6.10. In terms of hierarchy of needs

(HNeeds), all items are perceived as an important and have an overall mean score of 6.66. For business environment, almost all items except one are perceived as an important and having an overall mean of 5.29.

All the 6 dimensions used in describing the level of intention appeared to be favorable with each having a mean score above 5.0. The relationship between the dependent variable which is intention to venture into global business (YES@GPI) and the other variables that are personal traits (PTraits), entrepreneurial orientation (EO), motivational values (MOTV), hierarchy of needs (HNeeds) and business environment (BEV) was measured using Pearson correlation coefficient.

Hierarchy of needs (HNeeds) was excluded from the analysis. Intention to venture into global business (YES@GPI) has a significant and positive relationship with all other dimensions. The relationship was almost moderate, except with business environment (BEV) which recorded a weak relationship. At the end, only four dimensions were explained in details. The mean scores of all four dimensions were also compared in terms of gender and age. A one-way analysis was also used to study the differences between groups. It was found that the differences in perceptions of the variables were significant among gender but insignificant among age groups.

Further research on the dynamics of intention to go into global business can be done as follows:

- Conduct a follow-up survey with open-ended questions that allow for the qualitative analysis of issues that was difficult to capture using a quantitative instrument.
- Expand the samples to include not only Bumiputera youth entrepreneur, but also other ethnicity and Malaysian firms to examine the factors that enable them to go global.
- Integrate all the factors studied using a structured equation modelling technique to better understand the direct and indirect effects of the independent variables in the model, as well as the causal relationships between the determinants for going global.

- Future empirical studies should examine the other factors that support or impede the intention to go global.

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